

# J-OIL MILLS

Report 2021

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**TRANSFORMING  
FOR GROWTH**



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Editorial Policy

This report is published with the intention of introducing the J-Oil Mills Group’s efforts to increase its corporate value over the medium- to long-term.

The FY2021 edition has been devised with an awareness of the newly formulated Corporate Philosophy and the Sixth Medium-Term Business Plan, our business strategy and ESG initiatives, and the link with the advancement of ESG management. We compiled the report with the aims of showing our company-wide direction, focusing on business and products based on good taste, health, and low burden, and conveying our business story, embodying our raison d’être/purpose.

In addition, seeking to further advance our activities and sophistication of information disclosure, we have again received valuable opinions from Mr. Tamio Yamaguchi, a Director of the NPO Junkan Workers Club, that are included at the end of this report.

Going forward, we will continue to report on the initiatives of the J-Oil Mills Group, seeking to further promote communication with all of our stakeholders.

Period Covered by This Report

This publication reports mainly on J-Oil Mills Group activities in FY2020 (April 1, 2020 – March 31, 2021). Some information concerning activities outside this time frame is also presented.

Scope of This Report

Financial data presented in the report are consolidated financial information for J-Oil Mills. Environmental data encompasses all of J-Oil Mills’ production sites in Japan (Chiba Plant, Yokohama Plant, Shizuoka Plant, Asaba Plant, Kobe Plant, Kurashiki, and Wakamatsu) until FY2018, and all of J-Oil Mills’ sites and Group companies in Japan from FY2019.

Date of Publication

October 2021

Reference Guidelines

- **Ministry of the Environment,**  
**Environmental Reporting Guidelines 2018**
- **Global Reporting Initiative,**  
The Global Standards for Sustainability Reporting
- **Japanese Standards Association,**  
ISO 26000: 2010 Guidance on Social Responsibility
- **International Integrated Reporting Council (IIRC),**  
International <IR> Framework
- **Ministry of Economy, Trade and Industry,**  
Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation

J-Oil Mills’ Website

This report integrates the former Business Report, published for investors, and CSR Report, published for all stakeholders, in one volume, and provides a comprehensive report concerning J-Oil Mills’ corporate value. Detailed data that cannot be included in this report are published on the J-Oil Mills website. With regard to the content reported, this report prioritizes information concerning J-Oil Mills’ activities that will be of importance to the greatest number of stakeholders.

- **IR Information**   <https://www.j-oil.com/en/ir/>
- **Sustainability Information**  
<https://www.j-oil.com/en/company/csr.html>

Predictions, Projections, and Plans for the Future

All future predictions made in this report are based on the information available at the time of its compilation. Results and outcomes may differ due to factors such as changes in the business environment.

Corporate Philosophy

In April 2021, we established a new Corporate Philosophy that represents the future we aim for, our mission, our value, and our raison d’être.

In formulating our Corporate Philosophy, everyone in the Company discussed their respective thoughts concerning the form that our company should take, and our Philosophy was created on this basis.

Our Vision

We specialize in plant-based oil, starch and protein— the three essential sources of life.

Our aim is to contribute to good taste, “*Oishisa*”, people’s health, reducing environmental load and creating a brighter tomorrow through our products. We believe this aim in aspiring for a future defined by “Joy for Life.”

Our Mission

People naturally want to enjoy delicious food free of concerns about health or the environment, yearn to cook special dishes that bring happiness to their loved ones and guests.

To fulfill such wishes, we utilize our unique strength of “*Oishisa Design*” to create the joys of eating and producing through food cultivation and cooking. We share an equal commitment to building a better society through sincere efforts in health, the environment, food resources and other key nutrition-related issues.

Our Value and Purpose

To exceed people’s expectations and create new value, we unite in rising to high targets by overcoming barriers of conventional knowledge, and reaching beyond our own limits by working together any and all situations.

As the foundation of this value and initiative, we never waver from our purpose of reaping nature’s potential, and sincerely supporting and contributing to people with our origins as a supplier of oils essential in our lives, and continuing to support our diet.





Focusing on the concept of “good taste, health, and low burden,” we will steer J-Oil Mills’ management so as to achieve growth toward FY2030 via communication with our stakeholders and creating new value.



Fuminao Hachiuma  
President and CEO

Introduction

I wish to extend my sympathies to those who have suffered from COVID-19, their families, and all persons affected. I also wish to express my profound gratitude to everyone involved day in and day out in treatment and prevention of the disease, including healthcare workers and government officials, and other related parties.

In April 2021, we formulated a new corporate philosophy, “Joy for Life®: Bringing Joy to the Future by Food,” and introduced JOYL®, a portmanteau of Joy and Oil, as a

communication brand **JOYL** connecting our company and our stakeholders. In conjunction with the establishment of the new corporate philosophy, we have defined our vision for FY2030, and as a path to reach it, we have formulated and announced our Sixth Medium-Term Business Plan, “Transforming for Growth,” covering the period from FY2021 to FY2024 as a way to reach it. Below, I will explain the thoughts that went into our corporate philosophy and communication brand, as well as our future growth strategies and challenges.

Please tell us about the company’s financial results for FY2020 and the achievement of the Fifth Medium-Term Business Plan.

Fiscal 2020 was the final year of our Fifth Medium-Term Business Plan. With the spread of COVID-19, a state of emergency was declared several times in Japan. This had a major impact on people’s lives, upending our past lifestyle. J-Oil Mills was also affected in many ways by drastic changes in eating habits. In our oils and fats business, although the household-use market exceeded the previous year’s results, it was tough going in the industrial and food service markets. In our oil and fat processed products business, the decrease in inbound tourism demand and self-restraint in going out affected the professional-use margarine used in gift confectioneries. On the other hand, in our Specialty Food Products Business, sales of high-value-added starches that work to control deterioration over time and improve texture grew, buoyed by higher

demand for home meal replacement and food service “To Go” products. At the same time, we have been working to make our business leaner, by reducing number of SKUs.

Net sales decreased 7.5% year compared with FY2019 to 164.8 billion yen, operating profit increased 0.4% to 6.7 billion yen, and net profit increased 1.0% to 5.3 billion yen. Operating profit increased for the third consecutive year and net profit for the fifth consecutive year. ROE decreased slightly to 5.7%.

In terms of figures in the Fifth Medium-Term Business Plan, we met our targets for operating margin and ROE, but unfortunately, we were unable to achieve our net sales target of 215.0 billion yen and our operating profit target of 8.0 billion yen, partly due to the impact of COVID-19.

Review of the Fifth Medium-Term Business Plan

	Results	Issues
Growth Strategies	<ul style="list-style-type: none"><li>• Increase the ratio of high-value-added products to consolidated gross profit</li><li>• Improve consolidated gross profit margin on oil and fat products</li><li>• Develop overseas business through M&amp;A in Malaysia</li></ul>	<ul style="list-style-type: none"><li>• Further expand high-value-added products</li><li>• Grow our Specialty Food Products Business</li><li>• Improve profitability of commodity oil products</li><li>• Expand overseas with technologies and expertise cultivated in Japan</li></ul>
Structural Reforms	<ul style="list-style-type: none"><li>• Reduce SKUs for oil and fat products</li><li>• Consolidate group companies</li><li>• Withdraw from business in India and from the health food business; transfer our chemicals business and Sakaide Logistics Center</li></ul>	<ul style="list-style-type: none"><li>• Realize efficiency improvements by promoting systematization</li><li>• Reform structure of the entire value chain from procurement to production, logistics, and sales</li><li>• Improve asset efficiency</li></ul>
Reinforcement of management foundation	<ul style="list-style-type: none"><li>• Expand the system of outside directors, strengthen governance by utilizing the corporate governance code</li><li>• Strengthen corporate functions</li><li>• Revise personnel system</li></ul>	<ul style="list-style-type: none"><li>• Strengthen enterprise risk management and group governance</li><li>• Embrace diversity and inclusion</li></ul>

Growth Strategy

With expansion of high-value-added products in the field of oil and fats and growth areas as our challenge, we further strengthened our proposals for expanding the use of olive oil in the household-use market and, in the professional-use market, proposals for our long-lasting oil Cho Toku and JOYL PRO® oils, which offer a variety of flavor and cooking functions. In our solutions business, which is a form of business targeting corporations including CVS, we have been making proposals to realize Oishisa Design—deliciousness designing—by adding mixed flours, which are confectionery and bakery ingredients, to the ingredients that the J-Oil Mills Group has handled for a long time (oils and fats, starches, margarine, powdered oils and fats, etc.). This has led to the resolution of customer issues, expanding the cases where our products are adopted.

Furthermore, in December 2019, we acquired shares in Premium Fats Sdn Bhd and Premium Vegetable Oils Sdn Bhd, oil and fat products manufacturers in Malaysia, establishing new bridgeheads for business development in Asia, with a focus on the confectionery and bakery ingredients market. At present, local activities have not developed as originally depicted, due in part to the COVID-19 pandemic, but we are making steady progress step by step, such as launching products in Malaysia that utilize technology we have cultivated in Japan.

Although the percentage and gross profit margin of high value-added products have improved, top-line growth is insufficient, and we recognize that raising net sales overall is an issue under our Sixth Medium-Term Business Plan.

Structural Reform

We have worked on structural reforms such as restructuring our mixed feed business, transferring our Sakaide Logistics Center, merging our production and sales subsidiaries, and reducing SKUs in order to ensure sustainable growth. In addition, through a business alliance with The Nisshin OilliO Group, Ltd., and consideration of establishing a joint venture, we will strengthen the international competitiveness of our oil extraction business, contribute to society through the sustainable growth of the edible oils industry and through stable supply, enhancing our corporate value over the medium to long term. In addition, in March 2021, we decided to transfer our chemicals business to MITSUBISHI GAS CHEMICAL COMPANY, INC., and the transfer was completed on May 31, 2021.

How are you dealing with COVID-19?

We are providing vaccinations at work for those who want them. We are also making the utmost efforts to prevent the spread of infection by revising the way we work. Looking broadly at the situation in Japan, people's actions have been restricted with repeated declarations of a state of emergency, but the end of COVID-19 is not yet in sight. Given this situation, we intend to take countermeasures from a long-term perspective with our sixth medium-term business plan premised on life during and after the COVID-19 pandemic.

As a food company, we must fulfill our responsibilities to our stakeholders. To fulfill our responsibility to provide a stable supply of products, we first ensured the safety of our employees and their families. We improved our IT environment, and from March 2020, we promptly implemented full remote work in departments where people can work from home. Production personnel have to come to work, but as a company that handles food, we have always practiced thorough hygiene management such as hand washing and wearing masks. During the COVID-19 pandemic, we are taking other measures as well, such as giving attention to how employees commute and ensuring social distancing.

Strengthening of Our Business Foundation

We regard the development of human resources and work style reforms that contribute to increases in work satisfaction as the pillars of our efforts to strengthen our management foundations. Accordingly, seeking to realize our Corporate Philosophy, “Joy for Life®: Bringing Joy to the Future by Food,” we introduced a work-at-home system when revising our personnel working system and encourage taking of paid leave. We are also diversifying our human resources by acquiring human resources with diverse careers and creating opportunities for them to play an active role in the workplace, and by revising and introducing senior reemployment systems.

In FY2019, we further strengthened the oversight function of our Board of Directors by going from five to four internal directors and from four to five outside directors, and we are carrying out disciplined management.

In terms of sales style, the shift from conventional face-to-face sales to remote sales with little contact with people is accelerating. Here, we are utilizing DX and hope to combine technology and human warmth to build a foundation for expressing the tastiness of food virtually.

For our customers, we are continuing production, order taking, distribution, and sales with thorough hygiene management, from the viewpoint of providing a stable supply of food and product value.

In addition, we have established a system to automatically read orders received by fax, etc. using AI-OCR\*, and export the information into a dedicated system. This has increased efficiency in the workload of employees engaged in receiving orders in our company without putting a burden on our customers.

The spread of COVID-19 is a heavy load on society, but what can a company do? What can be done to ensure the safety of employees and their families and fulfill our responsibility to ensure a stable supply to customers? Can we help society even more? We will create opportunities by always thinking about these questions.

\* AI-OCR (Artificial Intelligence-Optical Character Reader): A technology that combines optical character recognition (OCR) and artificial intelligence (AI) to recognize image data with high accuracy and convert it into text data.

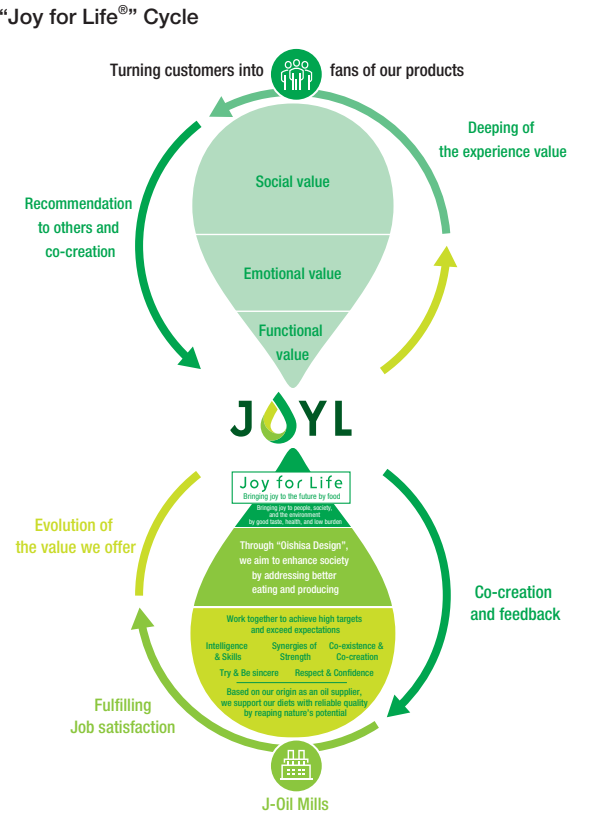
Please tell us about the objectives and aims of the new corporate philosophy and communication brand.

In drafting our Sixth Medium-Term Business Plan, we established a new corporate philosophy, “Joy for Life®: Bringing Joy to the Future by Food,” representing the future we aim for, our mission, our value, and our raison d’être. We added “low burden” to “good taste” and “health”—the fundamental roles and responsibilities of a food company—to be more aware of sustainability.

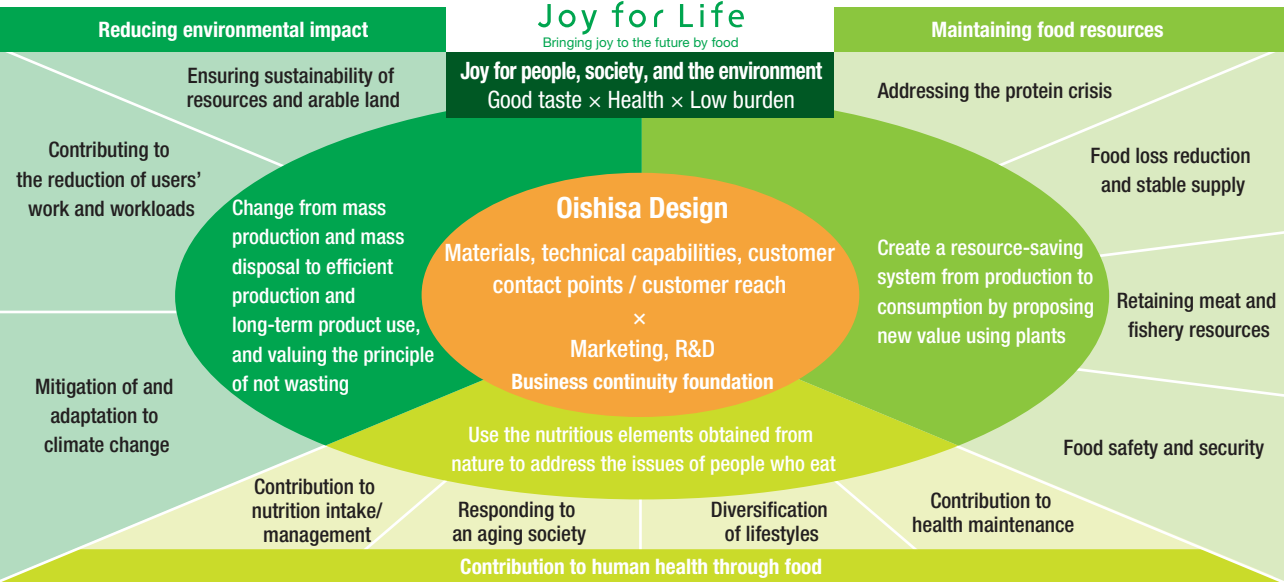
In the past, we couldn’t have said that our products and corporate activities had accumulated brand value. Now we have introduced the communication brand JOYL®. We will use JOYL® in our company activities based on our new corporate philosophy as well as in communications with all stakeholders. JOYL® will be the vessel in which we accumulate and capitalize the value that we create.

And we will continue to achieve higher value through the “Joy for Life®” Cycle, a virtuous cycle in which joy keeps resonating and amplifying by tying the creation of joy for our customers using our unique technologies and services with the joy we experience in our work.

In addition, we have created the “Joy for Life®” Map, which will serve as a guide for how to use our Oishisa Design to create value for customers and, beyond that, how to solve social issues.



“Joy for Life®” Map



Related pages  
• p. 21—22 J-Oil Mills' Materiality  
• p. 11—14 Discussion (Corporate Philosophy and Brand Strategy)

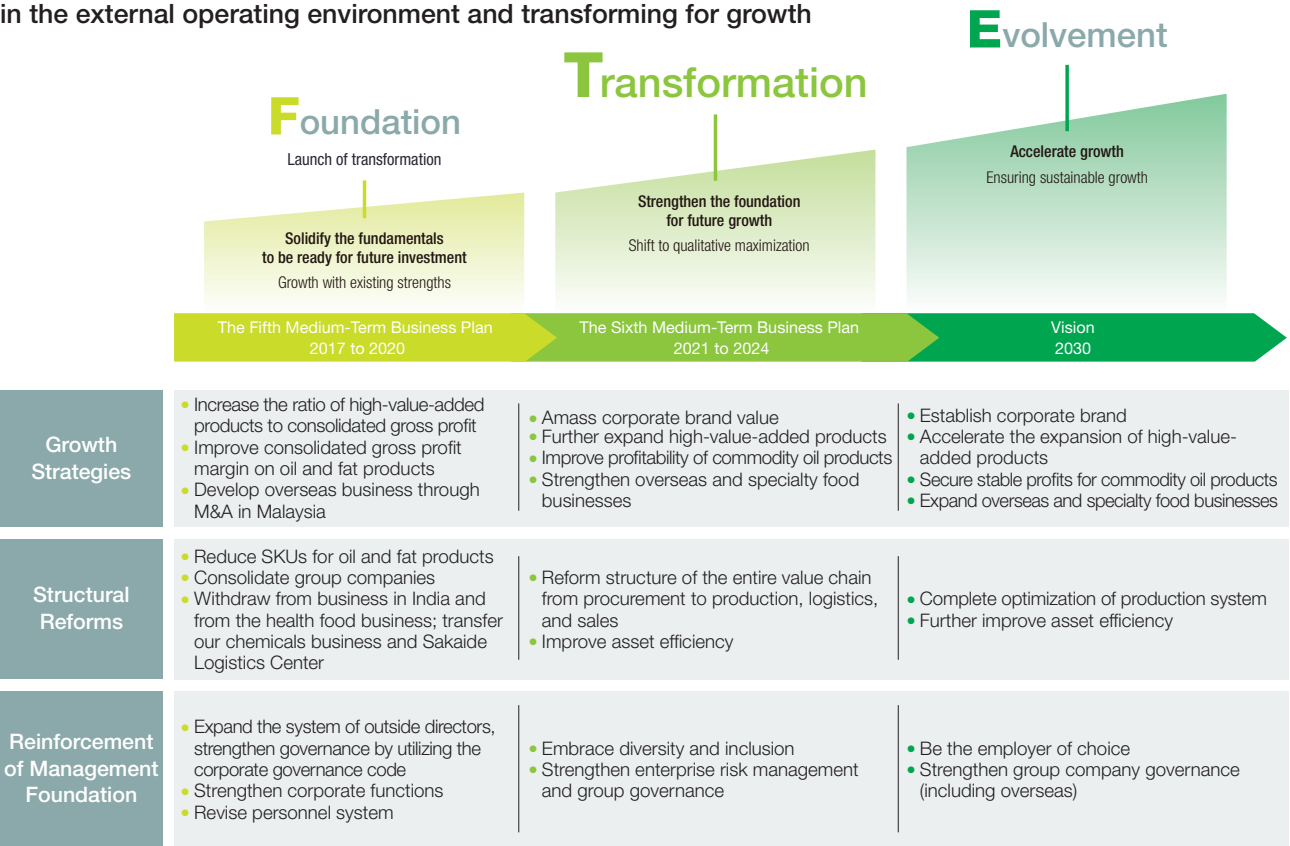


Please tell us about the Sixth Medium-Term Business Plan.

We have defined a vision for J-Oil Mills to pursue through FY2030. Seeking sustainable growth to achieve that vision, we formulated our Sixth Medium-Term Business Plan, “Transforming for Growth,” ending in FY2024. In our Sixth Medium-Term Business Plan, we envisioned what kind of company we want to be in FY2030, taking into account the foundation building carried out and challenges faced under the Fifth Plan. The new plan positions the four years from FY2021 to FY2024 as a period of transformation to achieve future growth.

Our strengths, centered on the B-to-B market, lie in our materials, technical capabilities, and customer contact points /reach, as well as in our ability to deliver these to customers and propose solutions to solve the issues by listening carefully to their voices. Going forward, we intend to further enhance such strengths, and by reinforcing marketing and R&D and integrating production and sales, we will maximize the good taste, health, and low burden that are the value we provide to customers as an Oishisa Design company.

Aiming for sustainable growth by appropriately ascertaining rapid changes in the external operating environment and transforming for growth



1 Marketing and Brand Strategy

We will work to increase our corporate value by accumulating achievements in our communication brand, JOYL®, through product development and marketing activities starting from the potential needs of our customers. Since announcing JOYL®, we have promoted communication using the new communication brand logo not only on products but also in a variety of business situations. The logo’s green color is the symbolic color that represents growth, indicative of the plants that are the source of our business. Going forward, we will actively present this logo as a symbol of the embodiment of

our new corporate philosophy, using it as a vessel in which to accumulate J-Oil Mills’ brand value.

As a company handling professional-use, processing-use, and household-use products, our contact points with customers are wider than most food companies, and our lineup of products have reflected the opinions of our customers. We will enhance the efficiency of our R&D by providing our development capabilities, which have been developed through engagement with professional commercial product users, to a wide range of our B2C customers.

2 Promoting High-Value-Added Products

In the industrial application oils and fats market, we have, as I mentioned earlier, accumulated experiences developed together with our customers. Examples include our long-life oil Cho Toku and its evolved version, Sugoi Cho Toku (Super Cho Toku), both developed using our proprietary SUSTEC® technology. With our Fry Eco-System, a new frying-oil solution that integrates IT with our long-life oils, we will not only sell oils and fats but also provide support for customers’ operational efficiency as a new service.

We have taken what we used to call our starch business and repositioned it as a texture-enhancing material business, using the word “texture” to represent the powers of our unique materials, such as their ability to improve texture. We plan to further develop this old business under its new orientation. We have launched a new brand, “TXdeSIGN,” with our proprietary technology, under which we will create new textures for various cooking uses and food processing, taking advantage of features such as high water retention, high oil retention, fibrous textures, and stretchability by processing carefully selected starches.

In addition, through a partnership with Upfield GEC Limited, a globally renowned company in the field of dairy alternative plant-based food\* (PBF), we have entered the dairy-alternative PBF market, which is expected to grow. By selling plant-based cheese and plant-based butter in the Japanese market, we will create synergies between this business and our existing businesses, developing it into a new earnings pillar.

\* Plant-based alternatives to dairy products such as butter and cheese.

3 Accelerating Overseas Expansion

We will continue to increase added-value products to the Japanese market, though the market is expected to contract along with an expected decline in the population due to the low birth rate. To ensure steady growth, we will use our proprietary technologies and products to develop our texture business in ASEAN market targeting confectionery and bakery industries, which is expected to expand. We are also selling menatto™, a vitamin K2 product, and MAMENORI SAN®, a soybean sheet food, to the North American market on an export basis, and we will continue to strengthen these products and capture new business opportunities in North America while keeping an eye on market trends.

4 Improving Profitability of Commodity Oil Products

Amid significant fluctuations in grain prices, we will work to improve the profitability of our mainstay commodity oil products by promoting pricing strategies and structural reforms to make our business into a stable revenue base in the future.

5 Reforming Value Chains and Business Processes

With regard to the supply chain, we see ourselves having achieved some success in improving our cost structure by establishing a logistics system and reducing SKUs under our Fifth Medium-Term Business Plan. Under our Sixth Medium-Term Business Plan, we will continue to reduce SKUs and improve efficiency as well as work on reducing inventories. We will strengthen our business partnerships and increase efficiency and improve business. We will also work to optimize administration functions, utilize IT and DX initiatives, and reform business processes to increase efficiency even more.

The strategy of improving the profitability of commodity oil products is attention-grabbing, but what led you to this plan?

Soybeans and canola, which are the main raw materials for our oils and fats business, are both heavily affected by overseas market fluctuations and currency exchange rates.

Looking at the grain market in FY2020, the soybean market in Chicago, U.S.A., fell to a low \$8 level per bushel in April, but thereafter continued to rise to the \$14 level range due to poor weather or drought in South America and tight supply conditions for U.S. soybeans, resulting in a higher level on a year-on-year basis.

Canada’s canola market fell to around C\$450 a ton in April, but has since risen to the C\$800 dollar level due to rising vegetable oil prices with soaring soybean and palm oil prices and tight supply conditions for Canadian canola,

resulting in a higher level on a year-on-year basis.

In 2021, both soybean and canola prices have risen even higher. These price rises are attributable to factors such as the increasing demand for grains and oil and fat products on a global scale, and the consideration of new ways to use vegetable oils, such as biofuel applications in developed countries in response to climate change. The environment surrounding raw materials is entering a period of historical structural transformation, and we believe that this situation is likely to continue in the future.

In the face of such a major turning point in the grain market, we decided to review the profitability of our commodity oil and fat products.



President and CEO’s Message

The Japanese vegetable oil market is a large market among foodstuffs with a total of just under 400 billion yen—about 230 billion yen for professional use and about 150 billion yen for household use.

Within this, the amount of commodity oil used for a variety of cooking needs is especially large, making it a mainstay of our revenue. Looking ahead to FY2030 and beyond, we recognize that improving the profitability of our commodity oil products is essential from the perspective of business continuity.

As an immediate measure, we are revising our prices to cope with soaring raw material prices. Under our Sixth Medium-Term Business Plan, we will maximize the effect of price revisions at an early stage, review our pricing

strategies, and work on reforming value chains, including production. We have already set up a project team in the company and started making a very detailed check of the numbers, discussing the large structure, and doing scenario planning in raw material prices.

Looking at price trends for oil and fat products globally, prices have risen worldwide in response to the soaring prices of raw materials. On the international level, prices in Japan have remained relatively low. From the perspective of providing a stable supply of safe, high-quality products, we believe that it is an important issue to define a price strategy, assuming further promotion of efficiency improvement by the company.

Please tell us about your quantitative targets for the Sixth Medium-Term Business Plan.

By implementing the strategic issues described so far, we will work to achieve the goals below.

Although they are high goals from our current position, we will aim to achieve them by accelerating the expansion of business areas with higher added value based on the knowledge we have acquired to date.

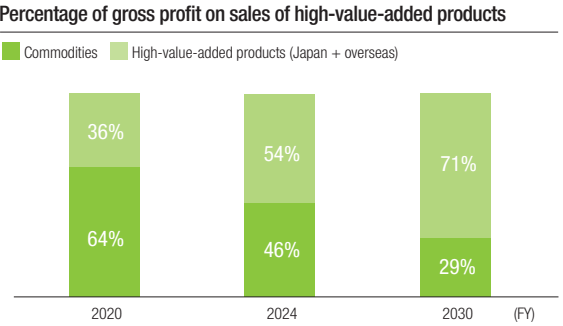
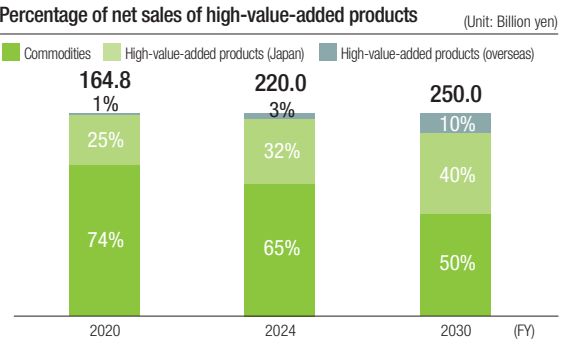
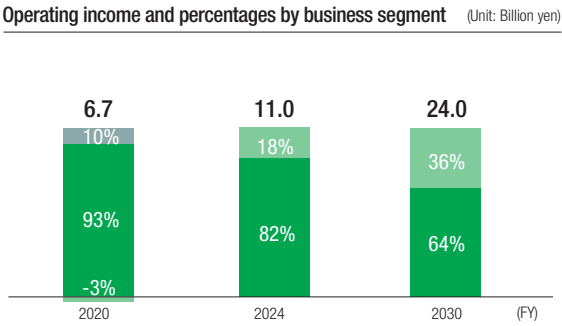
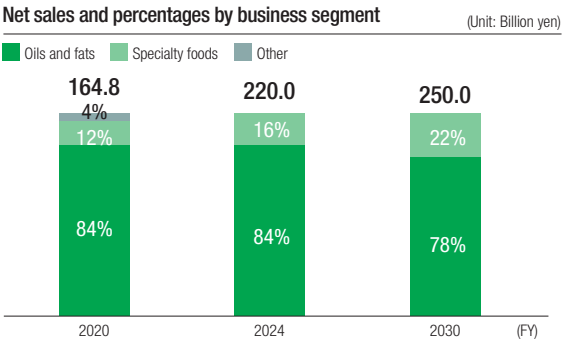
	FY2020	FY2024 Target	FY2030 Target
Net sales (billion yen)	164.8	220.0	250.0
Operating profit (billion yen)	6.7	11.0	24.0
Operating margin (%)	4.1	5.0	9.0
ROE (%)	5.7	8.0	12.0
Net profit margin (%)	3.2	4.0	6.5
Total asset turnover (times)	1.1	1.2	1.1
Financial leverage (times)	1.7	1.7	1.8
ROIC (%)	4.1	5.5	8.0
EPS (yen)	159.62	260	500

Business Portfolio Transformation

We will strengthen the earnings base for the oils and fats business, which will remain our core business. The keys to that will be creating high added value and improving the profitability of commodity oil products.

Meanwhile, our Specialty Food Products Business Division, launched in April 2021, includes businesses such as oil and fat processed products, texture-enhancing materials, plant-based foods, and fine materials, all of which are based on the strengths of our proprietary technology and material capabilities. By vertically reinforcing these businesses and generating synergies within the business division, we intend to maximize the power of this business and develop it as a growth driver, including with a view to overseas expansion.

We will aim as a result to increase the Specialty Food Products Business Division’s percentage of sales to 16% in FY2024, and in FY2030, to 22%, with operating profit going up to 36%.



What are your thoughts on sustainability?

We utilize natural resources such as soybean and canola and create safe, secure, and high-quality products and deliver them to our customers. Products such as our long-life Cho Toku and texture-enhancing materials, created out of our R&D activities, enable the tackling of environmental concerns and responses to a shrinking workforce. Backed by our strength in Oishisa Design, we will contribute to social issues by creating joy for people, society, and the environment through our business. Under our Sixth Medium-Term Business Plan, we intend to make more effective use of our internal resources and engage with society through our products. For J-Oil Mills, a company that provides products that draw on nature’s bounty, the pursuit of sustainability is a key factor—our lifeblood, even—and that is the thought that went into the idea of “low burden” in our new corporate philosophy.

In July 2020, we established a Sustainability Committee to promote cross-company initiatives such as sustainable raw material procurement and product development that takes human rights and the environment into consideration, and product strategies aimed at solving social issues. In

particular, we are examining measures for protection of the global environment advocated by the Task Force on Climate-Related Financial Disclosures and focusing on measures to achieve carbon neutrality by FY2050, evolve our sustainable procurement activities including the supply chain, and ensure traceability to palm oil plantations. In terms of the utilization of human resources, in addition to promoting women and foreign employees, we have made it a priority to secure talent from outside the company with an eye to diversity of experience. We intend to vigorously pursue these strategies to establish a business foundation that can meet society’s increasingly complex demands.

To deliver high-quality products to customers safely, securely, and stably, we will make effective and maximum use of our management resources to create value in all supply chains.

We will also reinforce our risk response capabilities and continuously contribute to society. In this way, we will meet the expectations of our stakeholders.

We wish to ask for your continued support.



SPECIAL CONTENTS ①

Discussion on Corporate Philosophy, Brand Strategy

# Dialogue <sup>1</sup>



**Fuminao Hachiuma**

President & CEO

**Hiroko Koide**

Outside Director (Independent Director)

**Hiroshi Ohtaka**

Senior Managing Executive Officer  
Head of Specialty Food Products Business Unit

**Tell us what led to the new vision, mission, value, and purpose in the corporate philosophy as defined in April this year, and what is behind this thinking.**

**Hachiuma** These new statements redefine how the company can fulfill meaningful roles in society as we work toward future growth and higher corporate value. To draw up the sixth medium-term business plan, we sorted out what we had achieved in the previous plan and what issues remained for us to take on. This assessment led to our fresh thinking on the kind of vision, mission, value, and purpose that can serve our stakeholders well in fiscal 2030 and beyond.

We spent the most time discussing what value the company provides – our sense of purpose. Oils are an irreplaceable part of what we eat. Building on this cornerstone, the path we’ve charted will make our work even more valuable. This led to statements that reflect how, in the valuable roles we fulfill, we intend to meet the needs of changing times. As before, many departments participated, and we had lively discussions. The Board of Directors met several times to refine how we’re presenting this message, so that all stakeholders can appreciate our stance.

**Koide** We expressed these concepts very carefully. Most corporate philosophies may seem admirable, but they might be equally fitting for any other company. If they don’t reflect your own unique potential and what you truly believe in, these statements end up being abstract and not linked to business strategies. That’s why we phrased the message very carefully: Bringing joy to people, society, and the environment by good taste, health, and low burden. I’m glad we managed to put into words what the company stands for. But because we’ll need to make sure our actions are true to this message, our first step is to go beyond just sharing it with employees and convince them that their own work is a part of it.

**Hachiuma** To spread the message to all employees, we held some 40 caravan<sup>\*1</sup> meetings in Japan. This dialogue now continues through our chosen ambassadors<sup>\*2</sup> at each workplace, who are covering all bases in employee communication. Through this process of redefining our vision, mission, value, and purpose, we’d like people to feel more closely connected to their work. Inevitably, working with this awareness will also enhance performance. It’s hard to make

<sup>\*1</sup>: Dialogue with the president and CEO to ensure all employees understand the sixth medium-term business plan

<sup>\*2</sup>: Members of each department chosen to lead efforts toward widespread awareness of the corporate philosophy

your work any more valuable with a closed mind. So it’s also in the sense that having broader horizons can create new value that we’re urging employees to work with this awareness.

**Koide** We think the time for transformation is now. The global environment is changing, and there are dizzying changes in people’s lives and attitudes. This makes it essential that we take a fresh look at what the company stands for, and how our work makes a difference in the scheme of things. For those of us wondering why now is the time for transformation, compelling reasons for transformation will convince us to get in gear.

**Ohtaka** Now that we’ve established the corporate philosophy and appointed ambassadors through our caravans, change is in the air at our workplaces. As a company, we will need to cultivate an environment where people can rise to the challenge. Willing employee action guided by a sense of purpose is also important. Now that these concepts are taking root, the next step will be steady work to achieve results.

**Koide** The saying “walk the talk” seems apt. It’s what we do, not just what we say, that matters. The new corporate philosophy paved the way for innovation beyond the scope of our traditional business, such as products in paper containers and plant-based foods (PBF). We’re even starting to see some media coverage of this, which I think would create a virtuous circle if it leads to sales. Of course, making waves externally is wonderful, but what really counts is to have success stories internally.

**Ohtaka** We’re at a key juncture for ensuring sustainable, vibrant growth for the next generation of employees. We’ll need to keep building on these little successes and encourage a willingness to take on transformation.

**Hachiuma** Although we should continue to honor the long-standing values in our down-to-earth corporate culture, this stance has also made us wary of failure and taking on challenges. To encourage that first step, we coined an expression “Venture with sincerity” for the corporate philosophy that crosses the seriousness of sincerity with the boldness of trying something new. It should reassure people that the company stands behind serious but bold new steps toward growth. Taking on new things with the same old sincerity may seem contradictory, but it expresses both values instead of emphasizing one or the other.

**Koide** I quite like how we expressed this. Having seriousness and boldness seems conflicting, but that’s exactly why it’s so important. Not only are these statements

of corporate philosophy essential in business, they’re assets linked to things like our organization and human resource development. It lies at the heart of what kind of people we’d like to work with, which makes it important in organizational strategy.



**Give us a broader perspective on the corporate brand JOYL, introduced in the sixth medium-term business plan to enhance brand value.**

**Hachiuma** We’d been considering how to improve corporate brand recognition, because the company name J-Oil Mills is not well known. Another consideration is how we represent the company internally. Corporate brands are clearly important in external communication, but external branding depends on sound internal branding. The JOYL brand encapsulates our vision, mission, value, and purpose, which is conveyed to customers through our communication, leading to brand equity enhancement. In this way, besides redefining our brand in the sixth medium-term business plan, we also hoped JOYL would be memorable for customers.

**Koide** Primarily, brands must represent organization, as a fitting symbol. Through this, they also make the organization’s work or communication more recognizable and consistent. Effective brands give people a clearer view of the corporate image and values, and this should be built up over time. In this sense, it’s a wonderful, powerful accomplishment that now, besides the corporate philosophy statements and sixth medium-term business plan, we have a name and logo to represent them in communication and branding. Looking ahead, we’ll need to develop a strategy for brand architecture, as we manage product brands under the corporate brand and decide what form our communication should take.

**Hachiuma** Exactly. Currently, stakeholders are wondering about our stance on the brand and how it will be managed in the context of Ajinomoto-branded household-use oil



SPECIAL CONTENTS ❶ Dialogue<sup>1</sup>  
Discussion on Corporate Philosophy, Brand Strategy

products. A question we'll try to answer with internal feedback is how, after introducing the new brand, we'll build brand value over the course of business.

**Koide** After all, brand transitions don't happen overnight. Brands are powerful. People become aware of them before they know it, whether they like it or not, but the brand identities consumers are familiar with vanish if we suddenly alter brands for our own reasons.

**Ohtaka** As we work to raise brand recognition, we've applied consumer research to develop new package design that strikes a balance between JOYL and the Ajinomoto global brand. Future research will focus on any gains in brand recognition and equity, so that we avoid packaging or logo changes that confuse loyal users into mistakenly thinking these products are no longer available.

**Hachiuma** We'll take our time and see how things go, with an eye to establishing the JOYL brand by fiscal 2030. We can't be idealistic about it, which would be very risky. Instead, the transition should be realistic and involve dialogue with the market.



To revisit the topic of brand strategy, how important is this, in your view?

**Koide** At a time when leading in quality, quantity, and price as a manufacturer is not enough, brand power is critically important. For consumers and customers, what's needed is communication on the meaning of the brand and storytelling on the thinking and philosophy behind it. It's only when consumers can relate to what a brand means and stands for that they'll embrace it and ultimately want to buy the products. In this sense as well, brand strategy is essential. We often hear that this is the era of co-creation,

and I think this also applies to consumers. What's needed to ensure viability of the company over time is for all of us to maintain a marketing mindset, connect with consumers/customers, and create value together.

As a final point on this topic, share your plans for the brand strategy and how you'd like to see it unfold.

**Ohtaka** Making our vision of good taste, health, and low burden a reality will depend on employees taking these ideals to heart and demonstrating them in product development, marketing, sales, and everything else we do. Knowing that a company's products and services enhance the corporate brand, I think we need to spend time on how we'll be spreading this awareness across the company and conveying these brand messages externally.

**Koide** It comes down to walking the talk. Above all, everything – from our approach to business to employee behavior and our new statements of corporate philosophy – should be aligned with the brand vision. I'd like to see more innovation/new products created in the future, of course, but we should also be aware there's a lot to say about existing products, which we should use to the fullest. I'd like us to work with pride, realizing that we are indeed providing this kind of value to the world. Suitable communication about all the positive things we're already doing is also desirable, so that the world also realizes this. It's my hope that encouraging wider use of our products will create a positive cycle that makes a difference for society and the environment.

Silence was once considered a virtue in Japan, but does the branding strategy also tell us that active communication is needed from now on?

**Koide** I can appreciate this point, but it's not a just a ceaseless flow of messaging. What matters is storytelling, and strategically crafting our message. At the same time, this isn't something we can say once and be done with. Continuity is important. Again, it takes time to build a brand, but once it's in place, for better or worse, it endures, and any attempts to recast it may be futile. That makes it crucial to take the brand in the right direction as we develop it.

**Hachiuma** It's truly significant to have a brand that bridges the gap between what's laid out in our statements of corporate philosophy and how we intend to do it, and a brand that helps us convey this. Through the lens of the brand or corporate philosophy statements, the insightful elements that make up brand assets can reveal other ways of understanding business activities. All corporate activities are inseparable from the brand and the philosophy behind it. As part of our transformation, and starting with the sixth medium-term business plan, we're laying a solid foundation for how we'll be linking this to activities that benefit society and enhance corporate value.

**Ohtaka** It's also significant that we're determined to take on marketing as a company.

**Hachiuma** Frankly, the marketing department should be taking full responsibility for this business, but historically, that's not how the company was organized. We'll need to do this now.

**Koide** I'd say that's the very essence of business management strategy.



**Ohtaka** We have strengths upstream, in R&D and elsewhere, so if we can combine this with the potential power of fact-based/data-driven marketing, the company can grow even stronger.

**Hachiuma** From the standpoint of return on research – intellectual property, technical expertise, patents, whatever it may be – companies attempting to use these assets to make money seem to get stuck. I expect the marketing department to clear these bottlenecks.

Future Creation Center

Our corporate philosophy system reflects our wish to be a company that can solve social issues by contributing to health and low burden in addition to good taste. Although it was difficult to embody the J-Oil Mills' uniqueness and the thoughts and expressions of various people in the company, the formulation of our new corporate philosophy has increased the resolution of our company's vision. I think it is very good that we were able to clarify our message and convey it to employees. Currently, as a measure to spread the philosophy within the company, we are conducting activities in four steps: recognition, understanding, practice, and confirmation. In a Pulse Survey<sup>\*1</sup> conducted in May, the score for "I think the company will change if I take action" had increased compared to before, and signs of change have gradually become visible. By continuing efforts to spread our corporate philosophy within the company, we hope to incorporate the corporate philosophy system into the work of each employee, leading to its practice.

<sup>\*1</sup>: A method of conducting an employee awareness survey in real time by repeating simple questions over a short span. We conducted a survey on the spread of our corporate philosophy system.

Brand Committee Secretariat

In 2019, a project began to develop a communication brand. Through repeated discussions in the project, we formulated JOYLJOYL<sup>®</sup> as the communication brand for J-Oil Mills and its group companies, and at the same time formulated a brand logo and statement (what the logo mark expresses). On April 1, 2021, we were finally able to achieve the launch of the communication brand JOYL<sup>®</sup> by overcoming various difficulties such as considering how to accumulate value in the brand, promoting understanding within the company, and formulating various rules. We have heard various expectations from our stakeholders for improving our brand power. Going forward, we will continue to provide company-wide support so that the value generated through all forms of communication can be accumulated in the new JOYL<sup>®</sup> brand, thereby increasing the recognition and competitiveness of J-Oil Mills and the Group as a whole, leading to an increase in our corporate value.



For more information on our communication brand, please visit our website  
<https://www.j-oil.com/en/company/statement.html>

**Ken Shirai**  
Oils & Fats Business Planning  
Staff Group Manager

**Koji Hiratsuka**  
Corporate Planning  
Manager

**Atsuko Haruno**  
Corporate Communications  
CSR Section Manager

**Kensuke Takeda**  
General Manager,  
Future Creation Center

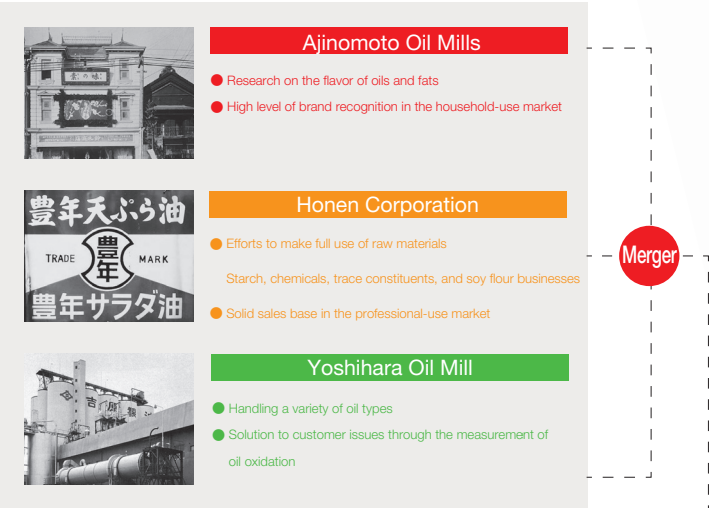
**Megumi Satake**  
Future Creation Center

Voice



# The Evolution of J-Oil Mills and Its Future

J-Oil Mills was established in 2004 from the merger of three processed oil manufacturers: Honen Corporation, Ajinomoto Oil Mills Co., Inc., and Yoshihara Oil Mill, Ltd. Each company has a long history, dating as far back as the 1820s, the Bunsei era. We have provided a variety of values to society through products and services by combining the know-how and strengths cultivated by each company over 190 years of history to create synergistic effects. Leveraging our technical capabilities and experience cultivated in Japan, we are moving forward one step at a time, looking at overseas expansion.



**Business history**

1826 **Ajinomoto Oil Mills**  
The Kumazawa family builds an edible-oil pressing factory in Owari-Ichinomiya, Aichi Prefecture, powered by water wheels.

1855 **Yoshihara Oil Mill**  
Yoshihara Store is established as the successor to the Kawata family's edible-oil wholesaling business.

1907 **Honen Corporation**  
The South Manchuria Railway Company, Ltd. (Mantetsu) begins research on soybean oil extraction in Dalian.

1915 **Honen Corporation**  
Management of the Mantetsu Soybean Oil Mill is transferred to Suzuki Shoten in Kobe. Two years later, a soybean oil processing factory is completed in Shimizu.

1917 **Honen Corporation**  
Nikka Oil Mills is established through joint investment with Japan Cotton Trading Co., Ltd. and Mitsubishi Goshi Kaisha.

1923 **Honen Corporation**  
Shirashime Oil, manufactured using caustic soda, is launched.

1935 **Ajinomoto Oil Mills**  
Takara Oil Refining Co., Ltd. is established. Around this time, defatted soybeans start to be used as a raw material for condiment product AJINOMOTO®.

1937 **Yoshihara Oil Mill**  
Golden Salad Oil, a cottonseed oil, is launched.

1950 **Ajinomoto Oil Mills**  
A tempura oil for household use is launched in 800g and 1,400g cans.

1964 **Honen Corporation**  
Honen Lever Co., Ltd. is established. In 1966, margarine is launched under the RAMA® brand.

1966 **Honen Corporation** **Yoshihara Oil Mill**  
Japan Soya Products Co., Ltd. is established as a joint venture between Honen Corporation and Yoshihara Oil Mill, Ltd.

1995 **Honen Corporation** **Yoshihara Oil Mill**  
A plant in Kobe is damaged by the Great Hanshin Earthquake.

1996 **Ajinomoto Oil Mills**  
AJINOMOTO® Olive Oil is launched.

2002  
Honen Corporation and Ajinomoto Oil Mills Co., Inc., merge to form HONEN AJINOMOTO OIL MILLS, INC. The next year, Yoshihara Oil Mill, Ltd., joins the merger, and the name of the holding company is changed to J-OIL MILLS, Inc.

2004  
J-OIL MILLS, Inc. is established with the absorption of each operating company.

**1 First Medium-Term Business Plan FY2004-FY2006**

**Jump from “0” Plan Start from zero Think on a zero-base**

By reducing costs (streamlining production and logistics), and developing and selling high value-added products, we improved revenue by 14.5 billion yen over a three-year period.

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**2004**  
The operating subsidiaries of each founding company are absorbed and merged into the holding company, fully integrating all operations and operating subsidiaries.

**Products and technology**

**FY2006**  
“**AJINOMOTO** Sarasara Canola Oil” 1000g is launched.

**2 Second Medium-Term Business Plan FY2007-FY2010**

**Change & Strong Let's change and be strong**

By reducing costs, developing and expanding sales of high value-added products, and realizing reasonable prices, we improved earnings by 11.9 billion yen over four years and started overseas business.

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**2008**  
J-Oil Mills acquires Unilever Japan's household-use margarine division, including the Rama brand.

**FY2007**  
Cho Toku, professional-use oil, is launched. The product becomes a perennial sales leader as an economical oil that contributes to cost reduction.

**3 Third Medium-Term Business Plan FY2011-FY2013**

**Stability and Growth 2020**

In mature markets, we strengthened our revenue base by developing and expanding sales of high value-added products. In growth markets, we ventured into areas that can grow in the future such as the powder oils and fats business, overseas business, and foodstuffs/fine materials business, establishing a foundation for 2020.

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**2011**  
A new powdered edible-oils production plant is established at the Shizuoka Plant to achieve synergies in the three oils and fats businesses: liquids, solids, and powders.

**2012**  
J-Oil Mills takes over the protein products sales business from Nikka Oil Mills Co., Ltd., a consolidated subsidiary.

**FY2012**  
Launch of NEOTRUST, a new material with high water absorption and the ability to retain moisture and oil.

**4 Fourth Medium-Term Business Plan FY2014-FY2016**

**Stability and Growth 2020**

Achieved growth with high added value in oils and fats and development business areas, secured a bridgehead in ASEAN with the establishment of J-Oil Mills (Thailand) Co., Ltd., and made progress in efforts to beef up our oil production business by constructing the Kurashiki Factory.

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**2014**  
J-Oil Mills (Thailand) Co., Ltd., is established in Thailand.

**FY2016**  
Launch of “**AJINOMOTO** Olive Oil Extra Virgin FRUTIA PREMIUM”, an olive oil focused on freshness.

**5 Fifth Medium-Term Business Plan FY2017-FY2020**

**Mastering the Art of Oil, Creating Happiness 2020**

Taking full advantage of the knowledge and expertise that we have cultivated up to the present, we will seek to maximize the diverse value inherent in oil and to expand the possibilities of oil, striving to become a company that designs tastes to move the hearts of our customers.

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**2017**  
Construction of Kurashiki Factory is completed, and the latest equipment is used to improve the efficiency of oil extraction operations.

**2018**  
J-Oil Mills opens the Oishisa Design Studio, a multi-use presentation facility equipped with kitchen, bakery, and office functions.

**2019**  
A business and capital alliance with Goodhope Asia Holdings Pte. Ltd. and new initiatives in Malaysia targeting the confectionery and bakery markets.

**2020**  
A business alliance is established with The Nisshin Oil Group, Ltd., in the oil extraction business

**FY2018**  
Cho Cho Toku Toku is updated for the first time in 10 years, further improving its ability to control deterioration.

\* In July 2021, the “Cho Cho Toku Toku” series was updated as the “Cho Toku” series.

**6 Sixth Medium-Term Business Plan FY2021-FY2024**

**Transforming for Growth**

To make this a period of transformation for the realization of future growth in FY2030, we will formulate marketing and brand strategies, promote high-value-added products, accelerate overseas expansion, improve the profitability of commodity oil products, and transform into a growing company by reforming the value chain and business processes.

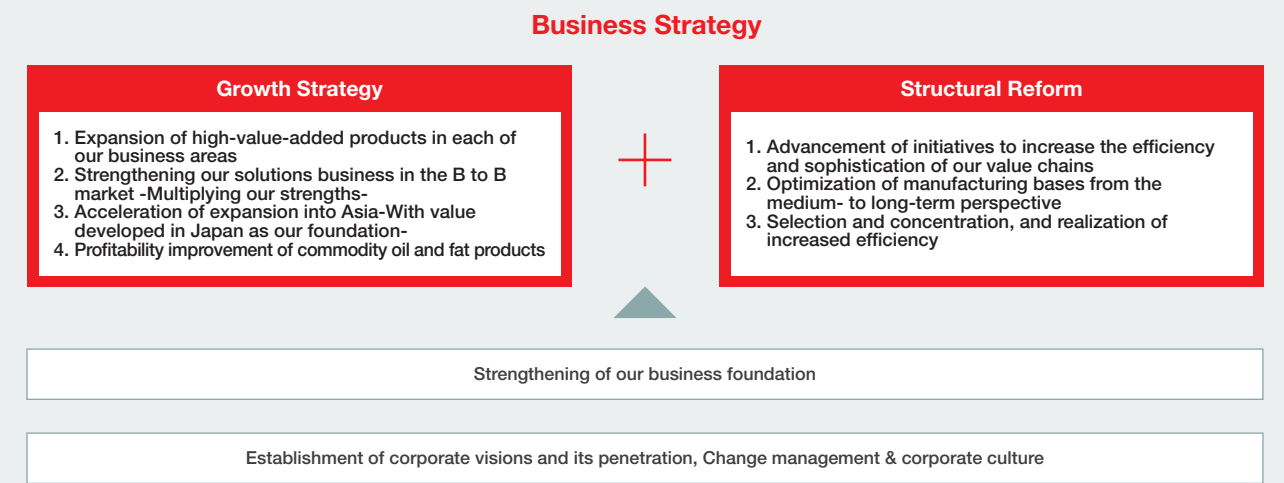
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**May 2021**  
Began discussions with Nisshin Oil Group, Ltd. to establish an oil milling joint venture in western Japan, with a view to integrating oil milling functions nationwide.

**FY2021**  
Launch of oil and fat products in environmentally friendly paper containers. Launch of Violife dairy alternative plant-based cheese product and plant-based butter for household use.

Trajectory of the Fifth Medium-Term Business Plan

Under our four-year Fifth Medium-Term Business Plan “Mastering the Art of Oil, Creating Happiness 2020,” which began in fiscal 2017, we have been working to build a foundation for long-term growth, aiming to transform from a process industry company focused on market prices to a value-creating company focused on customers.

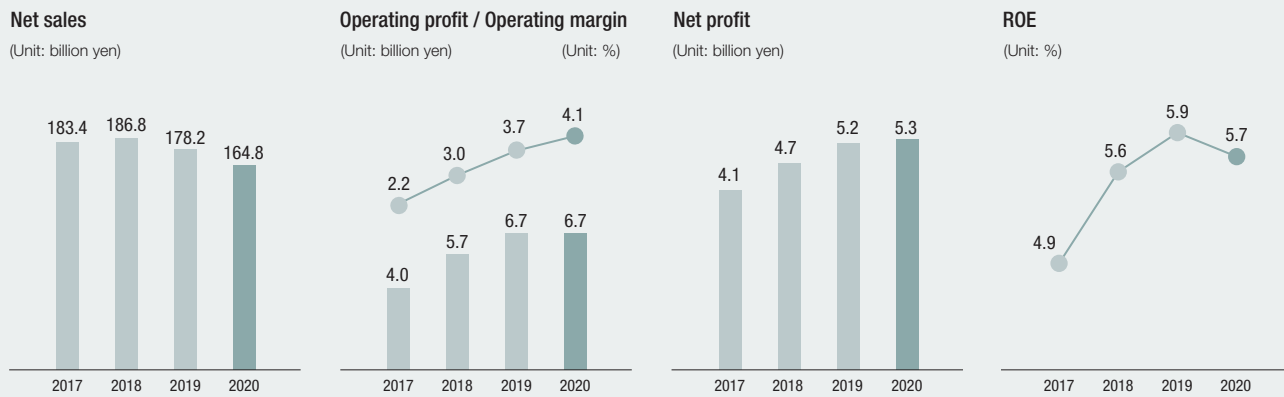


Numerical management targets and performance

FY2020 was the final year of our Fifth Medium-Term Business Plan. Although we did not reach our targets for net sales and operating profit due to the impact of COVID-19, we achieved out targets for operating margin, ROE, and EPS and improved our asset efficiency. We regard our sixth medium-term business plan as a period of transformation for future growth, and we will work to achieve the higher targets that we have set.

Consolidated	FY2017	FY2018	FY2019	FY2020	FY2020 target
Net sales	183.4 billion yen	186.8 billion yen	178.2 billion yen	164.8 billion yen	215.0 billion yen or more
Operating profit	4.0 billion yen	5.7 billion yen	6.7 billion yen	6.7 billion yen	8.0 billion yen or more
Operating margin	2.2%	3.0%	3.7%	4.1%	3.5% or more
Net profit*	4.1 billion yen	4.7 billion yen	5.2 billion yen	5.3 billion yen	-
ROE	4.9%	5.6%	5.9%	5.7%	5.0% or more

\*Net profit attributable to owners of parent



Progress in growth strategy

	Results of our Fifth Medium-Term Business Plan	Future issues
1. Expansion of high-value-added products in the oils and fats and development business areas	• Expanded the ratio of high-value-added products to consolidated gross profit	• Further expansion of high-value-added products • Growth of our Specialty Food Products Business
2. Strengthening the Solutions Business	• Launched Solutions Business • Strengthened proposal capabilities for material combinations, leading to increased adoption for home meal replacement products and restaurant products	• Overseas expansion with technologies and know-how cultivated in Japan • Creation of new businesses through synergies among our various businesses
3. Accelerating business development in Asia	• Expanded business through M&As in Malaysia	• Monetization of existing businesses • Business expansion through growth investment and promotion of alliances
4. Profitability improvement of oil and fat products	• Improved consolidated gross profit margin on oil and fat products	• Profitability improvement of commodity oil and fat products • Transformation of our profit structure across the value chain

Progress in business structural reforms

	Results of our Fifth Medium-Term Business Plan	Future issues
1. Advancement of initiatives to increase the efficiency and sophistication of our value chains	• Joint procurement of packaging materials with Ajinomoto Co., Inc. • Promoted efficiency improvements through the use of AI	• Realization of efficiency improvements by promoting systematization • Structural reform of the entire value chain from procurement to production, logistics, and sales
2. Optimization of manufacturing bases from the medium- to long-term perspective	• Business alliance concluded with the Nisshin OilliO Group, Ltd. regarding the oil extraction business	• Nationwide integration of oil extraction functions (started considerations in May 2021)
3. Selection and concentration, and realization of increased efficiency	• Promoted efficiency improvements through business transfers and withdrawals • Reduced SKUs for oil and fat products	• Improving asset efficiency • Promoting reduction of SKUs • Reviewing unprofitable businesses • Promotion of DX, etc.

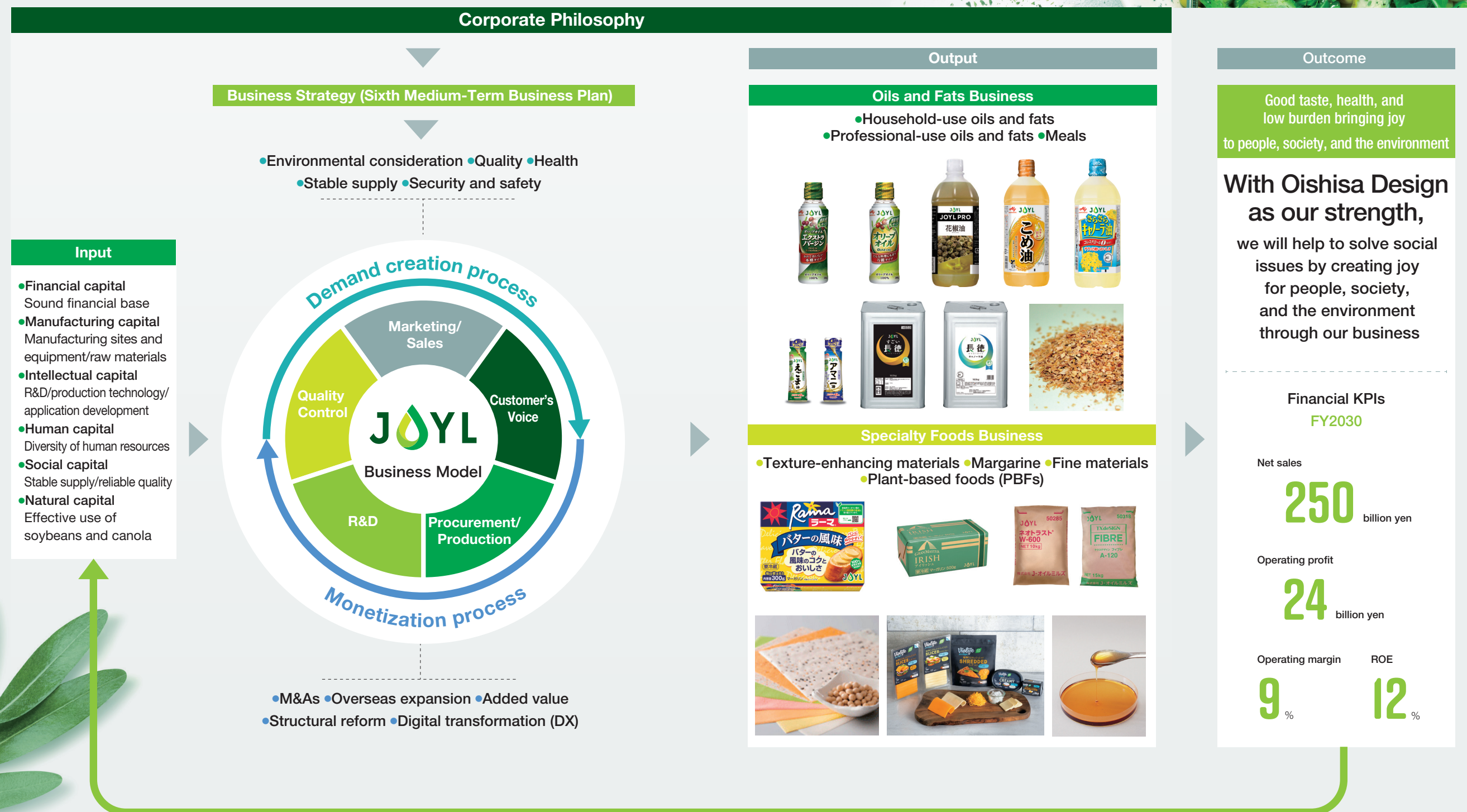
Strengthening our business foundations

	Results of our Fifth Medium-Term Business Plan	Future issues
1. Corporate governance	• Increased number of outside directors, secured diversity • Established a Nomination Advisory Committee and a Remuneration Advisory Committee • Established a Management Risk Committee and a Sustainability Committee	• Increasing effectiveness of the Board of Directors, increasing the skills of internal directors • Strengthen group governance
2. Organizational structure and human resources	• Introduction of business division system (clarifying roles and responsibilities) • Promoted work style reform and diversity • Developed human resources and appointed outside talent	• Strengthening business structure to accelerate growth strategy • Further strengthening diversity and human resource development • Reforming management awareness
3. Capital allocation	• Improved asset efficiency through selection and concentration	• Increasing profits, improving asset efficiency, and generating cash flow through procurement • Allocation to growth, capital investment, and dividends
4. Quality assurance	• Promotion of systematization • Acquisition of ISO 9001 certification (production and corporate divisions)	• Dialogue with customers • Further provision of a sense of security and expectation
5. IR, SR	• Enhanced our information disclosure system • Expanded our information disclosure and fair disclosure	• Expanding the shareholder base • Improving liquidity of the Company's shares



## The J-Oil Mills Value Creation Model

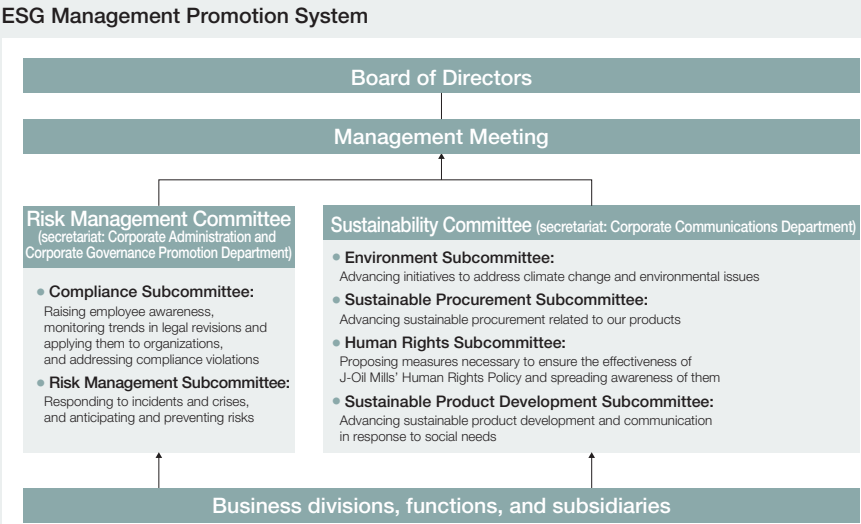
Seeking to realize the future we aim for — Joy for Life: Bringing Joy to the Future with Food — we will help to solve social issues by creating joy for people, society, and the environment through our business with Oishisa Design as our strength.



J-Oil Mills’ Materiality

Promotion System

We have established a Sustainability Committee and a Management Risk Committee as the foundation of a company-wide structure on sustainability and management risks. We established these committees to advance cross-sectional discussions on ESG management-related measures, and they have a function of instructing and reporting to Management Meetings.



Activities Related to Materiality to Date

2018

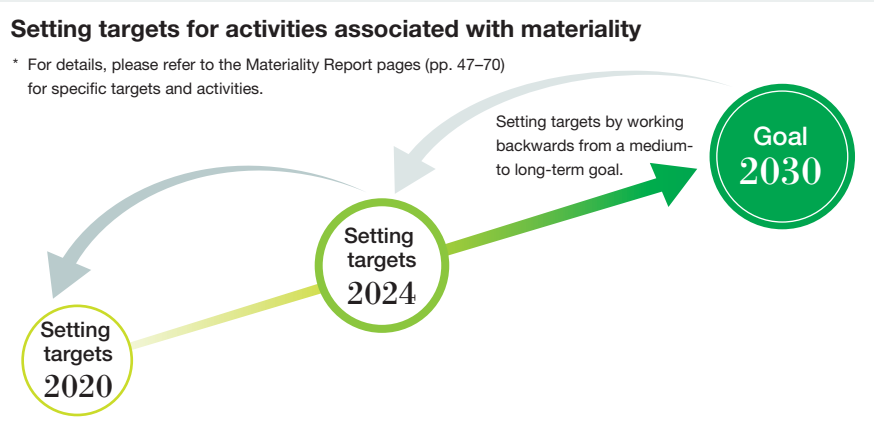
Each department in the company discussed and, with the cooperation of external organizations, analyzed the issues over the course of a year to narrow down priority issues to work on.  
\* For the detailed process of materiality identification, please refer to our website. (Available only in Japanese)  
<https://www.j-oil.com/sustainability/materiality/process.html>

2019

We determined material issues at a Board meeting held in May 2019 and started their integration with our business plan at a business plan review meeting in February 2020 in which executive officers participated.

2020

We integrated the material issues into our business plan and the activities of each department, and decided who will be responsible for each issue. We also set targets for the content of activities associated with each material issue, and discussed initiatives for targets, activity status, and issues.



2021 With the establishment of a new corporate philosophy, we reviewed our material issues in light of our corporate philosophy and “Joy for Life®” Map, which shows the future we aim for.

Related page  
Please refer to page 6 for the “Joy for Life®” Map.

Deepening Materiality

With the establishment of a new corporate philosophy (vision, mission, and value/purpose) in April 2021, we reviewed our material issues in light of our corporate philosophy and “Joy for Life” Map, which shows the future we aim for, and held discussions with relevant departments. We blended the desires the Company wishes to value with the initiatives of each department to solve social issues and, after approval by the

Management Meeting, we identified our new material issues. Material issues are risks and opportunities for our business, and we will aim to tackle them over the medium- to long-term in pursuit of our vision for FY2030. We will continue to periodically review the material issues identified in light of social trends and changes in issues and needs.

Old Material Issues			
Creating diverse value in oils and food	Contribution to society and the globe	Creating an organization that allows us to mutually enhance our individuality and grow together	Strengthening our management foundations
<ul style="list-style-type: none"><li>Food security and safety</li><li>Pursuit of customer satisfaction</li><li>Creation of flavor and health</li><li>Supply and development of products that contribute to the resolution of social issues</li></ul>	<ul style="list-style-type: none"><li>Sustainable resource use</li><li>Mitigation of and adaptation to climate change</li><li>Strengthening of supply chain management</li><li>Enhancement of communication with stakeholders</li><li>Contribution to and cooperation with local communities</li></ul>	<ul style="list-style-type: none"><li>Promotion of reform in work styles</li><li>Diversity and inclusion</li><li>Development of human resources</li><li>Promotion of health management</li><li>Reform of corporate culture</li></ul>	<ul style="list-style-type: none"><li>Strengthening of corporate governance</li><li>Strengthening of risk management and promotion of compliance</li></ul>

Newly Identified Material Issues and Initiative Themes

Reducing environmental burden

- Ensuring sustainability of resources and arable land
- Contributing to the reduction of customer work and workloads
- Mitigation of and adaptation to climate change

Maintaining food resources

- Addressing the protein crisis
- Food loss reduction and stable supply
- Preserving meat and fishery resources
- Food safety and peace of mind

Contributing to health through food

- Contribution to health maintenance
- Responding to an aging society
- Diversification of lifestyles
- Contribution to nutrition intake/management

Business continuity foundation

- Strengthening of corporate governance
- Strengthening of risk management
- Promoting compliance
- Supply chain management
- Diversity and inclusion
- Work style reform and engagement
- Reforming our corporate culture and mindset
- Contribution to and collaboration with local communities
- Timely and appropriate information disclosure

NEW MATERIALITY



SPECIAL CONTENTS ②

Discussion on Management Strategy for Further Improving Corporate Value

Dialogue 2



**Hiroshi Kanno**  
Professor, Waseda University Graduate  
School of Business and Finance

×

**Fuminao Hachiuma**  
President & CEO

×

**Yugo Ishida**  
Outside Director (Independent Director)

Profile of Hiroshi Kanno

Holds master's degrees from the Tokyo Institute of Technology and an MBA from Carnegie Mellon University. Mr. Kanno provided consulting services to Japanese and global companies for nearly two decades at Boston Consulting Group. As partner and managing director, he served as the Asia/Pacific regional leader in technology, media, and telecommunications. Mr. Kanno is a lead coordinator and lecturer in J-Oil Mills' ongoing Future Creation Program (FCP) training program.

Tell us your thoughts on corporate value and efforts to enhance this value.

**Kanno** Corporate value in the capital market is mainly understood as being shareholder value, but other key aspects are value to customers and value to society, which also involves natural resources. Social value is not limited to the value people derive but extends to how companies benefit the planet.

**Ishida** Corporate value all begins with whether a company serves a beneficial role in the world. Added value is relevant here, and because this involves adding to something that's already valuable, companies seeking sustainable growth must constantly create value. And if a company is of some service to the world, it remains profitable. If the business you're running is unprofitable, it may mean that it's somehow not benefiting the world, or that you're running it

the wrong way. That's the basic assumption.

Another point here is that companies listed on a stock exchange are obligated to work toward higher share prices. Besides individual shareholders and investment trust beneficiaries, behind institutional investors such as the Government Pension Investment Fund (GPIF), for example, you'll find people living on a pension that each of us contributes to. Ultimately, higher share prices benefit all these retirees. On the other hand, if listed companies fail to increase their corporate value and share price, society can't keep pensions safe and sound in years to come. That's why the company's executive management must seek sustainable gains in corporate value. I believe that working with determination toward this corporate value helps many of our fellow citizens who contribute to these pensions live with a sense of security.

**Kanno** I'd put it this way: If an organization is of service to the world, stakeholders believe that it exists for a good reason. It would be terrible if people didn't mind if J-Oil Mills no longer existed, because they thought competitors are doing the same thing. In contrast, it seems vital to be a company that stakeholders fear they'd sorely miss if it no longer existed. Stakeholders effectively support the company because they wouldn't want to see it disappear, which makes it profitable and enhances corporate value. It's imperative to know how to create this virtuous circle.

**Ishida** In view of the growing impact of climate change, we need to contribute in both the environmental and social aspects of ESG to be of service as a company. In this respect, being of service has taken on broader implications.

**Hachiuma** For many years we've been in the business of oils, fats, and by-products such as protein and starch. Vegetable oils in particular have played a role in providing essential nutrients while being irreplaceable in delicious meals. People have been gaining a renewed appreciation for the value of plants and vegetables both in a global environmental context and as a food resource. Currently, we're at the stage of considering how to redefine and reconstruct these roles with the future in mind. While oils will remain indispensable in people's lives, we're always working on ways to link this to qualitative growth for the company.

Another issue, and one that investors also recognize is quite significant, is an inability to manage the volatility of raw material prices. Progress in this will probably depend on how we can present countermeasures and show a track record. We feel it's our responsibility as managers to serve both customers and society, and as a result, provide return to investors and help our employees grow.

**Kanno** I agree there's a major shift toward qualitative needs. Examples of this include impressive advances in resource-efficient, delicious frying, and the company's recent work in the area of plant-based foods (PBF). PBF is a fitting solution, and this approach is very effective. The efficiency of this process, which offers more delicious and nutritious food to more people using the same resources in production, is one of its advantages. The company is fortunate to be in a position to do this, and it's a great opportunity. Now it's all about working out the practicalities and monetizing it.



Tell us about growth strategies and financial targets of the sixth medium-term business plan.

**Hachiuma** In the previous plan, we focused on strengthening the foundations of our business. With that stage focused on the foundation, the next stage focuses on transformation, a truly challenging plan. Meanwhile, diversity remains a current and future priority. Transformation as a company depends on expanding our perspective to reflect a variety of experiences and viewpoints. We've set ambitious goals in the sixth medium-term business plan, but limiting ourselves to goals we can achieve by following the previous plan will not change our perspective. Instead of taking a narrow view, as we look into the future, we sense the need for a broader perspective. Moreover, we've also set these targets by projecting backward from fiscal 2030. This course of action emerged after much discussion at board meetings. It's a big step forward for the company, and we hope we can stand the test of time.

**Kanno** One emerging new management concept is "ambidextrous" management: An organization should manage both "exploitation" of existing business and "exploration" of new business opportunities. J-Oil Mills should "exploit" existing oils and fats business, while "exploring" new opportunities such as overseas and specialty food business. Some facets of each of these require different expertise and corporate cultures, and management as a single company without some inconsistency is very challenging. You might be pushing to cut costs as much as possible without tolerating mistakes on one hand, while on the other attempting to manage a team willing to try new things even at the risk of





some mistakes. Put another way, if you can manage this challenge well, you'll be able to create a cycle of investing in new business with revenue from existing businesses.

**Ishida** And some strategies must be prioritized over others, which should be decided by considering the human and financial resources and the time they will take. In pursuit of stable gains in share price as a listed company, growth strategies are linked to corporate value and enable companies to fulfill this responsibility. We've charted a fitting course in the sixth medium-term business plan, but next comes prioritizing, as we decide the commitments, targets, and timing, over a certain time frame. We should draw up action plans for the growth strategies and combine them with structural reforms and reinforcement of the business foundation, as we take specific steps. We can be pleased that we have a sense of direction, but time will tell if we can put it into practice. Internally, and especially in business divisions, some employees may lack confidence about this, but now that we've also announced ROIC targets, there's a growing awareness in the Company of the importance of setting these targets with a regard for asset efficiency and share price.

Back to what I said earlier about whether companies serve a beneficial role in society, unprofitable business may not be benefiting the society, in some way. Continued investment in business that's not profitable will prevent you from investing in other businesses. That's why leaders must venture to decide about how to build the business portfolio.

**Kanno** You have a concrete plan to increase ROE to 8% by fiscal 2024 and 12% by fiscal 2030. After breaking down what should be done by when, and the level of funding and

human resources to allocate for it, you begin to realize how much progress is needed to stick to your plans.

**Hachiuma** Sales aren't feasible unless they're in line with customer needs, and profit depends on doing things competitors can't do. Without value that sets us apart, we'd immediately sink into the realm of commodities. Even if customers are satisfied, unless business is truly profitable, we inevitably face some decisions.

**Kanno** If we are providing real added values to customers, then the customers should be willing to pay for products or services. More precisely they should be willing to pay prices that allow a fair profit.

**In this sense, do you consider expanding high-value-added products and strengthening overseas and specialty food businesses to be key growth strategies in the plan? Tell us about specific strategies.**

**Hachiuma** The sixth medium-term business plan gives us a blueprint for providing new solutions besides long-lasting Cho Cho Toku Toku oil. Sales of oil is only one aspect. We also want to provide customers with a system that supports their operations.

**Ishida** This calls for products that are especially profitable. Securing the needed funds will involve accelerated structural reforms and taking the initiative to generate profit. Growth is not possible unless structural reform is viewed as an investment. Here, what's critical is the determination and belief that we can do it if we put in the effort. Another option in growth strategies is to enhance profitability of existing business through M&As, and we know there are a few approaches.

**Kanno** Growth along the same lines as now is difficult. Companies must boldly write a new chapter that will alter their business model. Trying something new comes with a high risk of failure, so it's essential to define the amount of failure you can accept. How can momentum be maintained in case of setbacks? This should be considered, so that an organization and its employees will turn to the next step without being discouraged. Ultimately, success comes from building a resilient organization, or one that learns from its mistakes to succeed in the future.

**Hachiuma** I'll give you an example. For many years, we've been in the starch business. This was a commodity

business, not profitable, but by experimenting in work we were uniquely qualified to do, we ended up with a hit in the edible starch business. We rebranded the division with a focus on Texture Design to unite behind these efforts. "Ambidextrous" organization is challenging, but we're finally at a stage where we're starting to see some momentum.

**What are some challenges in achieving growth?**

**Hachiuma** Most important is how seamlessly we can integrate operations, from sales to distribution, and from development to production. Recent organizational changes addressed the gaps between development and production, and between development and sales sites. Despite historically close ties with restaurants and home-meal-replacement, our strengths at customer touchpoints have been underutilized. And it's our management capabilities that determine, in the case of R&D as well, whether we can provide the value customers seek, and how we can expand that value and accelerate our response. These matters of judgment also encompass our dynamism in investments.

**Kanno** There are promising opportunities, so it's up to organizations and employees first to recognize that growth is possible as long as they find a way, and second to be open-minded. This calls for a mindset that's very different from perfecting current operations. I think we're seeing gradual progress in organizations and employees learning to think this way. The hard part is acting quickly. Everyone in the food industry is aware of and seizing opportunities linked to health consciousness. One response is to do what your competitors can't, but speed is of the essence. This is a matter of taking action quickly and then seeing if it proves to be successful. What's truly challenging here is to cultivate a mindset that allows companies to do this without compromising their existing operations.

**Ishida** The same hopes and challenges apply to technical expertise and human resources. Innovation is something I rarely hear discussed at board meetings. Technical expertise is salient because any innovation that leads to breakthroughs can form the basis for growth and investment. In human resources, the fact that companies do business overseas requires them to staff their organizations in ways that are compatible with those outside of Japan, or things often won't go smoothly, especially in communication. But in

the end, if people are prepared for challenges, without fearing failure – or if their corporate culture actually values failure – they'll readily rise to the occasion.

**Kanno** Knowing that any failure might affect how you're evaluated, rational people would desperately avoid being assigned to departments that try new things. No one would take on new challenges unless their good performance is recognized even if a new venture proves unsuccessful. Research also tells us that innovation works better when it incorporates many outside ideas. Even if this collaboration does not involve M&As, it's likely to be more fruitful when we work with others outside our organization. I think it's worthwhile seeking arrangements where we can interact with more and more people like this, where something good may come of it, and we invite others to try things with us.

**Ishida** I'll leave you with a final thought on a previous topic. The responsibility of listed companies compels us to think through and decide whether companies are truly of service if they have social value yet have been unprofitable for many years, in part from an admirable but ineffective corporate philosophy.

**Hachiuma** Personally, I'm very grateful that our products are inherently in demand, and not only oil and fat products. But at the same time, we must be more aware of what it takes to survive in a competitive environment. Looking ahead, we'll be working hard to meet the targets of the sixth medium-term business plan and pursuing higher corporate value.





## J-Oil Mills’ Long-Term Vision and Growth Strategy

J-Oil Mills Group has defined its vision for FY2030 to achieve sustainable growth. In pursuit of this vision, we formulated the sixth medium-term business plan, Transforming for Growth, ending FY2024. We have positioned the four years of the sixth medium-term business plan—from FY2021 to FY2024—as a period of transformation to achieve future growth. In formulating the plan, we envisioned what kind of company we want to be in FY2030, taking into consideration challenges identified during the four years of the previous (fifth) medium-term business plan. The environment surrounding the J-Oil Mills Group is changing rapidly, including the spread of COVID-19, the increase in global food demand, and climate change. Nevertheless, seeking to become the kind of company we want to be in FY2030, we will further hone the Group’s strengths and maximize the value provided to customers as an Oishisa Design—deliciousness in design—company, thereby transforming into a growth company.

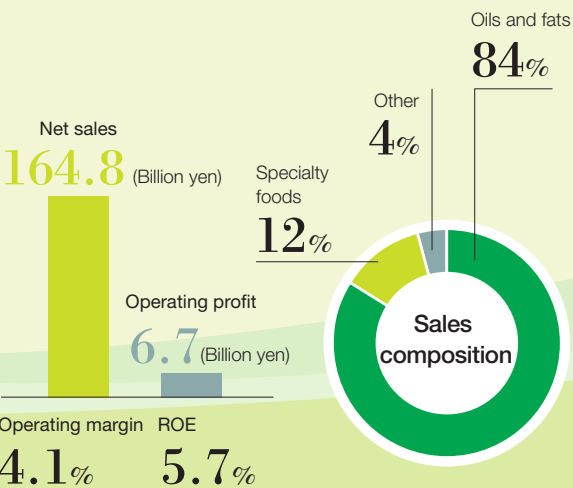
### FOUNDATION

#### Fifth Medium-Term Business Plan 2017-2020

Solidify the fundamentals  
to be ready for future investment

Related pages  
● [Trajectory of the Fifth Medium-Term Business Plan](#)  
p. 17-18

##### FY2020 Result



### TRANSFORMATION

#### Sixth Medium-Term Business Plan 2021-2024

Strengthening the foundation for  
future growth

Shift to qualitative maximization

Related pages  
● [President and CEO’s Message](#)  
p. 03-10  
● [Basic Strategy of the Sixth Medium-Term Business Plan](#)  
p. 29-32

##### FY2024 target



##### Growth Strategy

- Increase corporate value
- Expand high-value-added products
- Improve profitability of commodity oil products
- Strengthen overseas and specialty food products businesses

##### Structural Reform

- Reform value chain and business processes
- Improve asset efficiency

##### Reinforcement of Management Foundation

- Embrace diversity and inclusion
- Strengthen enterprise risk management and group governance

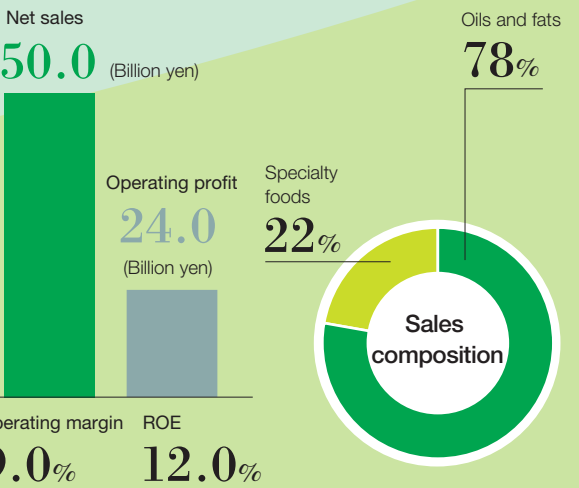
### EVOLVEMENT

#### Vision 2030



Accelerate growth  
- Ensuring sustainable growth -

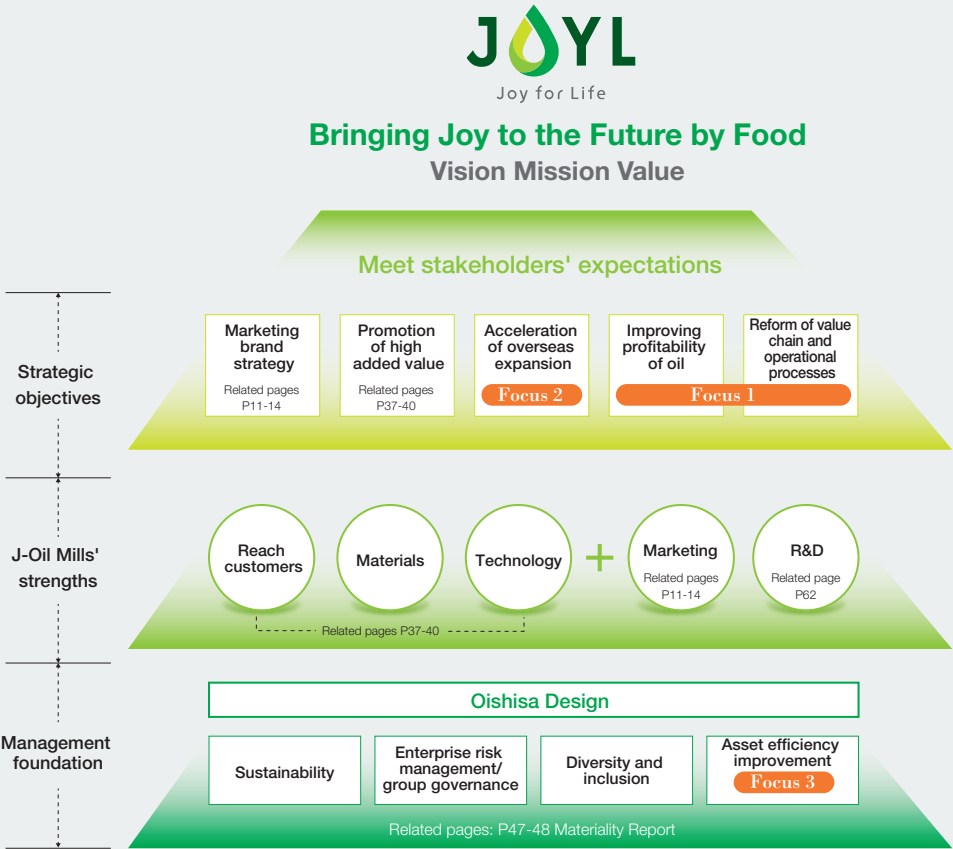
##### FY2030 target



\* The actual figures for FY2020 for the new segment are approximate values and have not been audited by an independent auditor.

# Strategy of the Sixth Medium-Term Business Plan

Under our sixth medium-term business plan, we will aim to reorganize our business portfolio by building a stable revenue base for the oils and fats business, working to create high-value-added products and further reduce costs, and by strengthening our specialty food products business and overseas business.



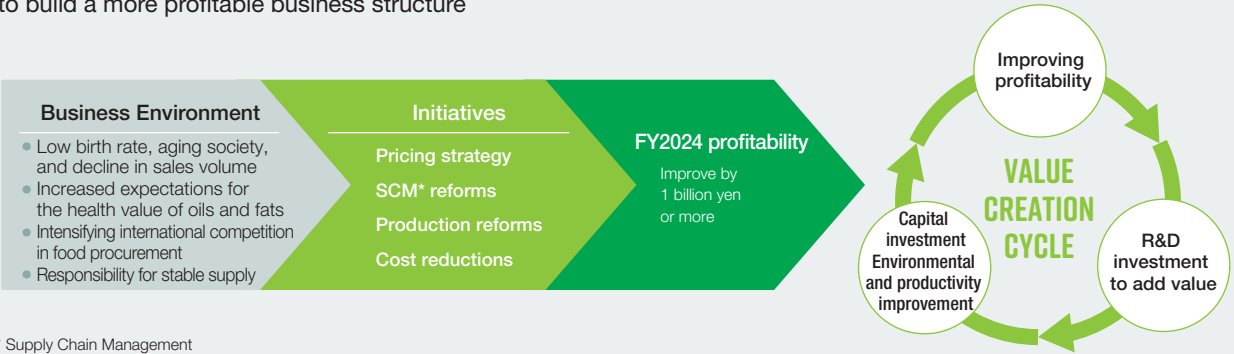
We have established five strategic targets as the strategy for our sixth medium-term business plan. Among these strategic objectives, we will focus here on introducing “Improving profitability of commodity oil,” “Reform of value chain and operational processes,” “Acceleration of overseas expansion,” and “Asset efficiency improvement.”

## Focus 1

### Improve profitability of commodity oil

Reform the entire value chain, transforming to build a more profitable business structure

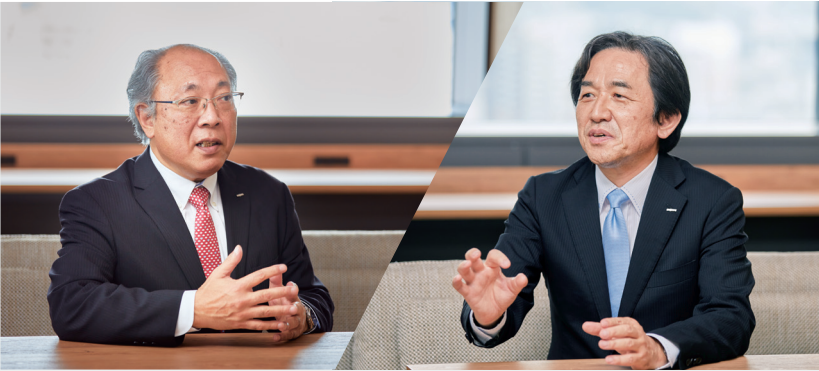
- POINTS**
- ① Stable procurement of oilseeds, for which prices are soaring ⇒ Stable supply of high-quality products
  - ② Structural reforms of the entire value chain from procurement to production, logistics, and sales
  - ③ Achieve stable and further improvement in profitability through cost reductions, creating a source of capital for sustainable growth
  - ④ Pursue a revenue return business model (value creation cycle) based on the capital generated



\* Supply Chain Management

## Hiroshi Hattori

Director, Senior Managing  
Executive Officer  
in charge of Oils and Fats  
Business Unit



## Masata Mitsuiki

Executive Officer  
Deputy General Manager,  
Oils and Fats Business Unit,  
Oils and Fats Management

### Q: The prices of grains and oilseeds are soaring worldwide. What is behind that?

**Hattori:** Overseas market prices for soybean and canola have risen by about double from the previous year due to (1) climate change factors, (2) steadily growing demand for food, and (3) demand for biofuel applications. Since 1970, the price had been hovering around \$6 per bushel of soybeans. But since around 2007, the price reached a higher level due to an increase in demand for food and feed applications caused by economic growth in emerging countries, an increase in demand for biofuels, and other reasons in addition to weather factors, which govern market prices for grains and oilseeds. Since then, prices had been moving within the box range, due in part to U.S.-China trade friction and the impact of African swine fever in China. In 2020, demand for livestock products in emerging countries, including China, which was the first to get the spread of COVID-19 under control, increased, and as a result, demand for feed grains began to show an increasing trend. On top of this, demand for grains and oilseeds for biofuel applications has been further expanding as a response to climate change and the SDGs. On the other hand, however, the structure has changed, such as not being able to absorb the rise in oil and fat costs with meals because meal prices have not risen as much as the price of fats and oils. On the supply side, meanwhile, bad weather has caused poor harvests, resulting in a breakdown in the supply-demand balance, with grain and oilseed market prices having risen to historically unprecedented levels.

### Q: In response to the soaring raw material prices, the Company has revised prices for oil and fat products in Japan. What is the status of the price revisions?

**Mitsuiki:** In order to deliver high-quality oil and fat products in a stable manner, we decided to revise prices in April, June, August, and November. Since the surge in raw material prices was so precipitous, we have decided to request four price revisions in a short period of time. This is extremely rare. We have carefully explained the background situation to our customers, while referring to various international markets related to fats and oils, and implemented the price revisions. The effect of price revisions is steadily showing up these days in the household-use market. In the professional-use market, some customers are in a severe business climate due to the COVID-19 pandemic, but they have shown a certain amount of understanding. We explain in good faith that this is a necessary response to ensure a stable supply. In addition, we recommend the use of our long-life oils “Cho Toku” and “Sugoi Cho Toku,” which offer advantages

to our customers. With their long-life effect, these products enable a reduction in the amount of fats and oils used, and they also help to improve work efficiency in the kitchen, where oil replacement is a burden.

### Q: Why is improving the profitability of commodity oil products a focus of the sixth medium-term business plan?

**Hattori:** The oils and fats business is our core business, and since demand for oil and fat products in Japan is stable, they are a mainstay of our revenue. On the other hand, we believe that a period of transformation in our business structure lies before us due to the soaring raw material market prices caused by an increase in global demand for grains and oilseeds. Under our sixth medium-term business plan, we will steer toward a growth strategy. At the same time, we recognize that it is important to fundamentally restructure the oils and fats business, which has been the pillar of our revenue, so as to boost profits stably amid these changes in the business environment. We hope to solidify our revenue base and direct the increase in profits generated from this to investments for future growth, such as in new areas, overseas, and the environment.

### Q: What specific initiatives will you implement?

**Mitsuiki:** In addition to implementing appropriate pricing that matches product value, our sales and logistics departments will work together to strengthen profitability, including through supply chain reforms such as continual review and reduction of SKUs, construction of cost-competitive logistics networks, and advancement of inventory optimization. In production reforms, we will pursue productivity improvements and fixed cost reduction, such as by investing in automating and making production lines flexible in the filling and packaging process. In addition to these initiatives, we hope to reduce expenses to further improve profitability, generating capital for various investments to achieve sustainable growth into the future. As a result, we hope to improve profits by more than 1 billion yen from the current fiscal year by FY2024.

### Q: What is your outlook for the future?

**Hattori:** In addition to the various initiatives described above, we will continue to strengthen our international competitiveness and give due consideration to the global environment through joint efforts in the oils and fats business, including the establishment of an oil extraction joint venture in western Japan with an eye toward the nationwide integration of oil extraction functions with the Nisshin OilIO Group, Ltd.

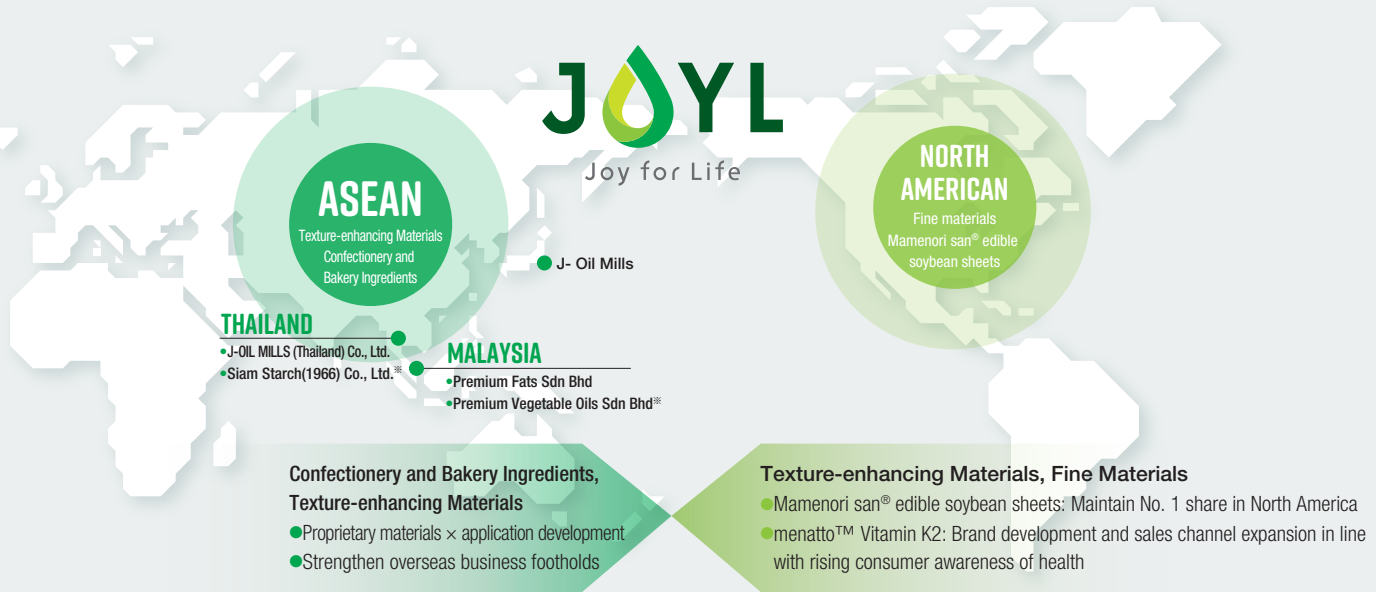
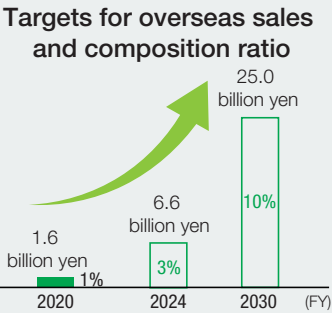


Strategy of the Sixth Medium-Term Business Plan

Focus 2

Acceleration of overseas expansion

In our overseas business, we are providing products with high added value mainly to ASEAN and North America, which are growing markets, based on the oil and fat processing technology, flavor technology, and application proposal capabilities we have cultivated so far.



Expand the market and grow by providing new applications

\* Siam Starch (1966) Co., Ltd. and Premium Vegetable Oils Sdn Bhd are equity method affiliates.

Confectionery and Bakery Ingredients, and Texture-enhancing Materials

In Thailand, we develop and sell functional oils and fats and functional starch products for Thailand and ASEAN countries through J-Oil Mills (Thailand) Co., Ltd., established in 2014.

In 2019, we entered into a business

and capital alliance with Premium Nutrients Private Limited (PNPL), an oils and fats and oil and fat processed products manufacturer in Malaysia. Together with PNPL's subsidiaries Premium Fats Sdn Bhd and Premium Vegetable Oils Sdn Bhd, we offer new products with high added value to the ASEAN confectionery and bakery market.

In the ASEAN market, we will seek further growth by proposing products that solve customers' issues through the combination of the provision of high value-added materials such as confectionery and bakery ingredients, functional oils and fats, and functional starch products with our own application and solution proposal capabilities.

Fine Materials and Texture-enhancing Materials

In North America, we mainly sell soybean-related materials such as Mamenori san®, a sheet-shaped cooking material based on soybean protein, and oils, fats, and powders containing vitamin K2 extracted from natto bacteria.

Mamenori san® edible soybean sheets

More than 90% of the sales of Mamenori san® are from overseas, of which 50% is sold in the United States, but recently it is also shipped to Canada, the Middle East, and the EU. Since its launch in the 1980s, Mamenori san® has gained popularity as a substitute for nori seaweed, taking advantage of the overseas boom in Japanese restaurants, including sushi restaurants. During the COVID-19 pandemic, the product has captured home meal replacement demand such as takeout. In the future, we will aim to expand sales in the United States, which is a growing market, by presenting Mamenori san® not only as an alternative to nori seaweed but also as a vegetable-based wrapping sheet that can be adopted for mainstream American menus.

menatto™ Vitamin K2

Vitamin K2 is added as a nutritional aid to supplements and various processed foods as a vitamin necessary for maintaining healthy bones and blood vessels. Buoyed by heightened health consciousness and an aging population, demand for vitamin K2 has been growing recently for a wide range of life stages, including for active seniors, expanding the market.

Our menatto™ Vitamin K2 is a natural form extracted from natto bacteria. We conduct special deodorization using our unique technology to create a product that can be used in various foods without affecting taste or smell. Going forward, we will accelerate sales expansion not only in Japan but also overseas by showcasing and creating scientific evidence for its efficacy as part of branding efforts for our menatto™ Vitamin K2. In the future, we will open and strengthen a website for overseas markets.

Focus 3

Capital policies



**Toru Horiuchi**  
Executive Officer  
Finance, Information Systems

In order to increase our corporate value, J-Oil Mills will implement appropriate capital policies after ascertaining the capital cost. Under our sixth medium-term business plan, we will accelerate growth by taking cash generated, combining operating cash flows, external funding, and other sources, and allocating it to growth investments, including M&As, and capital investments. We will also stably and continuously strengthen our returns to shareholders by increasing our consolidated payout ratio from 30% to 40% by FY2024.

In our sixth medium-term business plan, we have positioned the improvement of asset efficiency as an important issue, and we plan to reduce inventories and reduce our cross-shareholdings. We intend to halve our cross-shareholdings by FY2024 and direct the funds toward growth and other investments.

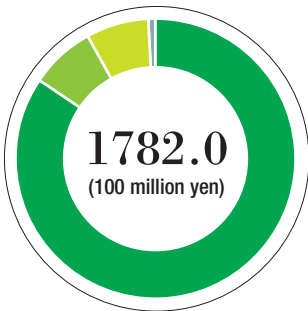
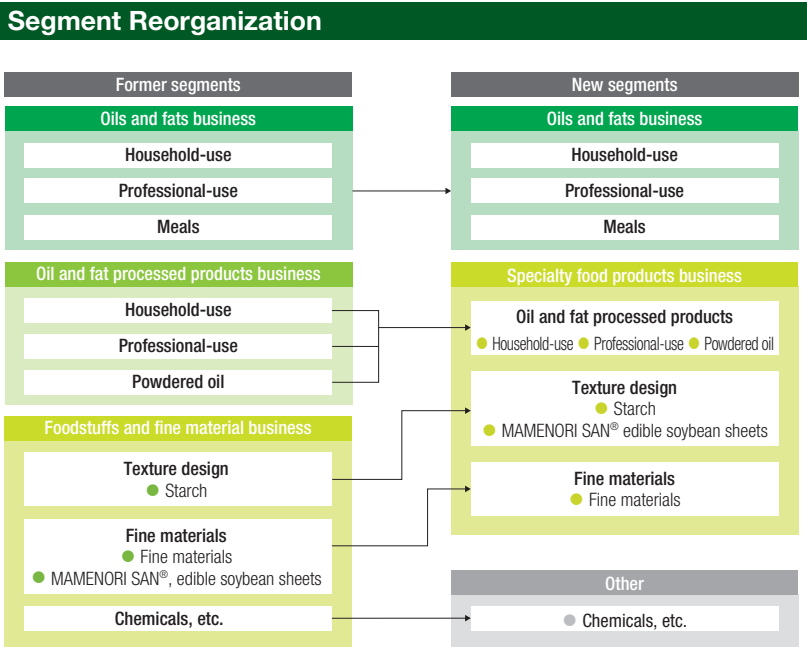
Achieving sustainable growth requires aggressive growth investment on the one hand and continual securing of a solid financial base that can raise funds stably on the other hand. To balance these, we aim to make effective utilization of shareholders' equity, taking ROE as one of the important management indicators, and also aim to maintain a level of shareholders' equity that can tolerate risks, with a D/E ratio of 0.5, which is an indicator for measuring financial soundness.

Recognizing ESG initiatives as an important management issue, we are carrying out initiatives such as reducing CO<sub>2</sub> emissions to combat climate change, and we will establish a business foundation that can respond to the demands of society. As for the financing needed for these efforts, we will pursue the optimal approach and timing, from various methods according to the financial situation.

Cash in	Cash out
<ul style="list-style-type: none"><li>• <b>Asset reduction: 10.0 billion yen</b> Reduction of cross shareholdings and reduction of inventories</li><li>• <b>Financing: 40.0 billion yen</b> D/E ratio of 0.5 or less</li><li>• <b>Operating C/F: 40.0 billion yen</b> Increase with profit increase</li></ul>	<ul style="list-style-type: none"><li>• <b>Growth investment: 35.0 billion yen</b></li><li>• <b>Capital investment: 26.0 billion yen</b></li><li>• <b>Shareholder return/dividend: 9.0 billion yen</b> Dividend payout ratio: To 40%</li><li>• <b>Stand-by funds, reinvestment, etc.: 20.0 billion yen</b></li></ul>

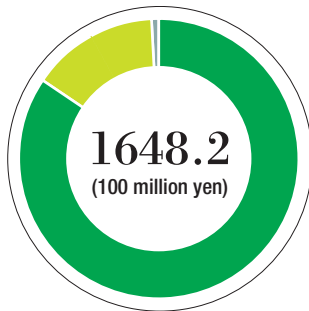
J-Oil Mills Business Outline

On April 1, 2021, we implemented organizational changes with the aim of restructuring our business to accelerate growth and strengthen our competitiveness, as set forth in our sixth medium-term business plan. With this, we have changed our conventional reporting segments, which were the oils and fats business, oil and fat processed products business, and foodstuffs/fine material business, from these three to two businesses: the oils and fats business and the specialty food products business. In addition, the chemical business, which had been included in the foodstuffs/fine material business, was excluded from the scope of reporting segment and included in “other,” due to the transfer of shares to J-CHEMICAL Inc. at the end of May 2021, which had constituted the chemical business.



Segment sales composition (FY2019)

	Percentage (%)	Net sales (100 million yen)	Operating profit (100 million yen)
● Oils and fats business	84.5	1504.9	60.6
● Oil and fat processed products business	7.2	127.6	(4.0)
● Foodstuffs/Fine Material Business	7.7	136.6	7.7
● Other	0.7	12.9	2.3



New segment sales composition (FY2020)

	Percentage (%)	Net sales (100 million yen)	Operating profit (100 million yen)
● Oils and fats business	84.3	1389.0	62.2
● Specialty food products business	11.9	196.1	(2.3)
● Other	3.8	63.1	6.9

\* Figures for FY2020 for the new segment are approximate and have not been audited by the independent auditor.

Oils and fats business

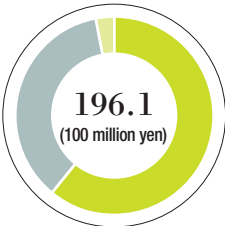
This is our main business, involving the import of grains from overseas, processing them into oils, fats, and oilseed meal, and the subsequent sale of these products. As professionals in the field of oil, and with a solid foundation in considerations of food safety and security, we deploy a broad range of products that allow us to create “Oishisa Design,” from general-purpose products that are used in highly diverse applications to high-value-added products that possess cooking, seasoning, and health-boosting functions that are unique to oil. Our goal in these activities is not merely to offer delicious flavors, but to contribute to the resolution of issues facing our customers and society.

		Main high-value-added products
Household-use oils and fats	We offer a range of products that meet tastiness and health needs, such as olive oil, and perilla oil and flaxseed oil, which have omega-3 nutrients. Moreover, by adapting technology cultivated for professional-use products to household-use products, we also offer a wide variety of products that enable customers to enjoy more delicious meals at home.	Olive oil Premium oil <sup>*1</sup> Sesame oil
Professional-use oils and fats	We will use our unique technology to help solve customers' issues with our extensive lineup including JOYL PRO® Seasoning Oils for the Professional Cook in addition to Sugoi Cho Toku and the Cho Toku series, which can be used for a long time to cook delicious foods.	Sugoi Cho Toku Cho Toku series JOYL PRO®
Meals	Squeezed lees (meal) remained after oilseeds milling process are widely used as a valuable raw material. Soybean meal is used in mixed feeds or as a raw material for brewing soy sauce as a high-quality protein source. Rapeseed meal is used as a raw material for organic fertilizers and mixed feeds.	-

\*1: We have a lineup of premium oil and fat products including perilla oil, flaxseed oil, and products designated as Food for Specified Health Uses, FOSHU.

Specialty food products business

“Specialty” reflects our wish to provide products with high added value unique to J-Oil Mills. We aim to help solve social issues by providing value under the theme of “good taste, health, and low burden” in Japan and overseas through products made using our original processing and application technologies for plant raw materials such as oil, starch, and protein.



Sales composition

● Oil and fat processed products	62%
● Texture design	36%
● Fine materials	3%

\* Figures for FY2020 for the new segment are approximate and have not been audited by the independent auditor.

		Main high-value-added products
Oil and fat processed products	Leveraging our unique processing technology and technology that creates good taste, we develop and sell many products such as oils and fats in solid, powder, and liquid form. In addition to providing historic brands such as RAMA® and MEISTER® for over 50 years, in recent years we have been developing distinctive products that fuse starch and processed oils and fats for a wide range of fields from household to professional use.	GRANMASTER® Violife
Texture design	We have been selling starch made from corn and tapioca for a long time, but recently we have also been developing and selling starch products with characteristics such as texture improvement by exploiting our original processing technology. We aim to be a one-stop provider to customers of “texture solutions” that can be used to design textures with starch products. We also provide MAMENORI SAN®, edible soybean sheets, as a plant-based food ingredient and starches suitable for plant-based protein raw materials and protein applications for livestock products.	NEOTRUST® TXdeSIGN® series MAMENORI SAN®, edible soybean sheets
Fine materials	We leverage our extraction and purification technologies to process and provide trace elements such as tocopherol (vitamin E), soy isoflavones, and vitamin K2 (derived from natto bacteria) in a form that is easy for customers to use in supplements and processed foods. We are also expanding sales of vegetable oils and vitamins as raw materials for perfumery and cosmetics. We support the realization of a “healthier life” with unique materials that bring out the goodness of plants and nature.	menatto™, vitamin K2

Overseas initiatives

In 2019, we entered into a business and capital alliance with Premium Nutrients Private Limited (PNPL), a manufacturer of oils and fats and processed oil and fat products in Malaysia. In FY2020, sales efforts were restricted due to ASEAN countries regulating the flow of people in response to the COVID-19 pandemic, but we achieved results little by little.

In Malaysia, we have newly started selling margarine and shortening for Japanese companies. In Thailand, we will start to sell products to local companies through J-Oil Mills (Thailand) Co., Ltd. We are also rolling out various measures in other regions, and by further expanding our current initiatives, we will provide high-value-added products and services that make use of our technical and proposal capabilities.



Application demonstration proposals



## Oils and Fats Business

As professionals in the field of oil, we will leverage various functions that are unique to oil to contribute not only to good taste but also to help solve issues faced by our customers and society. We will also create economic and social value by combining our unique skills and technologies. Going forward, we will continue to take various initiatives in pursuit of medium- to long-term growth.

Director, Senior Managing Executive Officer  
in charge of Oils and Fats Business

Hiroshi Hattori



### Results for FY2020

In the oils and fats segment, sales of household-use products remained strong with an increase in opportunities to cook at home due to the spread of COVID-19. In particular, sales were robust for canola oil, which is used frequently, and sesame oil, used for flavoring applications. Sales of olive oil fell year on year due to the continued appreciation of the yen against the U.S. dollar, which led to an increase in imported large-capacity products in the household-use market with medium-capacity products struggling. Sales of JOYL "AJINOMOTO Kenko SARARA", which has high health value, and other high value-added products such as rice oil were much higher year-on-year. In the professional-use category, sales volume was significantly lower year-on-year due to the decline in the restaurant market caused by the COVID-19 pandemic. Given this environment, in response to the growing demand for takeout, we have strengthened our proposal of Oil for Noodles

and JOYL PRO®, which are products that help to control deterioration over time and improve customer work efficiency, and Cho Toku, a long-lasting oil that also contributes to cost reduction and resource saving.

In the oilseed meal category, production in Japan of mixed feed, which is the main source of demand, was basically flat year-on-year. Soybean meal sales volume was much lower year-on-year due to the decrease in extraction volume in the COVID-19 pandemic, and sales prices were slightly higher year-on-year due to the rise in the Chicago market. Sales volume of canola meal was slightly lower year-on-year, and sales prices were higher year-on-year in conjunction with soybean meal. As a result, sales in the oil stuff (meal) segment were lower year-on-year.

Net sales (100 million yen)

1389.0

Operating profit (100 million yen)

62.2



### FY2021: Measures and Outlook

From FY2020 to FY2021, COVID-19 has been running rampant. We will continue striving to provide a stable supply of products in order to fulfill our responsibilities as a manufacturer of food, which is indispensable to daily life.

In FY2021, the first year of our sixth medium-term business plan, we will focus more than ever on improving the profitability of commodity oils. We intend to strengthen total profitability, including not only quantity and price but also costs and trading conditions.

We hope to use the cash generated to develop products that are useful to our customers, such as by investing in development.

We will also continue to enhance our high value-added products such as olive oil and Cho Toku. Going forward, we will work to improve profitability and enhance corporate value from a medium- to long-term perspective by providing customers with new value using cutting-edge technologies, such as our "Fry Eco-System," and at the same time enabling us to contribute to the achievement of the SDGs.

## Specialty Food Products Business

In FY2021, we integrated our oil and fat processed products business with our foodstuffs and fine material business, and launched a new specialty food products business. We will respond to the demands of our customers and challenge ourselves to create new value by generating proposals that incorporate our unique technologies and the functions of our various materials such as margarine, shortening, powdered oils and fats, starch, menatto™, vitamin K2, and MAMENORISAN®, edible soybean sheets.

Senior Managing Executive Officer  
Specialty Food Products Business

Hiroshi Ohtaka



### Results for FY2020

In the oil and fat processed products segment, sales of household-use margarine ended the year at nearly the same level as the previous year. Sales volume and sales for professional-use were lower year-on-year due to the impact of the decline in inbound tourism demand resulting from the COVID-19 pandemic. Demand for powdered oils and fats remained strong, but sales volume and sales were both lower year-on-year, as we could not compensate for the decrease in plant operation days.

In the texture design segment (formerly starch segment), sales of corn starch remained strong, as we made efforts to improve revenue and expand sales in both food and industrial applications. Sales of processed starch for food were slightly lower year-on-year, but sales of NEOTRUST® were significantly higher year-on-year due to its continued new adoption as a quality and texture improving material.

In our fine material segment, sales of functional materials were steady. Sales of menatto™, vitamin K2, were significantly higher year-on-year due to an increase in new adoption. Sales of MAMENORISAN®, edible soybean sheets, were significantly higher year-on-year in the second half of the year due to the creation of new demand in North America, including for delivery applications, even during the COVID-19 pandemic.

In the chemicals segment, demand declined due to a plunge following a last-minute increase in demand ahead of a consumption tax hike and due to the impact of the COVID-19 pandemic. In addition, we strove to maintain the sales volume and prices of adhesives for wooden building materials amid intensified demand for price reductions due to the low level of raw material prices, but both sales volume and sales were significantly lower year-on-year.

Net sales (100 million yen)

196.1

Operating profit (100 million yen)

-2.3



### Measures and Outlook for FY2021

Our specialty food products business, formed in FY2021 by integrating the oil and fat processed products business with the foodstuffs/fine material business, will further strengthen its business with a view to our vision for FY2030.

In April 2021, we launched a new brand of professional-use starch products, TXdeSIGN®, in order to further advance our efforts to solve customer issues by combining plant-derived raw materials with our unique technology. We will further strengthen the brand's lineup and help to solve our customers' issues with proposals that only we can make. In May 2021, we signed an agreement with Upfield GEC Limited, one of the world's leading

manufacturers of plant-based food (PBF) consumer products, for exclusive import and sale of Violife in Japan. We will launch household-use products from September 2021 followed by professional-use products from October. Going forward, we will also move ahead with initiatives to develop new types of PBF products using combinations of materials. We will expand the possibilities of materials overseas as well and contribute to the Company's revenue by pushing growth investment and alliances.

We will continue to solve various food issues and create new value by generating synergistic effects between existing and new businesses.

Solution Business– Oils and Fats Business

Under our sixth medium-term business plan, we will further increase our presence in the professional-use oils and fats market by contributing solutions to issues faced by our customers such as labor shortages, reducing environmental impact, and reducing costs through operational support based on the use of products and IT that leverage our proprietary long-life technology.



Ryo Tomizawa

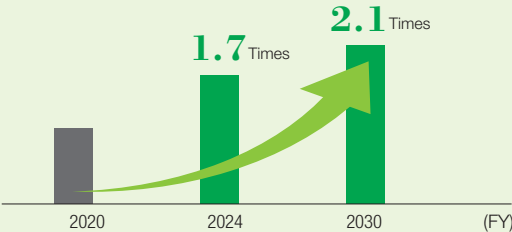
Managing Executive Officer in charge of Sales,  
Deputy General Manager, Oils and Fats Business Unit,  
Solution Business

Our strengths are our technological and product capabilities, honed together with our customers, such as in the painstaking development of professional-use oil and fat products to meet the high requirements of customers who are “food professionals” in the restaurant and home meal replacement (deli dishes) industries. In particular, high value-added products such as our Cho Toku series of long-lasting oils made using our original technology and our JOYL PRO®, an oil that creates various kinds of good taste such as flavor, aroma, texture, and the freshly made feeling, are seeing increasing sales from year to year because they help to solve customers’ issues.

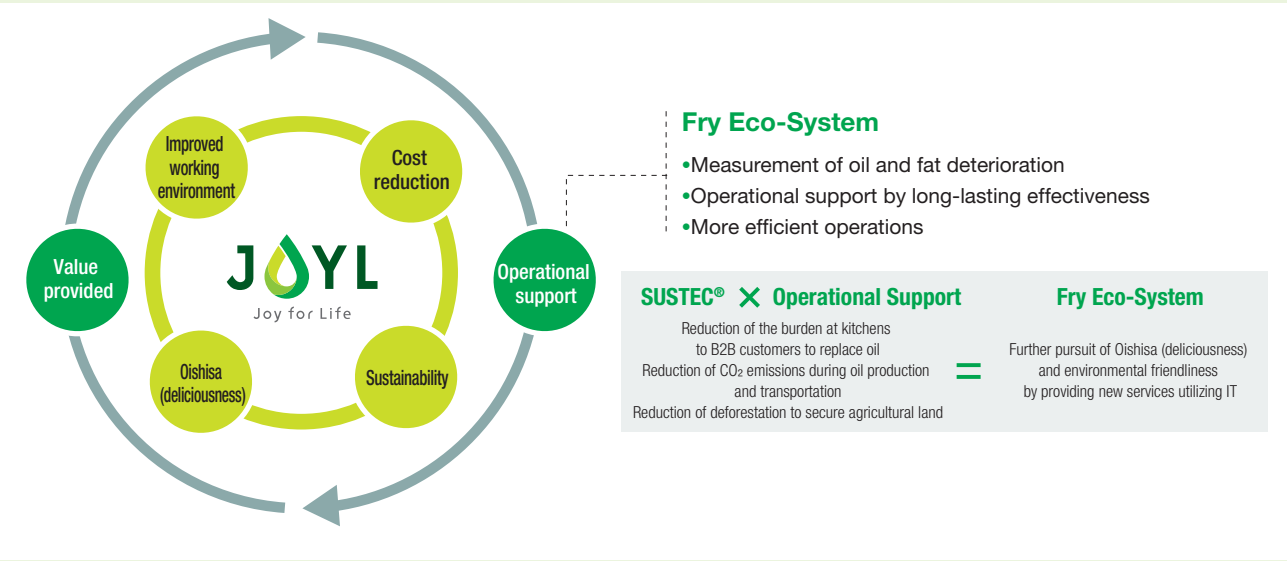
Under our sixth medium-term business plan, we will further increase our presence in the professional-use oils and fats market by strengthening our support for solving customers’ issues. In this effort, we will make our long-lasting oil that leverages our proprietary SUSTEC® technology — unique even among our high-value-added products — and “Fry Eco-System,” which combines operational support tools using AI, serve as growth drivers.

Sales target for high-value-added professional-use oils and fats

Increase sales of high-value-added products, mainly in the Cho Toku series



Value Provided to Customers



Further evolution!

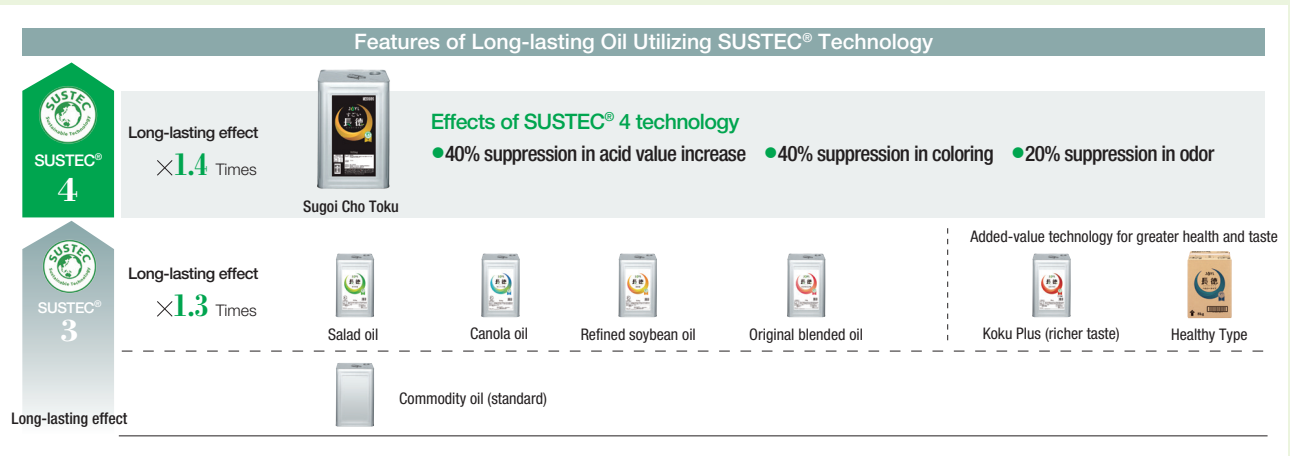
Launch of Sugoi Cho Toku, Oil that Lasts 40% Longer than Ordinary Frying Oil

In the field of restaurant and home meal replacement kitchens, there are many issues to be solved, such as a chronic labor shortage, improvement of the work environment, reduction of environmental load, and reduction of costs related to these. In response to these issues, we will work to solve challenges for our customers with Cho Toku, a long-lasting oil that utilizes our proprietary SUSTEC® 3 technology, and Sugoi Cho Toku, which utilizes the new SUSTEC® 4 technology.

The long-lasting oil Cho Toku series, released starting in 2007, is characterized by the fact that it lasts 1.3 times longer than ordinary oil, and Sugoi Cho Toku, launched in July 2021, lasts 1.4 times longer. By reducing the frequency of oil replacement, these products can help customers to reduce operating costs and workloads. They

are also sustainable products that contribute to reducing environmental burden throughout the supply chain by reducing the amount of oil used.

The “Fry Eco-System” is our new service that utilizes IT. It is a new system that balances the pursuit of even better taste and consideration for the environment by realizing measurement of oil and fat deterioration, operation support through prolonged use, and automation of operations. We believe that proposals combining our unique products and operational support services offer a system that can provide new value to our customers. We have positioned these as high-value-added products, and we will focus on them to achieve our sixth medium-term business plan and FY2030 targets.



TOPICS

Cho Toku Acquires CFP Certification Mark for Conformity to Carbon Footprint International Standard in CO<sub>2</sub> Reduction Effect



Cho Toku canola oil (formerly Cho Cho Toku Toku Canola Oil) has been recognized as having a 20% CO<sub>2</sub> emission reduction effect compared to ordinary canola oil, and has acquired permission to use the CFP (Carbon Footprint of Products) mark, a certification conforming to international standards.

The Cho Toku series not only reduces the use of raw materials (grain), which are natural resources, but can also reduce the load across the supply chain. We are currently applying for CFP certification for Sugoi Cho Toku as well.

Going forward, we will continue to contribute to the realization of a sustainable society through environmental friendliness, reduced operating costs, and improved working environments.

**-20% CO<sub>2</sub>**  
CO<sub>2</sub> Visualization: Carbon Footprint (in Japanese only)  
[https://www.j-oil.com/sustainability/materials/cfp\\_data\\_chochotokutoku.pdf](https://www.j-oil.com/sustainability/materials/cfp_data_chochotokutoku.pdf)  
JR-BE-20002C

Annual CO<sub>2</sub> emission reduction at a model restaurant compared to conventional canola oil  
**EcoLeaf Environmental Labeling Program**  
<https://ecoleaf-label.jp/english/>



Specialty Food Products Business

Under our sixth medium-term business plan, we are aiming for growth through the specialty food products business. In particular, we will focus on texture-enhancing materials (materials that improve texture and other qualities of food) and plant-based foods, which are growth markets, working to drive the shift to high-value-added products.

Texture-enhancing Materials

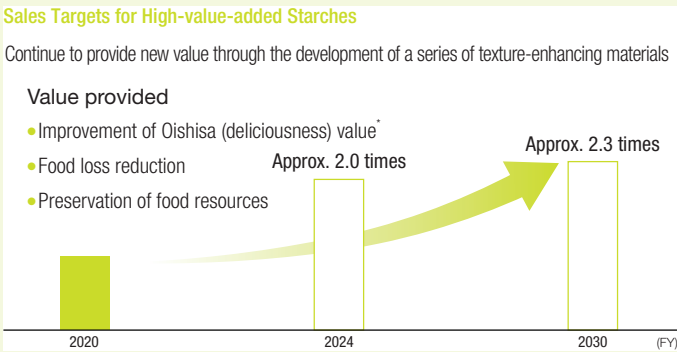
In the texture design business, we sell high-value-added texture-enhancing materials made by combining plant-derived raw materials with our proprietary technology. As demand for home meal replacements and takeaway expands, there is a growing need for texture-enhancing materials, such as for controlling deterioration over time and improving juiciness through moisture retention.

Under our sixth medium-term business plan, in addition to our conventional texture-enhancing material NEOTRUST®, we will focus on our new TXdeSIGN® series to help our customers solve issues by creating textures for various cooking uses and providing applications unique to our company.



Toshiya Noda

General Manager, Texture Design Business Department



\*Elements of deliciousness such as the reproduction of the fleshy texture of ingredients in sauces and soups, the maintenance of the crispy texture of fried foods, and the realization of juiciness in hamburgers

TXdeSIGN® Series



テクスデザイン

Concept of the TXdeSIGN® series

We will help to solve customers' issues by combining carefully selected plant materials with our proprietary technology to create new textures that cannot be realized with conventional materials.



テクスデザイン ファイブ

TXdeSIGN® FIBRE

This product is excellent in giving a fibrous texture like well-cooked vegetables, and maintaining and improving the flavor of the materials.

Since it is stable against heat, it prevents simmering and helps in producing the texture of good oral feeling and fibrous feeling like fruits. It also has the effect of making it easier to experience the taste and flavor by controlling the stickiness and dripping of water and oil during the heating process. In addition, with a fine bubble structure that firmly retains the easily volatilized taste and aroma components, the flavor lasts for a long time and the taste and the flavor spread throughout the mouth when chewed.



テクスデザイン エクステン

TXdeSIGN® EXTEN

This product gives a "rich feeling" and "savory flavor" due to its viscoelasticity, e.g. unique elasticity and stickiness.

Due to its viscoelasticity, it gives a natural and sticky texture like cheese and rice cakes. As its viscosity tends to decrease and show low viscosity at high temperature while tending to increase and show high viscosity at low temperature, it retains natural stickiness for a long time after cooking. Since its viscosity is temperature-dependent and it has an affinity with oil and water, it also contributes to the expansion of material combinations and the improvement of productivity.

The TXdeSIGN® series are clean label products.\*

\* Clean label product: There is no clear definition, but in general, it often refers to food products with labels that are easy to understand, and that do not contain additives or chemically synthesized substances. Products in the TXdeSIGN® series are clean label products; they are not food additives made by chemical synthesis and they are made with raw materials that are managed so as to keep genetically modified and non-genetically modified raw materials separate during production and distribution.

Plant-Based Food (PBF)\*1)

The global PBF market is expanding rapidly given a social background that includes health consciousness and concern for the environment; it reached about 1 trillion yen in FY2019. In Japan, the PBF market is projected to expand to about 25 billion yen in FY2020, and is anticipated to grow in the future.

In May 2021, we signed an agreement with Upfield GEC Limited, one of the world's largest plant-based consumer products company, for the exclusive import and distribution of Violife in Japan. Through our partnership with Upfield, we will enter Japan's dairy alternative PBF<sup>2</sup> market, which is expected to grow in the future, and develop it as a new earnings pillar for the future.

From September 1, 2021, we will start selling plant-based cheese (vegetable-based cheese substitute) and plant-based butter (vegetable-based butter substitute) for household-use in seven prefectures<sup>3</sup> in the Kanto region, and will start selling professional-use products from October 2021. Besides selling Violife, we will also work on creating a system to realize deliciousness by using our unique materials and technologies such as oil, starch, and protein, which are our strengths, to solve customer issues related to plant-based meat products, for which there is growing interest in society. We will help to give food products the juiciness and meaty texture that cannot be achieved with vegetable protein alone and to mask unwanted flavors, taking an approach of simultaneously achieving health and reduction of environmental burden (low burden) while being thoroughly committed to Oishisa (deliciousness). In addition, we will continue to research solutions to meet new needs such as plant-based eggs and plant-based ice cream.

\*1: Foods made from plant-derived raw materials

\*2: A product that replaces dairy products such as butter and cheese with vegetable raw materials

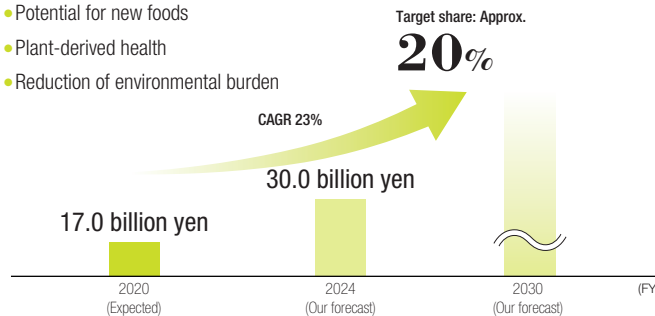
\*3: Sales area: Tokyo, Kanagawa, Chiba, Saitama, Gunma, Tochigi, and Ibaraki prefectures

Forecast of the Size of the Dairy Alternative PBF<sup>2</sup> Market

Increase presence in the dairy alternative PBF market through the Violife brand

Value provided

- Potential for new foods
- Plant-derived health
- Reduction of environmental burden



Source: TPC marketing research corp., "Latest Trends and Future Prospects of the Vegetable-Based Dairy Alternative Food Market"



Hiroshi Ohtaka

Senior Managing Executive Officer  
Specialty Food Products Business Unit

Partnership with Upfield



Upfield is one of the world's largest plant-based consumer products company, selling plant-based consumer products in approximately 100 countries around the world. Violife is a global leader in plant-based cheese products, and is sold in more than 50 countries. Based on coconut oil, these products are characterized by not using milk or nuts, and they come in an extensive product lineup of more than 40 items such as plant-based slices and shredded varieties.





# Dialogue<sup>3</sup>



Yutaro Shintaku

Outside Director  
(Independent Director)



Fuminao Hachiuma

President & CEO



Tatsuya Sato

Director, Senior Managing Executive  
Officer, Corporate Administration

To follow up on a theme in the fiscal 2020 roundtable with outside directors, where you mentioned there is no end in improving board effectiveness, please share your thoughts once again on this topic.

**Hachiuma** Corporate governance is said to have both offensive (growth-oriented) and defensive aspects which are both important. The rapidly changing business environment calls for governance that accounts for both growth and risk, which will determine if companies can continue to create social value. To this end, stronger decision-making and oversight functions by the Board of Directors should be a constant commitment.

The Corporate Governance Report from July this year presents results of evaluating board effectiveness and lists improvements and items to be improved. To begin, share your thoughts on the first improvement noted – involvement of the board in medium- to long-term business plans.

**Hachiuma** Two plans of this kind were formulated in May 2021: our long-term vision through fiscal 2030 and our sixth medium-term business plan, which ends in fiscal 2024. At meetings in fiscal 2020, the board redefined the corporate vision, mission, and value, and purpose based on a review of the previous medium-term plan. The vision and mission in particular were discussed at length, because they form the basis of management.

**Shintaku** The board has steadily become more effective every year for the past four years. Active involvement of the board in medium-term business planning is also required under Japan's Corporate Governance Code (CG Code). The outside directors come from diverse backgrounds, and each board member played an active role in formulating the sixth medium-term plan. Our executive officers were receptive to their opinions, and I've seen good results from these in-depth discussions. That's how I would characterize board meetings this year.

**Sato** As an executive officer at the time, I recall how the outside directors offered some very insightful comments, opinions, and advice.

Turning to the second improvement, development of next-generation leaders, please share your thoughts on this, including the succession plan.

**Shintaku** The succession plan was refined considerably from fiscal 2020 to 2021. The revised CG Code also requires active board involvement in the succession plan. As for candidates, we've developed the pool of human resources in several ways, including outside hiring. In developing our next generation of leaders, I myself support an ongoing training program called the Future Creation Program (FCP), and each year, the participants are more motivated and qualified.

**Hachiuma** Mr. Shintaku chairs the Nomination Advisory Committee. With input from outside experts, they're clarifying processes in the succession plan and in developing our human resource pool while ensuring objectivity. In the FCP, we've designed a six-month program that covers general knowledge and leadership before culminating in the creation of a corporate vision. We've already had more than 120 participants, and we believe that having more people experience this has helped improve management literacy and foster a common understanding across departments. In routine work as well, I sense a growing number of self-directed members. These enhancements to our pool of human resources will surely be valuable in the future.

**Shintaku** It's a time of great change, and corporate business models are also changing rapidly. The talent and human resources we need will change accordingly. Companies have a duty to develop the human resources they need. In return, employees should accept this and seriously consider how to

contribute effectively to the company in building their career, especially the latter part of their career. In a way, a certain sense of tension should be maintained between employees and the company.



What are your thoughts on the third improvement, on outside directors fulfilling their functions?

**Shintaku** At board meetings, we maintain an atmosphere where people can speak freely and openly. This is quite valuable, and it enables us to work with outside directors from diverse backgrounds. Board meetings are supplemented by other meetings several times a year. Often, outside directors and Mr. Hachiuma also share information with each other. Discussions have been very active, with each of these participants drawing on their own background.

To round out these questions, share your thoughts on the fourth improvement, the company's relationship with shareholders and investors.

**Hachiuma** We've been strengthening IR and Corporate Communications functions. This also extends to human resources. And at last, IR efforts for investors outside of Japan have begun. We're truly interested in hearing from investors about their opinions and expectations. Even their thoughts on matters we haven't addressed yet. We also appreciate the contributions of outside directors. Mr. Ishida shares a stock market perspective, for example, and Mr. Shintaku, a management perspective.

Turning to the items for improvement, first is initiatives to achieve the medium- to long-term business plan.

**Shintaku** Whether it's setting quantitative targets or charting



a course in business, planning is relatively easy. The hard part is implementation, which is quite different. This hinges on how developed the strategies for implementation and attainment are at the planning stage. In a rapidly changing environment, I look forward to seeing more effort than ever focused on developing action plans that will bring the company closer to our goals while responding to these changes, rather than putting goals aside because the environment has changed.

**Hachiuma** The sixth medium-term business plan is ambitious. These goals can't be met along the current trajectory, and they require some trial and error. A significant process in this regard is visualizing the series of steps and applying what we learn in the next step. As executive officers implement these plans, one more matter that's still taking shape is how to link their efforts with board meetings.

**Another item for improvement involves statements by internal directors with an awareness of company-wide optimization. Mr. Sato, as a newly appointed internal director, would you reply first?**

**Sato** As “internal” directors, these board members oversee their own unit's operations and tend to act as representatives for the business functions of these units, but they must consider a company-wide perspective and discuss broader matters.



**Shintaku** Each internal director has his or her own duties, but as board members, they also have duties and responsibilities comparable to those of outside directors. This is a significant challenge not only for us but for all companies in Japan – to have a perspective on whether the company as a whole is being managed well. Internal directors tend to speak from the viewpoint

of their own affairs, but I hope that all directors will join in discussions keenly aware of their duties and responsibilities as directors, and that they will speak for the benefit of shareholders and other stakeholders.

**Hachiuma** We can't deny that the awareness of internal directors is an extension of their executive mindset, but this is changing considerably. For higher corporate value, there's room for improvement on how we coordinate board responsibilities and individual missions. We should engage in this, through internal training and other means.

**What are your thoughts on director training opportunities?**

**Shintaku** One may be an internal director, but as a board member, one is also responsible for the company as a whole. This calls for quite a change in the mentality of all businesspeople in Japan – thinking from a company-wide perspective and acting accordingly. Companies must bridge a significant gap to make this a reality, and even gradual progress is a major challenge. We've been more engaged in IR activities recently, and when Mr. Hachiuma meets with institutional investors, he must listen to their wishes and concerns and respond to questions. Sharing this experience with board members may be another way to bridge the gap. I've heard that this sharing has begun at my own company, and I view it as a positive trend.

**Two other items involve further improvements to board operations and governance initiatives. Please share your thoughts on these.**

**Hachiuma** Annual refinements are essential for effective board discussions. Additionally, priorities for a productive discussion in a limited time include advance preparation, the organization of material presented, and the meeting agenda. Meetings can also be improved by ensuring that the material is relevant, coherent, and succinct.

**Shintaku** I'm among those who prepare their own materials, and I narrow down my points. I may wish to write about something, but I consider whether the audience truly needs the information. We've greatly improved presentation and discussion materials, and I hope we'll be able to create materials with the audience in mind. This will also hone the abilities of those who prepare the materials, which is something I encourage.



**Many companies say they are pursuing ESG management or sustainability management. Is the board sufficiently knowledgeable about sustainability and ESG?**

**Hachiuma** The board currently holds discussions from an ESG perspective, which including matters related to the Task Force on Climate-related Financial Disclosures (TCFD), for example. Some developments are global in scale, and there is also the environment specific to our industry. In the process we've adopted, executive officers explain conditions and then receive feedback.

**Shintaku** I'm particularly interested in carbon neutrality. The Japanese government's target of a 46% GHG reduction by fiscal 2030 relative to fiscal 2013 is quite ambitious, and many companies still have no real grasp of it. It's critical to consider concrete ways to attain this.

**In disclosures following TCFD recommendations, the company discloses risk and opportunity analysis in securities reports. Beyond disclosure, are efforts made to address GHG emissions in management strategies?**

**Hachiuma** Reducing GHG emissions calls for a fundamental shift in thinking. To ensure profitability, the vegetable oil refining industry must increase the utilization rate in oil extraction. In view of the declining population, we need to devise a system that will be profitable even with lower production volume. One solution of ours is Cho Cho Toku Toku, a long-lasting oil. Not only is Cho Cho Toku Toku more convenient for customers, it also reduces CO<sub>2</sub> emissions by 20% across the supply chain compared to conventional canola oil. This result has been recognized with carbon footprint certification. We believe that future viability of the industry depends on balancing value for customers with lighter environmental and social footprints. I'm

hopeful that achieving this will create opportunities not only in Japan but also overseas.



**What are you focusing on to ensure sustainable growth for J-Oil Mills?**

**Hachiuma** The key element is our growth strategies – the centerpiece of the sixth medium-term business plan. People expect the edible oil industry to be environmentally consciousness and support sound food resources and healthy diets. Corporate growth must be in sync with responding to customer needs and future social issues. In working toward this, we will be considering how to improve our resources and turn them into competitive advantages, and also discussing domestic and overseas expansion.

**Sato** We must constantly think about how we can meet the expectations of stakeholders, including shareholders and customers. If any discrepancies emerge, we'll need to correct them and respond accordingly.

**Shintaku** From the standpoint of macrorends, what I view as most challenging for us at present is our long-term response to rising raw material and overseas transport costs. Much of the world passes higher raw material costs on to consumers, as done the United States. Wages are also rising, though, so the overall expense is leveling out and maintaining equilibrium. Thus, the combination of higher costs and higher wages has resulted in a virtuous circle of economic growth. Still, Japan's declining population and strong deflationary pressure make it a very difficult environment to meet growth targets. In this environment, the major challenge is to do our best to determine how to implement our pricing strategy.

**To conclude, we ask Mr. Hachiuma for his ambitions regarding stronger board governance.**

**Hachiuma** Etymologically, governance derives from the concept of steering, but in a rapidly changing environment, steering and management is becoming an increasingly weighty responsibility. Growth is important, but as we try to position the company for growth through discussions, we'll keep in mind the balance between profit growth and capital costs.

J-Oil Mills’ Businesses and ESG Management

J-Oil Mills will contribute to the achievement of the SDGs’ goals by solving social problems through our business and providing new values with the unique strengths that we have cultivated so far. In order to strengthen our abilities to respond to and adapt to risks that increase with the growth of the international community, we will address our key challenges (materiality) across our entire value chain and promote ESG management that minimizes the negative impact of our business activities.





Board of Directors

as of July 1, 2021

For board members' career summaries and reasons for nomination, please refer to our website.  
<https://www.j-oil.com/en/company/officers.html>

BOARD OF DIRECTORS



**Fuminao Hachiuma**  
Representative Director, President & CEO



**Yoichiro Endo**  
Outside Director



**Hiroshi Hattori**  
Director, Senior Managing Executive Officer  
in charge of Oils and Fats Business Unit



**Tatsuya Sato**  
Director, Senior Managing Executive Officer  
in charge of Corporate Administration



**Kaoru Kurashima**  
Outside Director



**Hiroko Koide**  
Outside Director (Independent Director)



**Eizo Matsumoto**  
Director, Managing Executive Officer  
in charge of Production and Technology

.....  
**Significant concurrent positions:**  
Director of the Board, Executive Officer & Senior Vice President, General Manager, Global Corporate Division and Corporate Service Division, Ajinomoto Co., Inc.  
Outside Director, Tokai Denpun Co., Ltd.



**Yutaro Shintaku**  
Outside Director (Independent Director)

.....  
**Significant concurrent positions:**  
Outside Director, Santen Pharmaceutical Co., Ltd.  
Outside Director, Kubota Corporation  
Outside Director, KOZO KEIKAKU ENGINEERING Inc.  
Specially-appointed Professor of Hitotsubashi University Business School



**Yugo Ishida**  
Outside Director (Independent Director)

.....  
**Significant concurrent positions:**  
Representative Director and President, LAZARD JAPAN ASSET MANAGEMENT K.K.

AUDIT & SUPERVISORY BOARD MEMBER



**Shunichi Komatsu**  
Audit and Supervisory Board Member (Standing)



**Akira Nozaki**  
Audit and Supervisory Board Member

.....  
**Significant concurrent positions:**  
Representative, Nozaki Law Office (lawyer)  
Outside Director, ICHIKAWA CO., LTD.



**Akira Muto**  
Outside Audit and Supervisory Board Member (Independent Director)

.....  
**Significant concurrent positions:**  
Outside Auditor, Ghelia Inc.



**Eiji Mizutani**  
Outside Audit and Supervisory Board Member (Independent Director)

Executive Officer (As of July 1, 2021)

**Hiroshi Ohtaka**  
Senior Managing Executive Officer  
Specialty Food Products Business Unit

**Ryo Tomizawa**  
Managing Executive Officer  
in charge of Sales, Deputy General Manager, Oils and Fats Business Unit, Solution Business

**Atsushi Nagasaka**  
Managing Executive Officer  
Representative Director, President & CEO, J-NIKKA PARTNERS, INC.

**Nobuyuki Sugisawa**  
Managing Executive Officer  
Deputy General Manager, Specialty Food Products Business Unit, Oils and Fats Processed Products Business

**Akio Ohishi**  
Managing Executive Officer  
Human Resources

**Yuji Kodama**  
Executive Officer  
Representative Director, President & CEO, J-PACK, INC.

**Jun Utsumi**  
Executive Officer  
Osaka Branch Office and West Japan Sales

**Kenichi Watanabe**  
Executive Officer  
Food Design Center

**Shigeru Ono**  
Executive Officer  
Tokyo Branch Office, East Japan Sales, Nagoya Branch Office

**Koyu Furukawa**  
Executive Officer  
Deputy General Manager, Oils and Fats Business Unit, Oils and Fats Processed Products Planning, Supply Chain Control Center

**Toru Horiuchi**  
Executive Officer  
Finance, Information Systems

**Takeshi Ashida**  
Executive Officer  
Sales Management

**Masata Mitsuiki**  
Executive Officer  
Deputy General Manager, Oils and Fats Business Unit, Oils and Fats Management

**Miwa Okamura**  
Executive Officer  
Corporate Communications

**Kazunobu Tanaka**  
Executive Officer  
Production and Technology Strategy, Shizuoka Plant

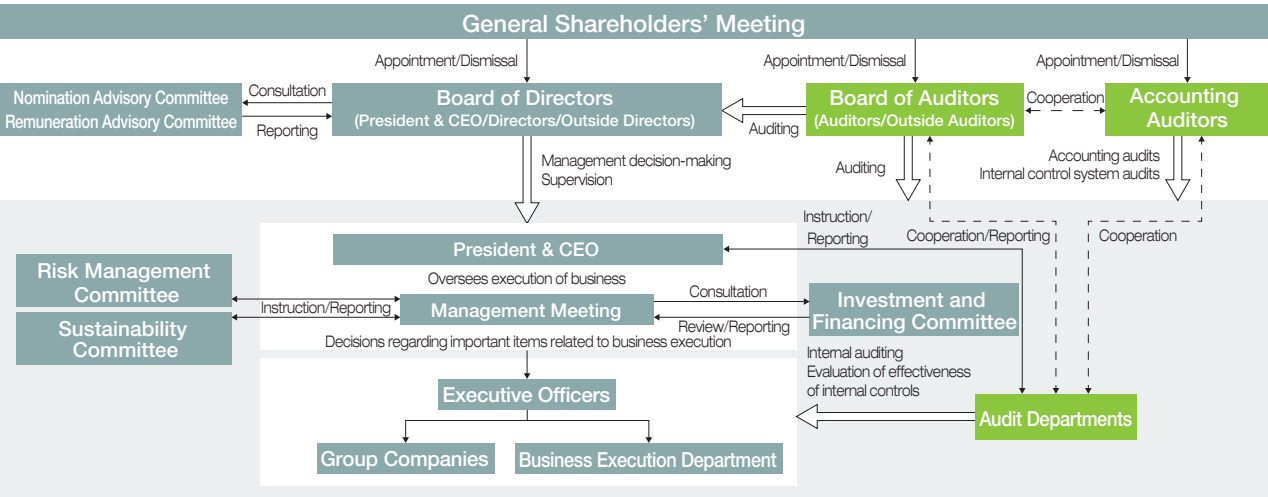
**Manabu Sasaki**  
Executive Officer  
Deputy General Manager, Specialty Food Products Business Unit, Specialty Food Products Business Management

Enhancement of Corporate Governance

Basic Approach to Corporate Governance

The J-Oil Mills Group has established a business execution system as well as oversight and supervision systems in accordance with the Companies Act, in order to meet society’s expectations and fulfill its responsibilities to society by providing economic and environmental value. To realize honest and highly transparent management that earns the trust of stakeholders, we are enhancing our corporate governance and improving our internal controls to increase the effectiveness of corporate governance.

Corporate governance system (as of September 2021)












Overview of corporate governance

Organizational form	Company with Board of Corporate Auditors
Chairman of the Board	Fuminao Hachiuma (President & CEO)
Number of directors	Nine (five outside directors, including three independent directors)
Number of auditors	Four (two outside auditors, both of whom are independent auditors)
Board meetings (record for FY2020)	Number of times ⇒ 17 <sup>*1</sup> Attendance rate ⇒ Directors: 99.5% Auditors: 100%
Auditors' meetings (record for FY2020)	Number of times ⇒ 23 Attendance rate ⇒ 100%
Voluntary established committees corresponding to the nominating committee and the remuneration committee	<ul style="list-style-type: none"><li>•Nomination Advisory Committee: When requested by the Board of Directors, deliberates on proposals for the appointment and dismissal of directors and executive officers and provides its recommendations to the Board of Directors. The committee consists of three outside directors and one internal director, and is chaired by an outside director.</li><li>•Remuneration Advisory Committee: When requested by the Board of Directors, deliberates on remuneration proposals for directors and executive officers and provides its recommendations to the Board of Directors. The committee consists of three outside directors, one internal director, and one auditor, and is chaired by an outside director.</li></ul>
Appointment of directors	Candidates are determined by the Nomination Advisory Committee and the Board of Directors, and are elected at the General Shareholders' Meeting.
Appointment of auditors	Candidates are determined by the Board of Auditors and the Board of Directors, and are elected at the General Shareholders' Meeting.
Number of independent officers	3 outside directors and 2 outside auditors (*independent officers based on the rules of the Tokyo Stock Exchange)
Decision on remuneration	Remuneration is decided by the Board of Directors based on the results of consultation by the Remuneration Advisory Committee, an advisory body for the Board

<sup>\*1</sup> In addition to holding Board meetings, there was one written resolution that was deemed to have been a resolution of the Board of Directors pursuant to Article 370 of the Companies Act and the Articles of Incorporation.

Expertise and Experience of Directors and Audit & Supervisory Board Members

Chair Member

		Independence	Expertise and experience <sup>*2</sup>						Nomination Advisory Committee	Remuneration Advisory Committee
			Corporate management	Financial accounting, finance	Sales, marketing	R&D, production, environment	Global	Legal, compliance		
Director										
Fuminao Hachiuma	Representative Director		●		●		●			
Hiroshi Hattori	Director, Senior Managing Executive Officer				●	●				
Tatsuya Sato	Director, Senior Managing Executive Officer		●		●		●			
Eizo Matsumoto	Director, Managing Executive Officer					●	●			
Kaoru Kurashima	Outside Director		●		●		●			
Yoichiro Endo	Outside Director		●				●			
Yutaro Shintaku	Outside Director	●	●	●			●			
Yugo Ishida	Outside Director	●	●	●			●			
Hiroko Koide	Outside Director	●	●		●		●			
Audit and Supervisory Board Member										
Shunichi Komatsu	Audit & Supervisory Board Member (Standing)		●		●		●			
Akira Nozaki	Audit and Supervisory Board Member							●		
Akira Muto	Outside Audit and Supervisory Board Member	●	●	●				●		
Eiji Mizutani	Outside Audit and Supervisory Board Member	●		●			●			

<sup>\*2</sup> The listed fields are those in which members can demonstrate their expertise most effectively based on their experience, etc. and do not reflect all of the knowledge that they possess.

Changes in the Enhancement of Corporate Governance

	2015	2016	2017	2018	2019	2020	2021
I	Started evaluating the effectiveness of the Board of Directors						
	Board of Directors / Board of Auditors		Appointed outside directors (independent officers) (outside directors: 3)			Appointed outside directors, including a woman (outside directors: 5) (independent outside directors: 1/3 of total)	
	Number of directors	10	10	9	9	9	9
	Number of outside directors	3	3	3	4	5	5
	Number of independent officers	2	2	2	2	3	3
II	Advisory bodies for the Board of Directors		Established a Remuneration Advisory Committee				
			Established a Nomination Advisory Committee				
	Advisory bodies, etc. for the Management Committee				Established a Branding Committee and an Information Disclosure Committee		
					Established an Investment and Financing Committee		
					Established a Sustainability Committee and a Management Risk Committee		
					Established a Marketing Committee		
III	Other systems and initiatives, etc.				Abolished the retirement benefits system		
					Introduced a new compensation system that increases the percentage of performance-based remuneration for directors (excluding outside directors) and executive officers		
					Revised the executive compensation system		
					Started conducting training programs for executives and candidates for senior management		
					Formulated and implemented a succession plan		
					Formulated and implemented a plan to reduce cross-shareholding		
					Abolished anti-takeover measures		



Enhancement of Corporate Governance

Main activities of the Board of Directors in FY2020

<b>Growth Strategy</b> <ul style="list-style-type: none"><li>Establishment of a new Corporate Philosophy and communication brand</li><li>Review of the Fifth Medium-Term Business Plan and formulation of the Sixth Medium-Term Business Plan</li></ul>	<b>Strengthening Business Foundation</b> <ul style="list-style-type: none"><li>Consideration of capital policy (stock spilt, verification of cross-shareholdings, etc.)</li><li>Reports from the Remuneration Advisory Committee and the Nomination Advisory Committee</li><li>Review of the committee system and those reports (Risk Management Committee, Sustainability Committee, etc.)</li><li>Various audit reports</li><li>Examination of organizational structure</li><li>Examination of management personnel</li><li>Appointment/dismissal of directors and officers, and change of their duties</li><li>Revision of important regulations</li></ul>
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Deliberations by the Nomination Advisory

Committee (August 2020 to March 2021)

1st meeting	Activity plan for FY2020
2nd meeting	Succession planning for management human resources and organizational structure for the next medium-term business plan
3rd meeting	Planning process and roadmap
4th meeting	Candidates for the succession planning
5th meeting	Training Plan for potential successors
6th meeting	Human resources requirements and competencies, and officer structure for the next medium-term business plan
7th meeting	Schedule for FY2021

Deliberations by the Remuneration Advisory

Committee (August 2020 to June 2021)

1st meeting	Activity plan for FY2020
2nd meeting	Executive remuneration strategy with an eye on the next medium-term business plan
3rd meeting	Level and composition of executive remuneration
4th meeting	Level and composition of executive remuneration and criteria for determining variable compensation
5th meeting	Proposed revision of executive remuneration (committee resolution)
6th meeting	FY2020 officer performance evaluation and goals for the next fiscal year

Evaluation of Effectiveness of the Board of Directors

J-Oil Mills conducts an evaluation of the effectiveness of the company's Board of Directors with the aim of further boosting its effectiveness. In FY2020, we focused on issues identified through the previous fiscal year's evaluation. Going forward, we will work to further improve the Board's effectiveness, focusing on the six points raised as issues for FY2021.

Summary and Results of Evaluation of Effectiveness in FY2020

Evaluators	All directors and audit and supervisory board members
Evaluation process	Conducted a registered questionnaire. Based on the results of the questionnaire, the Board of Directors analyzed and evaluated its effectiveness and discussed improvements.
Evaluation method	Quantitative evaluation: Five-point scale Qualitative evaluation: Efforts to improve effectiveness
Questions:	13 questions related to the following (self-assessment) Roles and functions of the Board of Directors, Operation of the meetings of the Board of Directors, Size and composition of the Board of Directors, Relationship with outside directors, Company-wide optimization, Risk management, Relationships with shareholders and investors
Evaluation results	According to the results of the questionnaire, the effectiveness of the Board of Directors was generally at a certain level, and as a result of initiatives focused on the issues identified through the previous fiscal year's evaluation, improvements were seen in (1) Involvement of the Board of Directors in medium- to long-term business plans, (2) Development of next-generation leaders, (3) Demonstrating the functions of the Board of Outside Directors, and (4) Relations with shareholders and investors.  <b>Main Agenda and Initiatives</b> <ul style="list-style-type: none"><li>Participation in the formulation of medium- to long-term business plans The formulation of the Medium-Term Business Plan was thoroughly reviewed and discussed, and efforts to "enhance corporate value" and "achieve sustainable growth" were made, including the redefinition of "our mission, our value, our raison d'être" as a new philosophy.</li><li>Development of management human resources We revitalized the activities of the Nomination Advisory Committee to promote discussions on the development of next-generation leaders.</li><li>Improvement of internal controls We reviewed our governance structure and established a new Risk Management Committee, as well as a Risk Management Subcommittee and a Compliance Subcommittee under it, to create a structure and framework for implementing improvements in internal control.</li><li>Improvement of operational issues Improvements were made to the operation of the meetings of the Board of Directors, including accelerating the timing of the distribution of materials, enhancing opportunities for outside directors to receive explanations in advance, revising the format of reporting materials, and improving the efficiency of meeting operations through digitalization.</li></ul>

Key Points for Improvement and Specific Initiative Targets Based on the Evaluation of Effectiveness in FY2021

Key points for improvement	Specific initiative targets
Initiative to achieve the medium- to long-term business plans	Enhancing discussions (including the examination of business portfolio) to achieve the targets of the Sixth Medium-Term Business Plan
Reporting of advisory bodies to the Board of Directors	Development of management human resources, including the next Representative Director, President and CEO, in conjunction with the Nomination Advisory Committee, and enhancement of deliberations at the meetings of the Board of Directors
Statements by internal directors with an awareness of company-wide optimization	Awareness-raising and training of internal Directors on company-wide optimization
Setting of training, etc., for directors	Enhancing training, etc. for Directors
Further improvement of operations of the Board of Directors	Improving the content of materials for the Board of Directors
Governance initiatives	Strengthening governance (group governance and risk-response capabilities)

Executive Remuneration System Basic Policy and Our Initiatives

J-Oil Mills' executive remuneration system is designed to make clear the responsibility of executives to improve performance and corporate value, and to increase motivation and morale. In order to clarify the independence and objectivity of the functions of the Board of Directors as well as its accountability, the amount of remuneration is determined by the Board of Directors after deliberations by the Remuneration Advisory Committee.

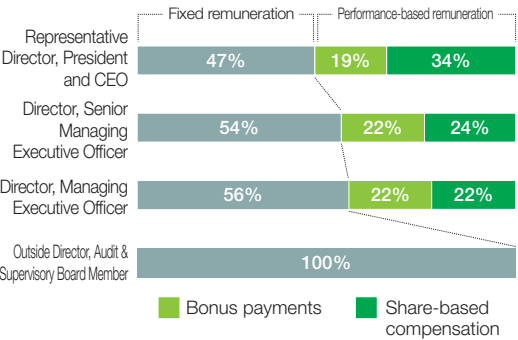
In fiscal 2021, we reviewed this system to further clarify the link between remuneration for directors and other officers with the company's performance and stock value. In so doing, we made them more conscious of contributing to the improvement of medium- to long-term performance and increases in corporate value by sharing with shareholders not only the advantage of rises in stock prices but also the risk of declines in stock prices.

Overview of the New Executive Remuneration System

	Fixed remuneration	Performance-based remuneration	
		Bonus payments (short-term incentives)	Share-based compensation (long-term incentives)
Linkage with business performance	Fixed	Linked with short-term performance	Linked with medium- to long-term performance
Performance evaluation period	—	One year	Four years
Calculation method	Set for each position	Short-term incentive fund by position <sup>*1</sup> × individual target achievement rate	Base points granted by position × rate of increase/decrease in final achievement of each indicator <sup>*2</sup>
Annual evaluation indicators	—	• Percentage of achievement of performance targets for the current fiscal year	• Consolidated operating profit • Net sales of high value-added products • ROE • EPS
Performance-based range	—	0 – 200% <sup>*3</sup>	0 – 150% <sup>*4</sup>
Time of payment	Monthly	Once a year	When each director or officer retires
Payment method	Cash	Cash	70% stock, 30% cash Subject to malus and clawback provisions

<sup>\*1</sup> Base remuneration amount by position × annual evaluation indicators    <sup>\*2</sup> Refer to annual evaluation indicators  
<sup>\*3</sup> 10% granted as incentive when annual performance targets are achieved    <sup>\*4</sup> 10% reduction if the total value of the final achievement of each indicator is less than 100%

Composition Rate of Executive Remuneration



FY2020 Total Amount of Remuneration by Director and Officer Category, Total Amount by Type, and Number of Officers Included

Director and officer category	Total remuneration (millions of yen)	Total by type of remuneration (millions of yen)			Number of directors and officers (Persons)
		Fixed remuneration	Performance-based remuneration		
			Bonuses	Share-based compensation	
Director	222	121	63	37	5
Audit & Supervisory Board Member	30	30	—	—	3
Outside Directors	56	56	—	—	6

Notes 1. Fixed remuneration, share-based compensation, and the number of directors and officers include one director and two Audit & Supervisory Board members (including one outside Audit & Supervisory Board member; fixed remuneration only for auditors) who stepped down at the conclusion of the 18th Ordinary General Shareholders' Meeting held on June 25, 2020.  
2. Three outside directors (including one outside director who stepped down at the conclusion of the 18th Ordinary General Shareholders' Meeting held on June 25, 2020) are not included as they are unremunerated.

Risk Management

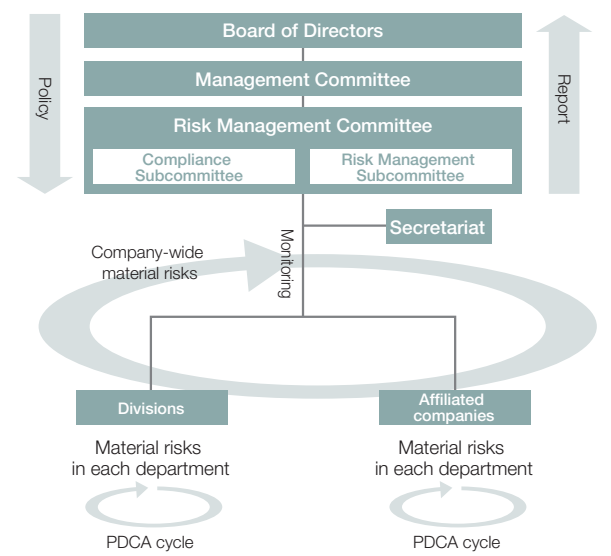
Risk Management

We value risk management through accurate identification, evaluation, and management of risks, as well as on compliance.

In July 2020, we reorganized our organizational structure to ensure more thorough enforcement and implementation of risk management and compliance. We clarified the functions of the existing Ethical and Compliance Committee and Risk Management Committee, and established the Risk Management Committee as a new organization providing instruction and reporting to the Management Committee, and strengthened its functions and activities.

The Risk Management Committee responds comprehensively and promptly to potential risks that could affect management, crises such as compliance violations (manifested risks) and grave crises, and strives to prevent and reduce their impact. Under the Risk Management Committee, we established the Compliance Subcommittee with missions including to raise employee awareness and deal with compliance violations, and the Risk Management Subcommittee with a mission to anticipate and prevent risks and respond to crises.

Risk Management System (as of September 2021)



Main Risks and Our Responses

The main risks that may have a significant impact on the J-Oil Mills Group's strategy and business are shown on page 54.

Matters relating to the future were determined by the Group based on information available as of March 31, 2021.

Promoting Compliance

For the J-Oil Mills Group, “compliance” does not end with compliance with laws and regulations — we also take it as behavior that encompasses expected corporate ethics and respect for social norms on the part of the Group as a member of society. Accordingly, we work to realize comprehensive compliance from every employee, seeking to be an entity that always maintains the trust of society.

In 2020, we changed the Ethical and Compliance Committee chaired by an executive appointed by the president into the Risk Management Committee. Its Compliance Subcommittee verifies that corporate behavior conforms to the J-Oil Mills Code of Conduct and J-Oil Mills Action Guidelines. The Compliance Subcommittee consists of senior staff members in each division and representatives of labor unions. By sharing information concerning the issues faced by each division in the Group in addition to making improvements and conducting reviews via this subcommittee, we are moving ahead with the strengthening of compliance.

Improvement and Expansion of Internal Whistleblowing System (Helpline)

J-Oil Mills has established an internal whistleblowing system, with contact points both inside and outside the company, to help us prevent or rectify any instances of actions that violate social norms or corporate ethics. Reports can be made anonymously, and the system protects whistleblowers. In FY2020, three reports, including harassment-related cases, were made to our internal and external contacts.

Number of Reports and Consultations

FY2016	FY2017	FY2018	FY2019	FY2020
1	8	8	4	3


Main Risks and Our Responses

Items	Risks	Risk Awareness	Our Responses to Risks
Strategic risks	Risks of a drop in demand for oils, fats, and meal products	<ul style="list-style-type: none"><li>•Influx of inexpensive products from overseas due to tariff reductions</li><li>•Decrease in product demand with market contraction due to continued declining birthrate and aging population</li><li>•Changes in consumer needs and product demand</li></ul>	<ul style="list-style-type: none"><li>•Developing high-value-added products such as long-life oils and oils with seasoning and cooking functions for home meal replacement manufacturers and convenience stores</li><li>•Accelerating J-Oil Mills' original proposals such as texture improvement by combining starch, margarine, and powdered oils and fats, etc.</li><li>•Ensuring international competitiveness through business alliances</li></ul>
	Potential risks in overseas expansion	<ul style="list-style-type: none"><li>•Risks inherent in overseas expansion including unexpected revisions of laws, regulations, and tax systems</li><li>•Unexpected political and social risks such as conflict and terrorism</li></ul>	<ul style="list-style-type: none"><li>•Implementing quick responses by obtaining overseas risk information from external consultants, external information, and group companies that have expanded overseas</li></ul>
Financial risks	Risks related to raw material procurement, exchange rates, etc.	<ul style="list-style-type: none"><li>•Increase in procurement costs due to changes in the quality of major raw materials and market fluctuations</li><li>•Increase in procurement costs due to market fluctuations in exchange rates, maritime freight rates, etc.</li><li>•Risk that the above increases in procurement costs cannot be reflected in sales prices</li></ul>	<ul style="list-style-type: none"><li>•Trading in a position that we believe offers us a competitive advantage, within the scope of raw material purchase regulations and regulations for the application of forward foreign exchange contracts</li><li>•Hedging by means of futures pricing and forward exchange contracts</li><li>•Searching for new raw material production areas</li><li>•Appropriate price negotiations through sales activities</li><li>•Promoting sustainable procurement activities throughout the supply chain</li></ul>
	Risks related to impairment losses on goodwill and fixed assets	<ul style="list-style-type: none"><li>•Failure on the part of subsidiaries, etc. that we have acquired or taken a stake in to achieve business plans</li><li>•Decline in fair value</li><li>•Sharp rise in interest rates</li></ul>	<ul style="list-style-type: none"><li>•Investment and Financing Committee and Management Meeting deliberating the appropriateness of acquisition prices and following up to realize synergies after acquisition</li><li>•Regular monitoring of the macroeconomic environment</li><li>•Estimating future cash flows based on business plans</li></ul>
Hazard risks	Risk of spread of infectious diseases	<ul style="list-style-type: none"><li>•Shutdowns due to the spread of infectious diseases such as COVID-19</li><li>•Supply chain stagnation</li><li>•Decrease in demand due to people staying at home and requests to restaurants to shorten business hours</li></ul>	<ul style="list-style-type: none"><li>•Preventing the spread of infections in the company by promptly setting up an Infectious Disease Control Headquarters in consideration of safety</li><li>•Implementing thorough hygiene management</li><li>•Efficient business operations such as staggered work hours and telecommuting</li><li>•Minimizing the frequency of direct contact between employees, such as with a team system</li><li>•Establishing a diversified production system by securing contractors and partners for stable supply</li></ul>
	Risks related to natural disasters	<ul style="list-style-type: none"><li>•Shutdowns due to large-scale earthquakes, typhoons, torrential rain, etc.</li><li>•Supply chain stagnation</li></ul>	<ul style="list-style-type: none"><li>•Revising our business continuity plan (BCP) in anticipation of various disasters</li><li>•Ensuring stable supply through business alliances, etc.</li><li>•Diversification of raw material suppliers</li><li>•Establishment of a backup system for production sites</li></ul>
Operational risks	Environmental risks	<ul style="list-style-type: none"><li>•Decrease in corporate value due to insufficient environmental measures</li><li>•Increase in production costs due to tighter CO<sub>2</sub> emission regulations</li></ul>	<ul style="list-style-type: none"><li>•Advancement of ESG management as an integral part of our business</li><li>•Minimizing environmental impact by reducing our resource and energy use as well as our CO<sub>2</sub> emissions, seeking to go plastic free, and using water resources effectively</li><li>•Maximizing resource use efficiency by utilizing AI in the value chain</li></ul>
	Risks related to social issues	<ul style="list-style-type: none"><li>•Elimination of products that are not environmentally friendly</li><li>•Insufficient responses to sustainability-focused consumer needs</li><li>•Decrease in corporate value due to insufficient responses to sustainability issues such as human rights and environmental conservation</li></ul>	<ul style="list-style-type: none"><li>•Development of sustainable products that solve social issues such as food loss and the use of limited resources</li><li>•Identifying and improving sustainable supply chain issues by making effective use of external programs</li><li>•Ensuring traceability in raw material procurement</li></ul>
	Risks related to information leaks and cybersecurity	<ul style="list-style-type: none"><li>•Occurrence of information leaks as a result of unauthorized access or infection by computer viruses</li><li>•Poor response in the event of an incident</li></ul>	<ul style="list-style-type: none"><li>•Implementing strong security measures</li><li>•Regularly monitoring the management status of confidential documents within the company</li><li>•Regularly conducting information management education programs for our employees via e-learning</li><li>•Strengthening our monitoring of cyber-attacks from outside the company</li><li>•Preparing and thoroughly implementing response procedures in the event of an incident</li></ul>
	Food safety risks	<ul style="list-style-type: none"><li>•Occurrence of distribution withdrawal and recall due to health hazards to customers or violation of laws and regulations such as those pertaining to labeling</li><li>•Occurrence of food fraud or alteration of data</li></ul>	<ul style="list-style-type: none"><li>•Operating a quality management system based on ISO 9001 (reducing quality risks by conducting quality assessments at the product development stage, and strengthening the system)</li><li>•Conducting appropriate operation and verification through ISO 22000 certification and quality audits</li><li>•Continuing employee education</li><li>•Product development and R&amp;D reflecting customer feedback</li></ul>
	Risks related to securing human resources	<ul style="list-style-type: none"><li>•Insufficient recruitment of human resources with the high level of expertise required in each field</li><li>•Inadequate systematic promotion of the securing, development, and positioning of human resources who will lead the next generation</li></ul>	<ul style="list-style-type: none"><li>•Increasing our corporate value through ESG management and promotion of the SDGs</li><li>•Developing human resources with a high level of expertise and human resources who will be responsible for management of the next generation by maintaining and improving a comfortable workplace, and establishing and properly administering fair personnel and treatment systems</li><li>•Advancing diversity through promotion of participation by women and the post-retirement employment extension system</li><li>•Further advancing work-life balance by revising work styles</li><li>•Promoting efficiency using AI</li></ul>
	Compliance risks	<ul style="list-style-type: none"><li>•Occurrence of acts contrary to laws, regulations and social norms, occurrence of fraud, harassment, etc.</li><li>•Business constraints due to unforeseen changes or additions to laws and regulations</li></ul>	<ul style="list-style-type: none"><li>•Formulating the J-Oil Mills Code of Conduct, which is aimed at compliance with laws and regulations and social norms, and ensuring thorough awareness of it through in-house training</li><li>•Establishing an internal whistleblowing system, with contact points both inside and outside the company, for early detection and correction of fraud and harassment</li><li>•Keeping a close watch on information on legislative amendments in order to respond to changes in laws and regulations</li></ul>



Supply Chain Management

Management Approach



**Hiroshi Hattori**  
Director, Senior Managing  
Executive Officer,  
Oils and Fats Business

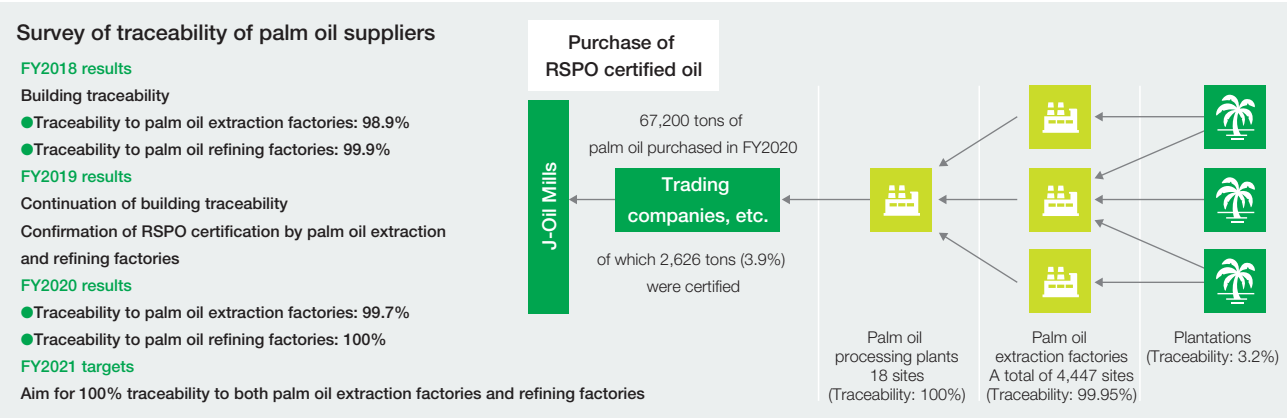
When problems related to issues such as the environment, quality, and human rights arise in the supply chain, management and responsibility throughout the supply chain come into question, leading to growing social interest in and need for sustainability that encompasses the entire supply chain. In FY2020, we established a Sustainability Committee, along with a Sustainable Procurement Subcommittee under it, to discuss sustainability across the company, set a direction, and respond to requests from stakeholders. The Sustainable Procurement Subcommittee is working to build an ESG management system for the supply chain, improve traceability of raw materials such as palm oil, and reinforce our supply system for certified palm oil. We contribute to the enhancement of corporate value by organically connecting the output of activities by the Committee and the Subcommittee and releasing information on them outside the company.

Achievement and Review of Targets for FY2020

	FY2020	Level of Achievement	Review
Goal image	●Strengthen governance of sustainable procurement	★★★	●Formulated sustainable policies and started actions to secure each policy
	●Improve efficiency of logistics system	★	●Advanced systemization and digital transformation (DX) of logistics, including paperless ordering and logistics operations, and introduction of AI-OCR
Quantitative targets	●Promote the supply of certified palm oil in response to customer demand	★★	●Increased the percentage of certified palm oil supplied by 2% year-on-year to 3.9%

Medium- to Long-Term Goal Images and Quantitative Targets

	FY2024	FY2030
Goal image	●Establish an ESG management system ●Optimize the supply chain by advancing logistics DX and logistics standardization	●Evolue sustainable procurement ●Restructure the logistics system (FY2025) * In FY2025, connect to the logistics platform under consideration in the Cabinet Office's Cross-ministerial Strategic Innovation Promotion Program (SIP)
Quantitative targets	●100% traceability up to palm oil extraction factories and palm oil refining factories (FY2021)	●100% traceability to plantations



Efforts to Improve Traceability for Sustainable Raw Material Procurement

As a company that provides customers with valuable products created from nature's bounty, the sustainable procurement of grains, which are the raw material for oils and fats, is a critical issue.

Decreases in grain yields due to climate change, labor shortages due to the global spread of COVID-19, and other factors are straining supply capacity for grains and vegetable oils, resulting in a growing risk of price fluctuations.

When procuring raw materials, it is also important to ensure safety and quality, and to consider the human rights of workers.

Seeking sustainable raw material procurement, we are working to improve the traceability of palm oil and have started collecting information on soybean procurement.

Companies must actively work to solve environmental and social issues by providing new value while being sensitive to new issues and needs and fulfilling their responsibilities. We pursue sustainability in all aspects of the economy, environment, and social and working environments, and advance ESG management.

Results of Visiting Inspection of Origins Outside Japan in 2019

Date	Activity
May 2019	●Australia: Visited olive plantations ●Malaysia: Visited palm oil suppliers
Jun 2019	Attended RTRS Annual Meeting
Jul 2019	Canada: Visited a canola oil extraction factory
Aug 2019	●USA: Visited starch variety corn farmers ●Indonesia: Visited palm oil suppliers
Nov 2019	●Spain, Italy: Visited olive oil plantations ●Participated in the RSPO Annual Meeting
Feb 2020	Australia: Visited canola suppliers

\* No visiting inspections outside Japan were performed in FY2020 due to COVID-19

Initiatives with Logistics Partners

The logistics industry is facing many issues due to labor shortages and rising demand for e-commerce such as online shopping. We have been working on various measures to ensure the sustainable and stable logistics necessary for our business activities. In FY2020, we created a Logistics Handbook for employees to promote employees' understanding of the logistics crisis and to ensure that they are familiar with internal rules for ordering and delivery. We also enhanced the visualization of supply and demand management as well as coordination between logistics and sales departments to streamline operations. Further, in order to promote logistics that takes the environment and human rights into account, we endorse the White Logistics Movement, and in June 2021 we opened an inventory shipping base in Kazo City, Saitama Prefecture, to resolve long-distance runs and long operations, and are working to stabilize the operations of logistics workers by extending delivery lead times.

TOPICS

Green Logistics Partnership Conference Received Director-General for Commerce and Service Industry Policy Award


Together with Lion Corporation, Mondelēz Japan Ltd., and Suzuyo & Co.,Ltd., we received the Director-General for Commerce and Service Industry Policy Award from the Ministry of Economy, Trade and Industry at the 2020 Green Logistics Partnership Conference for conducting joint transportation using swap body vehicles with the aim of reducing environmental load such as reducing CO<sub>2</sub> emissions, and improving the working environment for drivers.



Award ceremony

# Contribution to and Collaboration with Local Communities / Timely and Appropriate Information Disclosure

Management Approach



We share J-Oil Mills’ information, including its management philosophy, management plans, business strategy, and business activities, with stakeholders such as employees, local communities, consumers, media, shareholders, and others in a timely and appropriate manner. At the same time, we hope to achieve two-way communication and build relationships of trust by providing feedback to management based on opinions received from our stakeholders.

As a company that works for the benefit of society, we will work together to identify the diverse needs of society, gather various demands from society, as a contact point with society, and share them within the company to find solutions for improving corporate value toward sustainability in corporate activities.

Seeking to become the company of choice for our stakeholders, we are determined to increase our corporate value and build a corporate brand.

Miwa Okamura

Executive Officer,  
Corporate Communications

Achievement and Review of Targets for FY2020

	FY2020	Level of Achievement	Review
Goal image	<ul style="list-style-type: none"><li>Strengthen our information disclosure platform</li><li>Disclose information from the perspective of stakeholders</li><li>Strengthen our risk response capabilities</li><li>Disseminate information internally</li></ul>	★★★	<ul style="list-style-type: none"><li>Prepare information disclosure regulations, and raise internal awareness including insider information management</li><li>Before announcing the sixth medium-term business plan, identify needs through dialogue with the market, provide feedback internally, and then announce the plan</li><li>Prepare a crisis management public relations manual, and raise internal awareness</li><li>Organize and execute (mutual) ‘cheer up’ campaigns on the internal SNS and start projects using video, during COVID-19 voluntary restrictions</li></ul>
Quantitative targets	<ul style="list-style-type: none"><li>Increase communication with multiple stakeholders</li><li>Hold quarterly financial results briefings</li><li>Conduct IR activities outside of Japan (once a year)</li><li>Increase media exposure</li></ul>	★★★	<ul style="list-style-type: none"><li>Promote dialogue with NPOs (Olive Project, foundations, etc.), and enhance dialogue with suppliers and business partners (answering self-assessment questionnaires, etc.)</li><li>Held regular quarterly financial results briefings and distributed videos</li><li>Conduct international IR (on a remote basis, for Europe, U.S.A., and Asia)</li><li>Increase opportunities to appear on TV, newspapers, and web media</li></ul>

Medium- to Long-Term Goal Images and Quantitative Targets

	FY2024	FY2030
Goal image	<ul style="list-style-type: none"><li>Conduct activities tailored to global perspectives and stakeholder characteristics</li><li>Optimize shareholder structure</li><li>Conduct advocacy activities</li><li>Strengthen dialogue with NPOs and NGOs</li><li>Disseminate value-creating information</li></ul>	<ul style="list-style-type: none"><li>Strengthen functionality of sustainability, IR, and PR, and establish organizational independence as business expands and the company grows</li><li>Expand activities globally</li><li>Expand from communication to advocacy activities</li><li>Disseminate information at overseas bases, appoint personnel in charge</li></ul>
Quantitative targets	<ul style="list-style-type: none"><li>Increase the ratio of individual shareholders and institutional investors (up 8% from FY2020)</li><li>Increase media exposure (advertising conversion effect of 500 million yen)</li><li>Strengthen and increase outlays for social contribution activities (0.8% of ordinary profit)</li></ul>	<ul style="list-style-type: none"><li>Increase the ratio of individual shareholders and institutional investors (up 15% from FY2020)</li><li>Increase media exposure (advertising conversion effect of 1.5 billion yen)</li><li>Strengthen and increase outlays for social contribution activities (1% of ordinary profit)</li></ul>

Supporting Activities of Olive Cultivation in Izu and Kobe

In 2019, we established a business alliance with TOKYU CORPORATION (Tokyu) and Izukyu Holdings Co., Ltd. (Izukyu HD), and joined the Izu Olive Mirai Project, which has been carried out by Tokyu and Izukyu HD on the Izu Peninsula, aiming to further drive the branding of Izu olives and revitalize



20 kinds of olives planted (Izu Olive Farm)

the region. We held a tree planting ceremony in FY2020.

Minatogawa Shrine in Kobe City is home to Japan’s oldest olive tree. Inspired by this olive tree, we are experimenting with olive cultivation in cooperation with NPOs, agricultural consultants, and farmers.

In the future, we will refine our oil extraction technology, commercialize domestic olive oil, and consider effective uses of olive meal.

Strengthening ESG Activities through the Sustainability Committee

In FY2020, we established a Sustainability Committee. We are actively engaged in activities centered on four subcommittees: environment, sustainable procurement, human rights, and sustainable product development.

We report the above activities to the Management Committee and the Board of Directors once a quarter, and promote dialogue with executive bodies and the Board of Directors on a daily basis.



Strengthening Communication with Stakeholders

J-Oil Mills engages in dialogue and two-way communication with stakeholders based on its policy of disclosing information in a timely and appropriate manner.

We send out press releases to media such as general newspapers, lifestyle magazines, and industry journals to get company news out in a timely manner. Our press releases cover a wide range of current topics, including management, business performance, and new products.

We get the understanding of the stock market about the life-sized image of our company through quarterly earnings

briefings, small meetings with management, overseas IR, and individual interviews. In international IR, we do not use interpreters; management communicates our business strategies in their own words.

Moreover, as interest in solving social issues such as the SDGs increases, inquiries from customers, NPOs, community members, companies, and others have increased. We place importance on dialogue with as many people as possible, listen to requests and opinions, and believe that it is more important than ever to get people to understand our business and our Corporate Philosophy. In FY2021, we hope to hold ESG briefings to widely disseminate information on our initiatives and gain the understanding of our stakeholders.

Number of Major Disclosures

	FY2018	FY2019	FY2020
Small meetings	1	1	3 <sup>*1</sup>
Financial results briefings/ conference calls	2	2	4
International IR	0	1	1
ESG-related communication with business partners	- <sup>*2</sup>	- <sup>*2</sup>	15
Number of releases	34	55	57

<sup>\*1</sup>: Conducted via web conference  
<sup>\*2</sup> Built system and started counting of the number of communications in FY2020

TOPICS

Included in the FTSE Blossom Japan Index

As a result of its ESG activities, J-Oil Mills was included in the FTSE Blossom Japan Index in June 2021. Going forward, we will further enhance our ESG activities by reflecting the opinions of our stakeholders in our management.



FTSE Blossom Japan

Received the Silver Award on the All Japanese Listed Companies’ Website Ranking of 2020

In December 2020, the IR webpage in our official website won a Silver Award from Nikko Investor Relations Co., Ltd. for being an excellent corporate website. Going forward, in addition to providing timely and appropriate information disclosure, we will strive to disseminate information to individual investors that is easier to understand, improve usability, and enhance content with videos.





Human Resources

Management Approach



Akio Ohishi

Managing Executive Officer  
Human Resources, Corporate Administration  
and Corporate Governance Promotion

Under the sixth medium-term business plan, we will develop human resources, organizations, and a corporate culture of “transcending barriers, taking on challenges together, and exceeding expectations” in order to appropriately grasp the rapidly changing external environment and realize fundamental transformations in anticipation of the next era. To that end, we will instill our new Corporate Philosophy, deploy personnel strategically, and implement initiatives from three perspectives: promoting diversity, strengthening human resource development, and reforming management awareness.

Achievement and Review Targets for FY2020

FY2020		Level of Achievement	Review
Goal image	● System design for diversity of work styles	★★	● Designed some new systems
	● Active recruitment of talent with skill sets not found in our company	★★★★	● Accelerated the recruitment of the necessary personnel to achieve the sixth medium-term business plan
	● Start of actions related to health and productivity management	★★	● Acquired the 2021 Health & Productivity Management Outstanding Organization. Further acceleration is required at the policy level.
	● Improvement of the environment for remote work	★★★★	● Improved the infrastructure environment for remote work, and actively introduced it for training and meetings ● Created communication opportunities (pilot introduction of 1-on-1 meetings)
Quantitative targets	● Improvement of the “happiness working in our company” score on our employee awareness survey	★★★★	● Improved the “happiness working in our company” score since 2019. Continuous improvement will remain a challenge in the future.
	● Improvement of the head office’s ABW environment; maintenance of an at-home remote work rate of 50% or more	★★★★	● Nearly completed improvement of the environment (some will be improved in the next fiscal year). ● Remote working at home rate of approximate 40% at the head office.
	● Percentage of female managers: 7% or more; employment rate of persons with disabilities: 2.3% or more	★★	● Percentage of female managers: 6% range; employment rate of persons with disabilities: 2.3% or more
	● Achievement of rotations for Career Development Program (CDP) and development plans: 75% or more	★★	● Just under 60% due to restrictions on inter-site transfers during the COVID-19 pandemic

\* ABW (activity-based working): A work style where employees can freely choose the times and place to work

Medium- to Long-Term Goal Images and Quantitative Targets

	FY2024	FY2030
Goal image	<ul style="list-style-type: none"><li>● Promote institutional design and utilization of diversity in the working styles</li><li>● Active utilization of diverse talent (female, reemployed personnel, etc.)</li><li>● Development of human resources with the ability to make proposals, set issues, and solve them on their own</li><li>● Development and strengthening of specialized systems for enhancing health and productivity management</li></ul>	<ul style="list-style-type: none"><li>● Further improvement of work-life balance</li><li>● Active participation of diverse human resources and human resources with abundant experience, knowledge, and expertise</li><li>● Fostering and securing human resources who create and develop innovation</li><li>● Further enhancing of health and productivity management</li></ul>
Quantitative targets	<ul style="list-style-type: none"><li>● “Happiness working at our company” score of middle of passing or higher on our employee awareness survey</li><li>● Expansion of ABW environment to other sites; streamlining of the use of office floors</li><li>● Percentage of female managers: 12% or more; employment rate of persons with disabilities: 2.3% or more</li><li>● Systematic development and promotion of young personnel</li><li>● 1.5 times more investment in education (compared to FY2019)</li></ul>	<ul style="list-style-type: none"><li>● “Happiness working in our company” score of “good” or higher on our employee awareness survey</li><li>● Realization of a work style of not going into the office or site, centered on remote work</li><li>● Percentage of female managers: 30% or more; employment rate of persons with disabilities: 4% or more; advancing the employment of non-Japanese personnel</li><li>● Employment extension selection rate of 100% for applicants</li></ul>

HR Management Strategy Develop human resources, organizations, and a corporate culture of “transcending barriers, taking on challenges together, and exceeding expectations”



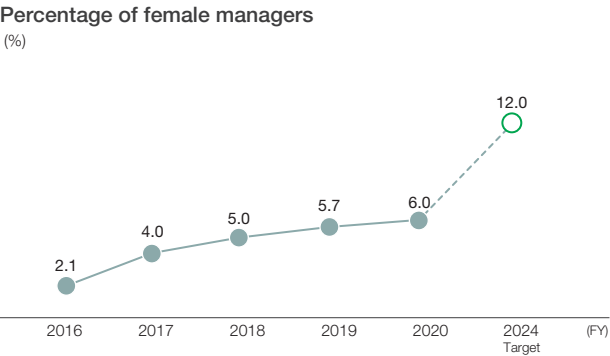
\*CDP (Career Development Program): A system whereby each employee forms an autonomous career by reflecting on the past and present, clarifying one’s desired future career, personal vision, and own values and preferences, fills out a career design sheet with specific detail, and then develops a clearer vision of what he or she wants to be through interviews with his or her manager.

Promotion of Diversity

In addition to recruiting human resources with the strengths and individuality to drive our growth strategy, we will create an environment where diverse human resources can play an active role regardless of their attributes and values. While working through the PDCA cycle based on consecutive employee awareness surveys, we are promoting office reforms that incorporate the concepts of at-home / remote work to minimize time and location constraints and activity-based working (ABW). While further advancing initiatives to promote the active participation of women, we are also working on topics such as the participation of people with disabilities and senior human resources.

The number of women appointed to managerial positions is increasing year by year. We are also actively recruiting mid-career hires, and in FY2020, we hired about 40 people (1/3 of them women). Approximately 30% of those hires were managers with specialized skills. As of September 30, 2021, we have not appointed non-Japanese personnel to managerial positions, but we will continue to recruit them and intend to appoint them to managerial positions in step with the expansion of overseas business, which is one of our growth strategies.

The J-Oil Mills Group encourages male employees to take childcare leave, and we plan to create a comfortable working environment with the aim of having even more men take childcare leave in the future.



Diversity Training for All Employees Through the Cassiopeia W Project

In FY2018, as part of our efforts to promote greater participation by female employees, we launched the Cassiopeia W Project, a project made up of female employees in the company. The participants of the first and second term laid a foundation for promoting women’s participation. Male employees joined the project as members from the third term in FY2020, and the project’s activities were broadened to the promotion of diversity, with various measures planned and implemented.

*Voice*

**The Project’s Achievements, Issues, and Future Initiatives**

This project has active participation of a variety of members from various positions—in development, production, sales, and corporate departments—and includes women, of course, as well as men with childcare experience, people with disabilities, and mid-career hires. In the third term, we set the theme of “Diversity is a challenge, but it’s interesting!” Accepting diversity is not that easy. However, as our discussions continued, we came to respect each other’s individuality and discovered new things, naturally leading to those words. We were able to hold the first diversity training for all employees, approximately 1,200 people, from executives to part-time employees, and with this, I believe we kicked off the promotion of diversity. In the future, I would like us to expand our themes, such as to seniors and career diversity, and aim to be an organization where even more diverse human resources can play active roles.

**Ayumi Goto**  
Human Resources  
Strategic Group, Human  
Resources Department

Human Resources

Enhancing Health and Productivity Management

J-Oil Mills believes that health is not only the foundation of an individual's life, but also an asset to the company. We are focusing on ensuring that our employees are able to continue working in good health, both mental and physical and upholding “enhancing health and productivity management.” We advanced a variety of initiatives, including employee health checks and stress checks and the continuous monitoring of results, in addition to the mounting of health campaigns in cooperation with health insurance societies.

TOPICS

Certified as a 2021 Health & Productivity Management Outstanding Organization (Large Enterprise Category)

On March 4, 2021, J-Oil Mills was certified as a 2021 Health & Productivity Management Outstanding Organization (Large Enterprise Category) under a program jointly administered by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.\* The certification requirements focus on the promotion of work-life balance and measures against overwork. Going forward, we will continue to promote the health of our employees in order to invigorate our organization by improving the vitality of our employees and increasing productivity.

\* Nippon Kenko Kaigi (Japan Health Council): An organization that was formed to take practical actions, in collaboration with private organizations and with full administrative support, to prolong the healthy lifespans of the Japanese public and to provide appropriate medical care to people in Japan, a country with a dramatically aging population and a low birthrate. The aim is to achieve concrete measures in workplaces and communities through collaboration among private sector organizations such as economic associations, healthcare organizations, and insurers, as well as municipalities.



Strengthening Human Resources Development

Based on autonomous career development, we will seek to facilitate “diverse career formation” that maximizes the potential of each individual and to develop next-generation management and leaders at an early stage. Actions we will take include enhancement of education and training, support for career development, job rotations linked to our career development program (CDP), talent management, and more.

In FY2020, total education outlay declined due to the reworking of group training sessions and restrictions on movement for participation due to COVID-19, but personnel-related education spending remained the same as the previous year due to the improvement and active utilization of the remote access environment.



Management Reform

This is an initiative to improve management capabilities in order to create and lead organizations in which managers who become “Change Leaders” utilize diverse human resources in an attempt to spur growth of the company. We are working to further improve and reform management skills in terms of both awareness and knowledge/information by strengthening management education for managers and promoting visualization of information. We are also learning things and making improvements through unconscious bias training, 1-on-1 meetings with subordinates, and 360-degree evaluations.

■ 1-on-1 Meetings

We have encouraged remote working during the COVID-19. Some people have voiced that this facilitates diverse work styles, while some employees have expressed the opinion that communication between superiors and subordinates is insufficient in this situation. Since July 2021, we have instituted weekly 1-on-1 meetings between immediate supervisors and subordinates. The aims are to establish a system that can quickly resolve worries and concerns by providing regular communication opportunities, and to deepen learning, increase growth, and improve job satisfaction through 1-on-1 discussions, mainly on topics set by the interviewees themselves, and promoting experiential learning.

Contributing to Health through Food

Management Approach



J-Oil Mills has provided a wide range of value through the approach of translating tastes that our customers want into the elements of good tastes—flavor, aroma, and texture—and using Oishisa Design to combine various ingredients to create the desired result. Going forward, we will once again face the challenges of “eating” and “creating” under our redefined Corporate Philosophy. After all, good taste is important for food. Leveraging our oils-based Oishisa Design capabilities, we will focus on health and low-burden—value that is in greater demand by society—aiming to achieve our vision of “Joy for Life: Brining Joy to the Future with Food.”

Kenichi Watanabe  
Executive Officer, Food Design Center

Achievement and Review Targets for FY2020

	FY2020	Level of Achievement	Review
Goal image	● Direction for oil and fat products that appeal health consciousness	★★★	● Strengthened cooperation with business for commercialization ● Promoted commercialization of low-salt ingredients using oils and fats
Quantitative targets	● Conduct industry-academia joint research on omega-3 functions and values	★★	● Continued to promote initiatives while taking business feasibility into account

Medium- to Long-Term Goal Images and Quantitative Targets

	FY2024	FY2030
Goal image	● Provision of functional ingredients and foods to solve health-related issues such as lifestyle-related diseases and frailty ● Development of healthy foods and ingredients that take advantage of the goodness of plants and are focused on tastiness in response to diverse lifestyles	● Providing “delicious and healthy foods and ingredients” that take advantage of the goodness of plants in response to diverse lifestyles ● Contributing to the resolution of social issues such as prevention of lifestyle-related diseases, responses to an aging society, and improvement of immune strength
Quantitative targets	● Provision of various PBFs and ingredients suitable for various PBFs ● Development of food ingredients that enable “tasty reduced salt” ● Disseminating functional ingredients useful for maintaining bone health to the world	● Development of a variety of evidence-based products to maintain physical and mental health ● Dissemination of various PBFs and ingredients suitable for various PBFs to the world

Development and Sale of Health-Conscious Products

In addition to promoting the original nutritional value of oils, we also develop and sell products with a focus on health. For example, our product lineup includes JOYL “AJINOMOTO Healthy Sarara”, a food for specified health use that lowers LDL cholesterol in the blood, as well as JOYL “AJINOMOTO Perilla Oil” and JOYL “AJINOMOTO Flaxseed Oil”, foods with nutrient function claims blended with plenty of flaxseed oil rich in omega-3 (n-3) fatty acids. Edible oils are not only one of the three major nutrients; they also contain fat-soluble trace nutrients, so can be expected to provide various health functions. J-Oil Mills will continue to help people maintain their health, starting with oils.

R&D to Contribute to Society in Terms of Health and Nutrition through Ingredients and Technology

We have commercialized oils, fats, and powders containing vitamin K2 extracted from natto bacteria as an important ingredient that is indispensable for maintaining bone health. Given the backdrop of health consciousness and an aging population in Japan, the needs of a wide range of age groups, including active seniors, are increasing. In recent years, these products from Japan have been accepted overseas as well, thanks to their impression as natural, having been derived from natto (fermented soybeans). We are also developing low-salt ingredients using oils and fats. J-Oil Mills was the first company in Japan to commercialize oil and fat products that apply the phenomenon that oils affect the five tastes through cooking, and we are proposing a solution approach that makes use of the tastiness of oil to address the issue of reduced salt, which especially tends to lead to loss of flavor. In addition, we are also conducting research on the health functions of ingredients such as resistant starch, which regulates bacteria in the gut, and polyphenols, which are a flavor component of olive oil.



Reducing Environmental Impact

Management Approach



Eizo Matsumoto  
Director, Managing Executive Officer in charge of Production and Technology

The J-Oil Mills Group recognizes ESG initiatives as an important management issue. We are facing a grave global environmental crisis, as indicated by the many issues taken up for resolution by the SDGs and the Paris Agreement. Taking concrete measures in response to climate change is an urgent issue for the Group.

Since the Group operates a business that draws on nature’s bounty, we have been continuously carrying out initiatives such as reducing greenhouse gas (GHG), reducing and recycling waste, and reducing plastics. Going forward, we will make even greater efforts to reduce our impact on the global environment throughout the value chain in pursuit of a sustainable business model. We will coordinate across the company in the Sustainability Committee’s Environmental Subcommittee and also intend to work closely with all of our stakeholders to advance our environmental management.

Achievement and Review of FY2020 Targets

	FY2020	Level of Achievement	Review
Goal image	<ul style="list-style-type: none"><li>Support the TCFD, identify climate change risks and opportunities, and set risk reduction targets</li></ul>	★★★	<ul style="list-style-type: none"><li>Supported the TCFD and disclosed information</li><li>Launched a cross-sectional project team to identify risks and opportunities within a framework aligned with the TCFD recommendations</li></ul>
Quantitative targets	<ul style="list-style-type: none"><li>CO<sub>2</sub>: 45% reduction (compared to FY1990)</li><li>Develop containers made from new materials</li><li>Zero waste emissions</li></ul>	★★★	<ul style="list-style-type: none"><li>Achieved the CO<sub>2</sub> reduction target of 45% (compared to FY1990) by using biomass-derived steam and upgrading to high-efficiency and power-saving equipment</li><li>Adopted paper containers for two household-use oil and fat products</li><li>Achieved zero waste emissions by collecting waste thoroughly sorted, recycling, and turning waste into marketable resources</li></ul>

Medium- to Long-Term Goal Images and Quantitative Targets

	FY2024	FY2030
Goal image	<ul style="list-style-type: none"><li>Contribute to a decarbonized society, contribute to a recycling-oriented society</li></ul>	<ul style="list-style-type: none"><li>Contribute to solving social issues related to climate change, achieve sustainable growth</li></ul>
Quantitative targets	<ul style="list-style-type: none"><li>Advance CO<sub>2</sub> emissions reductions toward FY2030</li><li>Reduce Scope 3 CO<sub>2</sub> emissions</li><li>Acquire Science Based Targets certification. Set higher targets such as expansion of power generation ratio</li><li>Municipal and industrial water: 5% reduction (compared to FY2019)</li><li>Adopt biomass and environmentally friendly materials in all divisions</li><li>Continue zero waste emissions</li></ul>	<ul style="list-style-type: none"><li>CO<sub>2</sub>: 50% reduction (compared to FY2013)</li><li>Municipal and industrial water: 10% reduction (compared to FY2019)</li><li>Start circular use of in-house packaging materials</li><li>Continue zero waste emissions</li></ul>

Sustainable Use of Resources

Tackling the Problem of Plastic Waste

We are actively working to reduce the amount and weight of plastics and other materials used in main packaging and containers. In collaboration with container and plastic material manufacturers, we are working to reduce the weight of the polyethylene and PET bottles that we use for our main household-use oil and fat products. In FY2019, the creation of pouches using vapor deposition barrier technology that

increases storage life significantly reduced our usage of plastic. Moreover, we are using bioplastics derived from sugarcane (biomass), for which we have received an Eco Mark. In August 2021, we launched products in paper containers. In the household-use margarine segment, since September 2021, we have been using approximately 10% biomass plastic in the plastic containers for “RAMA® Butter

zuki no tameno Margarine” (The Margarine for Butter Lovers) and “RAMA® Okashi zukuri no tameno Margarine” (The Margarine for Baking Sweets).

Going forward, we will continue making efforts to reduce plastic waste and waste volume.



Maximizing the Efficiency of Our Use of Resources (Zero Waste Emissions)

Our production sites are achieving zero waste emissions every year by working hard to reduce waste and reuse resources. In FY2020, we again achieved our target recycling rate of 99.99% in production departments by proceeding with efforts to turn waste into marketable resources. We will continue our efforts to reduce the amount of energy, raw materials, water and other resources that we use, work to reduce pollutants and waste emitted, and advance recycling. In addition, we will strengthen our initiatives in non-production departments as well in a company-wide commitment to reduce our impact on the environment.

Understanding and Addressing Water Risks

The water used in situations across our supply chain, such as the cultivation of raw material crops and the manufacturing process, is an important resource indispensable for our business. The J-Oil Mills Group not only pursues improvement in the efficiency of water use, but also strives to manage intake and draining of water so as to reduce environmental impact.

J-Oil Mills’ factories use a lot of industrial water as steam and a medium for cooling. In FY2020, all our factories in Japan together used 4.72 million tons of fresh water. Going forward, we will keep working to reduce our water intake by encouraging efficient water use and reuse.

In FY2021, we started discussions on water risks in the Environmental Subcommittee under the Sustainability Committee. Going forward, we will start considering and analyzing water risks, first for our sites in Japan, and will take further initiatives concerning water resources for environmental conservation and business continuity.

TOPICS

Adoption of Paper Containers

The adoption of paper containers for two new household-use oil and fat products reduced our usage of plastic by about 60% compared to conventional containers of the same capacity. With regard to CO<sub>2</sub>, we expect a reduction of about 34% with the 700-gram paper container for JOYL® “AJINOMOTO Ichiban Shibori Canola Oil” and a reduction of about 26% with the 500-gram paper container for JOYL® “AJINOMOTO Sesame Oil 100%” (our calculations). We have also developed a container material with excellent oxygen barrier and light shielding properties, extending the best-before-date from one to two years. Extending the best-before-date will lead to a reduction in food loss. The containers can be folded small at the time of disposal, which can also help to reduce waste volume. We have also taken usability into consideration, such as by adopting a spill-free double-structured cap that allows the user to adjust the amount of oil poured as needed, and by using embossing and a hand position guide in two places on the sides of the containers to make them easier to hold.



*Voice*

Since these are products that people will use repeatedly every day, we spent nearly two years in development, focusing not only on environmental friendliness but also ease of use and ease of disposal after use. The containers have excellent oxygen barrier and light shielding properties, so they can maintain the flavor and tastiness of the oil. The double cap, which allows the amount poured to be changed, was particularly difficult, but it has been evaluated as easy to use. We would like to express our gratitude for the tremendous help we received from suppliers who worked with us on the development.

Masakazu Tamura  
Production Strategy  
Packaging Technology

Tomoe Miyazaki  
Oils & Fats Business Planning

Responding to the Task Force on Climate-Related Financial Disclosures (TCFD)

In November 2020, we supported the TCFD. We have launched a cross-sectional project within the company to advance initiatives for climate change and the TCFD. Working closely with the Board of Directors, the Management Meeting, and the Sustainability Committee, we analyzed risks and opportunities. Going forward, we will take countermeasures through a scenario analysis and simulations, including of financial impact.

Governance

We regard climate change as an important issue, examine the impact on our business over a medium- to long-term timeframe, and formulate strategies in the Sustainability Committee chaired by President and CEO. These are reported to the Management Meeting and the Board of Directors.

Examination by a Project Team

After supporting the TCFD in November 2020, we launched a cross-sectional project team with the Representative Director, President, as project owner. The members come from corporate functions, the Oils and Fats Business Unit, the Specialty Food Products Business Unit, production functions, and sales functions.

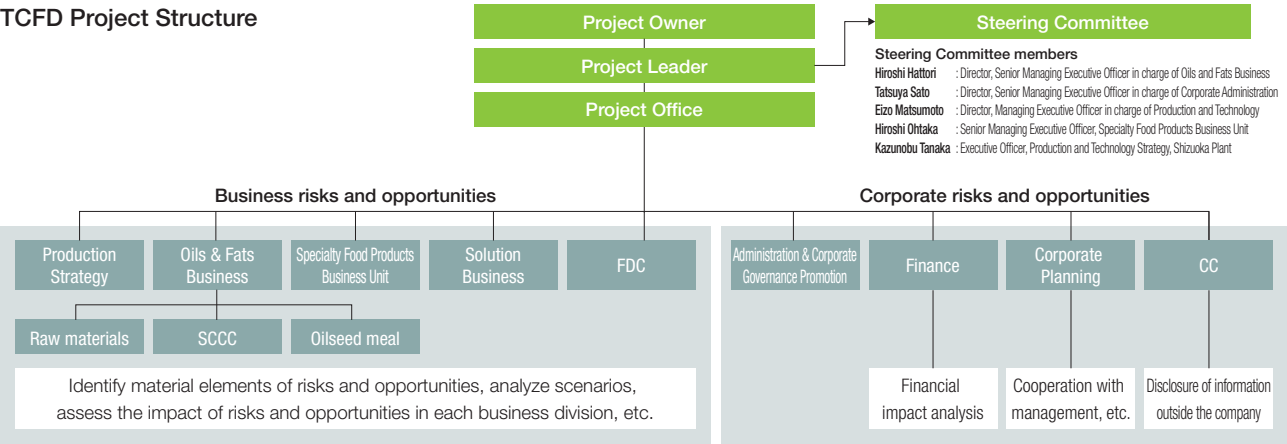
Specific Initiatives

We appointed persons from each business and function to identify and analyze the risks and opportunities of climate change anticipated by each division, analyze scenarios, and evaluate the impacts.

Going Forward

During FY2021, we are selecting and analyzing scenarios, estimating financial impact, and reporting on initiatives to the project owner and steering committee members every six months.

TCFD Project Structure



SCCC: Supply Chain Control Center FDC: Food Design Center CC: Corporate Communications

Strategy

We produce and sell vegetable oils by using various capital, including natural capital such as soybeans and canola seed, which are raw materials. Most of our raw materials are imported from overseas such as North America, and we extract the oil at our factories, refine it, fill containers, and deliver them to our customers. Also, our factories are located in the port area. For this reason, we regard climate change as a very important management risk in light of business continuity, and we have analyzed risks and opportunities for the temperature increase of 2°C and 4°C scenarios.\* In addition to climate change, we also consider the intensification of typhoon damage driven by global warming as a risk factor.

Risk Management

The J-Oil Mills Group has identified risks and opportunities of climate change in order to understand, evaluate, and appropriately manage the impact of climate change on its business. The risks and opportunities identified are managed under a structure that includes the Sustainability Committee, the Environmental Subcommittee, and the cross-functional project team on the TCFD. The content of the discussions is deliberated by the Sustainability Committee and the Environmental Subcommittee, and reported to the Management Meeting and the Board of Directors. Comments or advice from the Management Meeting and the Board of Directors are fed back as appropriate, and countermeasures are considered each time.

\*The 2°C and 4°C scenarios are forecasts of how much average temperature will rise over the next 100 years, given in the Fifth Assessment Report (published in 2014) of the Intergovernmental Panel on Climate Change (IPCC), which provides scientific evidence for global warming countermeasures and influences international negotiations. The forecasts are an increase of around 2°C in the lowest temperature rise scenario (RCP2.6 scenario), and an increase of around 4°C in the highest temperature rise scenario (RCP8.5 scenario).

Main Risks and Opportunities Presented by Climate Change

Items	Category	Main Risks	Existing Initiatives	Future Responses
Transition risks	Policy	• Increase in production costs due to tighter CO <sub>2</sub> emission regulations	• Reduction of energy consumption (process optimization, energy saving, introduction of high-efficiency equipment, etc.) • Utilization of renewable energy (using biomass fuel, etc.)	• Further utilization of renewable energy to achieve carbon neutrality by 2050
	Market	• Inadequate response to consumer needs, which are changing to focus on sustainability	• Development and sale of low-burden products such as long-life oils • Reduction of the weight of packaging (polyethylene and PET bottles, etc.) for major products • Adoption of bioplastics (biomass) for some products	• Realization of products with even lower burden
	Reputation	• Drop in reputation due to inadequate environmental responses	• Minimization of environmental impact by reducing our resource and energy use as well as our CO <sub>2</sub> emissions, seeking to go plastic free, using water resources effectively, and utilizing AI in the value chain	• Further promotion of various initiatives
Physical risks	Acute	• Operation shutdowns and severance of logistics networks due to increasing natural disasters	• Response with a BCP • Implementation of typhoon and storm surge measures at production sites	• Revision of the BCP to be able to handle various kinds of disasters
	Chronic	• Difficulty in securing a stable supply of raw materials due to decreases in yields, changes in quality, etc. • Deterioration of raw material quality during storage due to temperature rise, decrease in production efficiency	• Continuous inspection of the origins of major raw materials • Diversification of the origins of raw materials and oil types • Optimization of product standards • Optimization of inventory management • Reduction of quality risks by operating a quality management system based on ISO 9001, conducting quality assessments at the development stage, and strengthening the system	• Development and consideration of new origins • Development of new varieties, consideration of new supply chains • Implementation of environmental assessments based on our own standards • Reduction of workloads through automation using IoT, AI, etc.

Category	Main Opportunities	Existing Initiatives	Future Responses
Resource efficiency	• Reduction of production and logistics costs	• Start of study for optimization of oil extraction function • Promotion of modal shift, etc. (received Eco-Ship Mark certification) and revision of long-distance “through delivery”	• Optimization of bases for long-term stabilization of oil extraction functions in Japan • Consideration for unifying delivery standards, and reduction of CO <sub>2</sub> emissions and costs through optimal routes
Energy sources	• CO <sub>2</sub> emission and cost reductions by spreading renewable energy adoption	• Introduction of on-site power generation at production sites • Introduction of energy-saving equipment at production sites	• Introduction of renewable energy equipment • Promotion of the switch to biomass fuel and securing fuel suppliers
Products and services	• Increase in demand for long-life foods, emergency foods, etc.	• Product development using proprietary technology to control deterioration over time (long-life oils, refrigerated noodles, etc.)	• Further expansion of products that lead to the resolution of social issues • Increase in the percentage of products that contribute to reduction of waste loss
Market	• Growth of environmental awareness and ethical consumption (response to the food crisis)	• Development of long-life oils • Sale of plant-based cheeses	• Further expansion of plant-based food products (foods made from plant-based materials) • Search for new areas that can be low-burden food resources
Resilience	• Obtainment of trust by creating an optimal business portfolio that meets the sustainability requirements sought by society • Diversification of production areas with the expansion of farmland to cold regions due to rising temperatures, etc.	• Transformation of our business portfolio under the Sixth Medium-Term Business Plan to reduce environmental impact and expand products and services that solve social issues • Examination of the diversification of raw material production areas and oil types and consideration of appropriate product standard optimization	• Further expansion of products that lead to the resolution of social issues • Consideration of new supply chains, including consideration of the possibility of cultivar improvement and utilization of farmland in Japan

Indicators and Targets

With the goal of reducing our CO<sub>2</sub> emissions by 45% by FY2020 against figures for FY1990, we advanced the efficiency of our energy use and achieved a reduction of at least 45% in FY2020 by making improvements in our production departments, such as installing in-house power generation equipment and efficiently sourcing energy from other companies.

As a new target, we have set a 50% reduction (Scopes 1 and 2) by FY2030, compared to FY2013, and we will also take further initiatives in the future toward the goal

of carbon neutrality, aiming to reduce our emissions to virtually zero by FY2050.

In addition, recognizing the impact on the ozone layer and global warming, we systematically conduct self and periodic inspections of CFC equipment such as freezers and air conditioners owned by our plants and offices in Japan to strengthen our management of leak prevention.

In line with our total phaseout of specified CFCs in 2020, we are moving ahead systematically with the introduction of equipment with low global warming coefficients (e.g., non-CFC equipment).



Maintaining Food Resources

Management Approach



Eizo Matsumoto  
Director, Managing Executive Officer

The J-Oil Mills Group values the trust that we have won from our customers over the course of long years stably providing safe, secure and high-quality products, and the technological expertise that lies behind our ability to do so. Each of our employees adopts the customer’s perspective and works to realize customer satisfaction — in this way, we are constantly enhancing our quality assurance system in order to stably provide customers with safe, secure, and high-quality products and services.

In addition, going forward, we will also propose new values that utilize plants and build a resource-saving system from production to consumption. In order to contribute to social issues through our business activities, we will contribute to maintaining food resources through our business activities as a whole, including the use of plant-based food (PBF) and raw materials as a whole.

Achievement and Review of FY2020 Targets

FY2020		Level of Achievement	Review
Goal image	Start operation of a quality assurance system centered on divisions, formulate original standards, and disseminate them via our website, etc.	★★★	Started operation of a quality assurance system centered on responsible divisions Improved and strengthened operation of screening standards at the product development stage Renewal of the Customer Liaison Office website
Quantitative targets	Zero product recalls, six or more cases/year utilizing customers’ opinions	★★★	Achieved zero product recalls Implemented six product improvements based on customer feedback

Medium- to Long-Term Goal Images and Quantitative Targets

	FY2024	FY2030
Goal image	Development and sales promotion of products that reflect customer feedback and sustainable products Take initiatives for low-burden by reducing food loss and improving work efficiency from the viewpoint of “long-lasting deliciousness” Provide materials that achieve the tastiness and functions of animal raw materials with vegetable raw materials Promote the cultivation of olives and olive oil production in Japan Collect information about and develop policies for stable supply of not only palm oil but also other raw materials as well as sustainable procurement.	Develop and expand sales of products that reflect customer feedback and sustainable products Achieve low burden by reducing food loss and improving work efficiency from the viewpoint of “long-lasting deliciousness” Provide the tastiness and functions unique to plant-based raw materials Naturalization* of olives and olive oil, including those grown in Japan *Branding of Japanese olives Promote traceability of raw materials other than palm oil
Quantitative targets	Continue zero product recalls and zero claims of serious quality issues Percentage of products developed that are sustainable or reflecting of customer feedback: 30% Market development for PBF products Market penetration of products with the functions for maintaining flavor and texture Propose efficient uses of frying oil based on long-life oil using “SUSTEC technology” and business support tools using AI Sell Japan-grown olive oil	Continue zero product recalls and zero claims of serious quality issues Percentage of products developed that are sustainable or reflecting of customer feedback: 70% Expand sales of PBF products Develop and sell new functional materials Promote sales of long-life oil using “SUSTEC technology” and business support tools using AI Increase the penetration rate of Japan-grown olive oil

Food Safety and Security

The overarching mission of any manufacturer of foodstuffs is to stably provide customers with safe, secure, and high-quality products and services. J-Oil Mills has established a Quality Policy to comply with laws and regulations and ensure food safety. All of our production bases have acquired certification in the international standards of ISO 22000 and ISO 9001. We acquired ISO 9001 certification for our business, R&D, and corporate divisions, and all employees are working to improve and enhance operations ranging from product planning and

design to management and inspection of manufacturing processes and transportation and delivery management. In addition, J-Oil Mills practices appropriate product labeling in compliance with laws and regulations, including Japan’s Food Labeling Act, and strives to make labeling clear by incorporating customer feedback. On our website, we disclose such information as on the origin of raw materials, product allergens, and manufacturing plants for our household-use products.

Initiatives to Reduce Trans-Fatty Acids

We use a variety of oil processing technologies to develop optimal oils and fats that we apply in our products. For margarines and spreads, for example, we use proprietary oil and fat blending and emulsification technologies to achieve reduced trans-fatty acids, smooth spreading, and tastiness. Currently, no products in the RAMA brand of margarines for home use contain partial hydrogenated oils and fats, which are the main cause of trans-fatty acids.

Beyond margarines, we will also develop production technologies to reduce trans-fatty acids contained in household-use edible oils such as JOYL “AJINOMOTO Sarasara Canola Oil”, and disclose information to customers at the same time.

Going forward, we will continue making efforts to reduce trans-fatty acids and to disclose information so that our customers can enjoy our products with peace of mind.

Establishment of Environmental Guidelines

J-Oil Mills has long established quality-related screening standards in the process of product development to provide our customers with safe and reliable products. Currently, we are working on formulating environmental guidelines in order to help reduce impact on society and the environment and to realize “low-burden” value. The guidelines, which will be fully implemented in FY2022, will include items related to the formation of a recycling-oriented society in which raw materials, product contents, and containers/packaging are recycled, as well as sustainability and resource efficiency.

Substitution of Animal Resources

J-Oil Mills has long been proposing products that can serve as substitutes for animal-based ingredients, such as butter-flavored margarines and oils, and JOYL PRO, a seasoning oil that reproduces the tastiness of meat. Plant-based cheese and plant-based butter, which we are working on currently, are plant-based foods, that is, they are made from plant-derived ingredients. Going forward, we will aim to develop these products as substitutes for various animal-based ingredients and contribute to the maintenance of food resources.

Reference page: 40

TOPICS

Implementation of SDGs Innovation Training and Commercialization

In FY2020, we conducted an SDGs Innovation Training Program. In the training, participants from various departments within the company considered the future external environment that will change through SDGs innovation, leading to the examination of business models and strategies. We are currently working together with the Product Development Subcommittee to apply for patents on some of the best cases, with the aim of their commercialization.

Commitment to Olive Oil

Aiming to provide olive oil that Japanese people prefer, we are committed to four promises based on our own standards, and to delivering the flavor of freshly picked and freshly pressed olives from around the world to Japanese consumers.

<Four Promises>

- 1: We carefully select suppliers responsible for cultivation, harvesting, and oil extraction.
- 2: We strive to maintain freshness.
- 3: Flavor is maintained by a group of trained appraisers.
- 4: We deliver products of reliable quality that have been filled, packaged, and given final checks in Japan.

*Voice*

In June 2021, we held an online olive oil study session for consumers with the hope that people who use olive oil casually will actively choose our olive oil and become fans. The study session included live streaming of olive oil lectures and cooking videos, and the participants actually experienced olive oil tasting. A survey conducted after the sessions showed that 99.4% of participants’ impression of JOYL “AJINOMOTO olive oil” had improved. What I was most happy about was hearing comments from participants saying that they are looking forward to using olive oil in their own homes in the future. I hope to keep conveying the appeal of our olive oil to many customers through various initiatives.

**Sekiyo Mizuno**  
Research and Development K,  
Oils & Fats Business Planning  
Manager/Master Olive Oil Sommelier

Data (Non-financial Data)

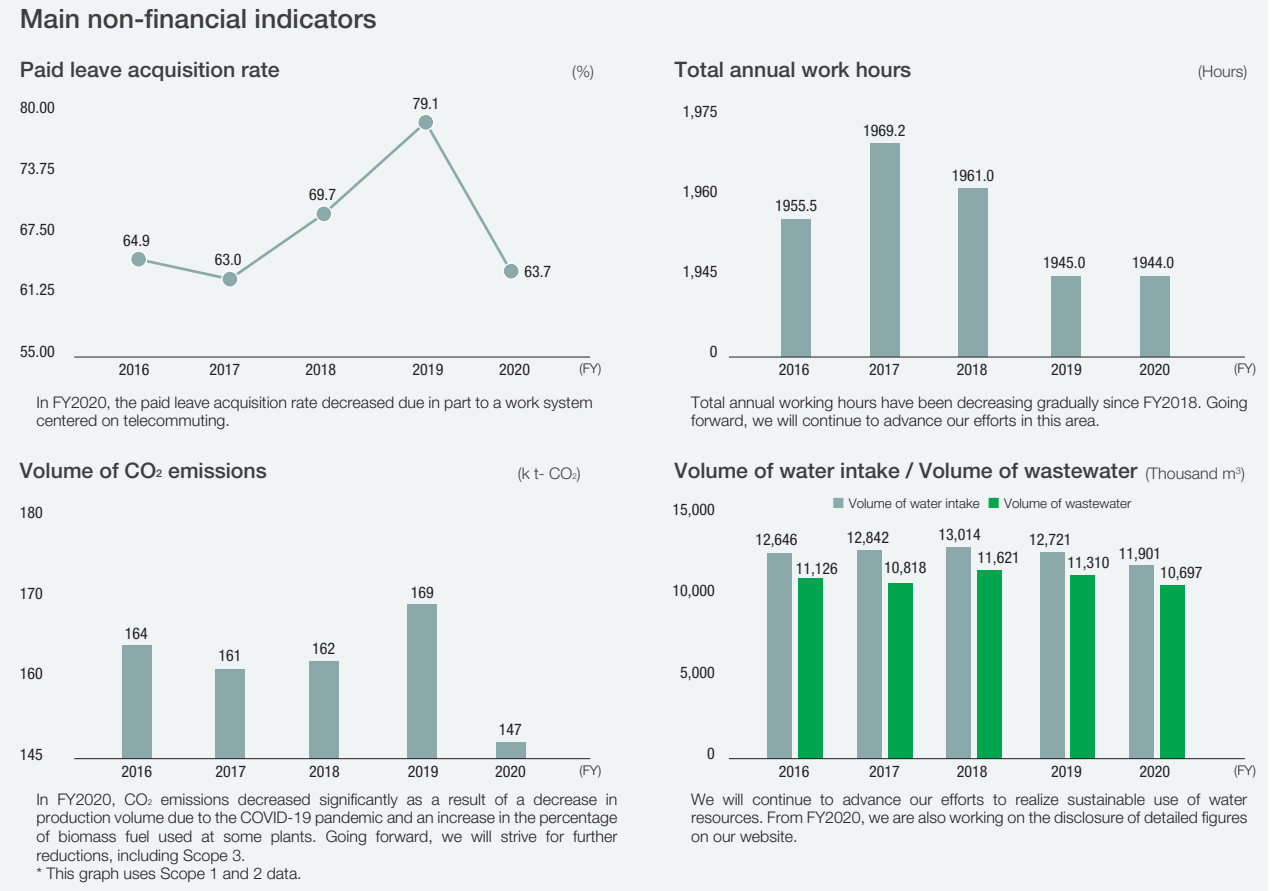
Non-financial indicators

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Employees <sup>*1</sup>						
Number of employees (Non-consolidated)	Persons	953	984	1,012	1,039	1074
Male	Persons	796	814	829	844	865
Female	Persons	157	170	183	194	209
Non-Japanese employees	Persons	0	0	0	1	4
Average age	Years	43	43.1	43.5	43.7	43.7
Male	Years	43.4	43.4	43.9	44.2	44.4
Female	Years	42.1	41.4	41.5	41.5	40.9
Years of continuous employment	Years	17.4	17.0	17.1	17.2	16.8
Male	Years	17.8	17.5	17.8	17.8	17.8
Female	Years	15.6	14.5	14.0	13.6	13.1
Number of employees in management positions equivalent to department chief	Persons	61	67	68	75	78
Male	Persons	61	66	66	72	75
Female	Persons	0	1	2	3	3
Number of employees in management positions equivalent to section manager	Persons	176	184	187	186	190
Male	Persons	171	175	176	174	177
Female	Persons	5	9	11	12	13
Ratio of women in management positions	%	2.1	4.0	5.0	5.7	6.0
Number of new graduates recruited	Persons	13	35	20	19	24
Male	Persons	11	26	13	12	14
Female	Persons	2	9	7	7	10
Number of employees leaving the company <sup>*2</sup>	Persons	10	16	18	17	20
Turnover rate of new graduates within three years <sup>*3</sup>	%	0	5.7	5.0	-	-
Ratio of employees with disabilities <sup>*4</sup>	%	2.38	2.06	2.01	2.18	2.40
Number of employees making use of the reduced working hours for childcare system	Persons	21	23	20	23	25
Number of employees making use of the childcare leave system	Persons	7	6	14	10	12
Ratio of employees returning to work following childcare leave	%	100	100	80	91	100
Number of employees taking nursing care leave <sup>*5</sup>	Persons	2	4	6	14	1
Number of employees taking caregiving leave	Persons	1	1	1	0	0
Paid leave acquisition rate	%	64.9	63.0	69.7	79.1	63.7
Hours of overtime worked per person	Hours/Month	16.3	16.8	17.5	17.9	16.9
Total annual work hours	Hours	1,955.5	1,969.2	1,961.0	1,945.0	1944.0
Number of work accidents (Four days or more of lost worktime)	Accidents	1	0	1	0	0
Frequency rate of accidents resulting in lost worktime <sup>*6</sup>	Frequency rate	0.593	0.000	0.593	0	0
Severity rate of accidents resulting in lost worktime <sup>*7</sup>	Severity rate	0.010	0.000	0.023	0	0

\*1: The number of employees (non-consolidated) and its calculation method differ from the securities report. \*2: Does not include employees taking mandatory retirement.  
\*3: The rate of new graduates who joined the company in the relevant fiscal year and left within three years. \*4: As of the end of March each year.  
\*5: Number of employees taking nursing leave for children. \*6: One day or more of lost worktime. Excludes accidents while commuting. The frequency of disasters represents the number of fatalities and injuries due to lost work time accidents per one million working hours. \*7: The degree of severity of disasters represents the number of lost working days per one thousand working hours.

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Environment <sup>*8</sup>						
Quantity of raw materials consumed	Thousand tons	1,678	1,739	1,680	1,694	1,560
Purchased electricity	Million kWh	85.43	65.21	64.06	67.41	62.30
Greenhouse gas emissions <sup>*9</sup>						
Scope 1	k t- CO <sub>2</sub>	104	111	111	117	111
Scope 2	k t- CO <sub>2</sub>	60	50	51	52	36
Scope 3 <sup>*10</sup>	k t- CO <sub>2</sub>	-	-	3,542	3,453	3,301
CO <sub>2</sub> emissions per unit of production	t- CO <sub>2</sub> /Tons of refined oil	0.26	0.24	0.25	0.26	0.26
Water intake	Thousand m <sup>3</sup>	12,646	12,842	13,014	12,721	11,907
Volume of wastewater	Thousand m <sup>3</sup>	11,126	11,279	11,621	11,310	10,698
Volume of waste generated (Production bases)	Thousand tons	39	43	39	41	38
Recycling rate (Production bases)	%	99.99	99.99	99.98	99.98	99.99
Volume of emission and transfer of specified chemical substances	Tons	11	8	7	9	6
Social contribution						
CSR expenditures	Million yen	25	27	27	31	31

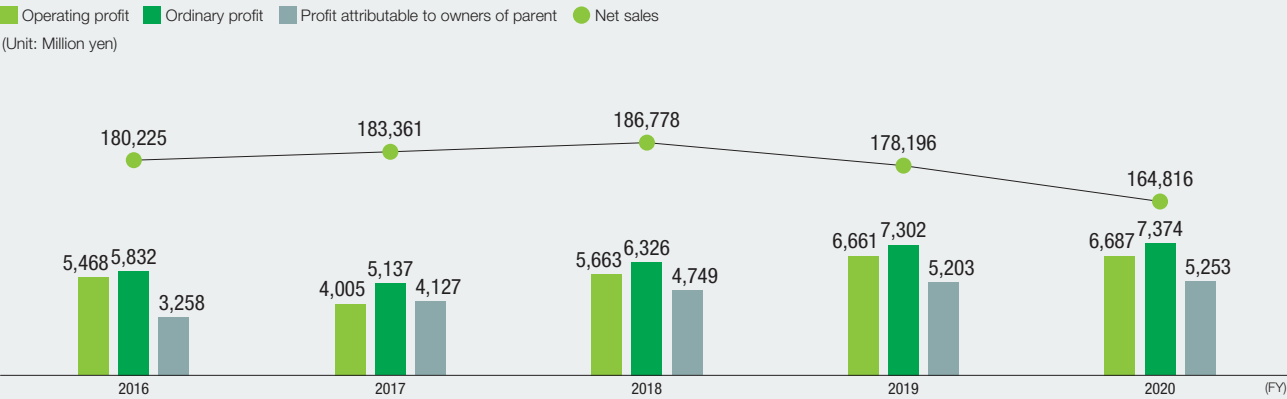
\*8: The scope of data collection related to the environment covers all of our own production sites up to FY2018, and the J-Oil Mills Group (consolidated subsidiaries in Japan) from FY2019.  
\*9: Some data has been modified. \*10: The scope of aggregation is only for the oils and fats business up to FY2019, and the J-Oil Mills Group (consolidated subsidiaries in Japan) in FY2020.





Business Results

Overview of FY 2020 Business Results



Net sales

In the fiscal year ended March 31, 2021, net sales were ¥164,816 million (down 7.5% year-on-year) as a result of a significant decrease in sales volumes, mainly due to a decrease in demand for professional-use products for restaurants stemming from the spread of COVID-19, and a decrease in meal sales volume due to a decrease in oil extraction volume.

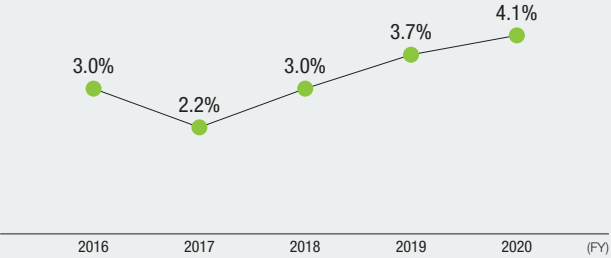
Cost of sales, and selling, general and administrative expenses

In the fiscal year ended March 31, 2021, the cost of sales was ¥130,828 million (down 7.7% year-on-year) as a result of reduced manufacturing costs and lower sales volumes, despite an increase in raw materials costs. Selling, general and administrative expenses were ¥27,300 million (down 8.3% year-on-year) as a result of a decrease in logistics costs due to a decrease in sales volume, a decrease in advertising expenses, and efforts to reduce various expenses.

Operating profit

Operating profit was ¥6,687 million (up 0.4% year-on-year) as a result of compensating for the decrease in sales by improving costs and controlling various expenses.

Operating margin



Ordinary profit

Ordinary profit was ¥7,374 million (up 1.0% year-on-year) due primarily to an increase in dividend income and share of profit of entities accounted for using the equity method exceeding the effects of higher interest expenses due to an increase in cash on hand during the fiscal year.

Profit attributable to owners of parent

Extraordinary gain included gain on sales of investment securities and compensation income for damage associated with a fire at our logistics center in the Tohoku region, and extraordinary losses included a loss on disaster associated with the said fire. Income taxes increase as the impact of deferred income tax, which arises from recognition of tax effect relating to retained earnings which is associated with transfer of Chemical business. As a result of the above, profit attributable to owners of parent for the fiscal year ended March 31, 2021, was ¥5,253 million (up 1.0% year-on-year).

Financial Policy

The J-Oil Mills Group will pursue sustained enhancement of corporate value by strengthening its ability to create cash flows through operating activities while optimally balancing capital efficiency and financial soundness in consideration of ratings. Accordingly, we will ensure the level of on-hand liquidity necessary to maintain our business activities while committing to stable and appropriate allocation of profits from a long-term perspective, including stable shareholder returns and growth investments to strengthen the robustness of our company and actively develop our businesses. Under our Fifth Medium-Term Business Plan, which lasted until FY2020, we steadily achieved results in our management indicators by using weighted average capital costs (WACC) and other measures to increase asset efficiency and improve ROA, etc., and by maintaining ROE of 5.0% or more and a consolidated dividend payout ratio of 30% or more.

Assets

Current assets as of the end of the consolidated fiscal year under review increased by ¥8,777 million year-on-year to ¥82,686 million. The major increases were ¥2,003 million in notes and accounts receivable – trade, and ¥7,179 million in inventories. The major decrease was ¥580 million in cash and deposits. Non-current assets increased by ¥198 million year-on-year to ¥73,778 million. The major increases were ¥1,001 million in investment securities and ¥441 million in retirement benefit asset. The major decrease was ¥1,320 million in property, plant and equipment. As a result of the above, total assets were ¥156,509 million (up ¥8,968 million year-on-year).

Liabilities

Current liabilities as of the end of the consolidated fiscal year under review increased by ¥4,399 million year-on-year to ¥34,605 million. The major increase was ¥6,183 million in notes and accounts payable – trade. The major decreases were ¥447 million in income taxes payable and ¥1,493 million in current liabilities – other. Non-current liabilities decreased by ¥222 million to ¥27,428 million. The major increase was ¥963 million in deferred tax liabilities. The major decreases were ¥650 million in long-term borrowings, ¥197 million in provision for share-based remuneration for directors and other officers, and ¥143 million in long-term leasehold and guarantee deposits received. As a result, liabilities were ¥62,033 million (up ¥4,176 million year-on-year).

Net assets

Net assets as of the end of the consolidated fiscal year under review increased by ¥4,792 million year-on-year to ¥94,475 million. The major increases were ¥3,586 million in retained earnings and ¥625 million in valuation difference on available-for-sale securities.

Consolidated Balance Sheets

Total assets for FY2018		Total assets for FY2019		Total assets for FY2020	
147,688		147,541		156,509	
(Unit: Million yen)		(Unit: Million yen)		(Unit: Million yen)	
Current assets	Liabilities	Current assets	Liabilities	Current assets	Liabilities
70,883	60,779	73,908	57,857	82,686	62,033
Non-current assets	Net assets	Non-current assets	Net assets	Non-current assets	Net assets
Other		Other		Other	
76,804	86,908	73,632	89,683	73,823	94,475

Shareholders’ equity ratio and ROA

	FY2016	FY2017	FY2018	FY2019	FY2020
Total assets (Million yen)	164,925	153,642	147,688	147,541	156,509
Shareholders’ equity ratio	50.6%	54.7%	58.8%	60.6%	60.1%
ROA	2.0%	2.6%	3.2%	3.5%	3.5%

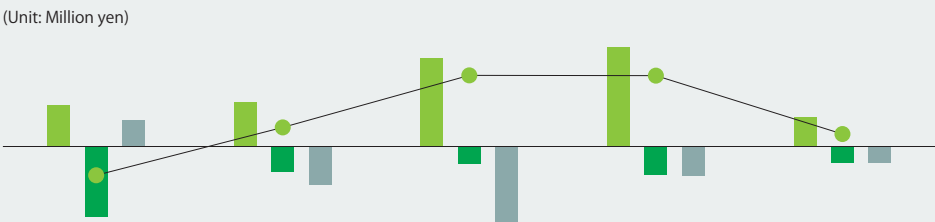
Overview of Cash Flows

Cash and cash equivalents in the consolidated fiscal year under review decreased by ¥617 million year-on-year to ¥7,778 million.

Net cash provided by operating activities decreased by ¥10,377 million year-on-year to ¥4,270 million. This was mainly due to an increase in inventories and an increase in trade receivables resulting from the rise in raw material costs.

Net cash used in investing activities for the fiscal year under review increased by ¥1,796 million year-on-year to ¥24,438 million. This was mainly due to a decrease in purchase of property, plant and equipment. Net cash used in financing activities for the fiscal year under review increased by ¥1,919 million year-on-year to ¥2,476 million. This was mainly due to a decrease in repayments of borrowings.

Cash flows



	FY2016	FY2017	FY2018	FY2019	FY2020
Operating C/F	6,066	6,572	13,075	14,647	4,270
Investment C/F	(10,294)	(3,766)	(2,623)	(4,235)	(2,438)
Financing C/F	3,830	(5,600)	(11,066)	(4,396)	(2,476)
Free C/F	(4,227)	2,806	10,452	10,412	1,832

Cash flow-related indicators

	FY2016	FY2017	FY2018	FY2019	FY2020
Shareholders' equity ratio on a market value basis (%)	42.4	38.9	45.9	51.0	42.0
Ratio of cash flow to interest-bearing debt (years)	6.4	5.4	2.0	1.6	5.2
Interest coverage ratio (times)	46.6	50.4	127.5	172.7	36.3

Asset Reduction

Under our Fifth Medium-Term Business Plan, which lasted until FY2020, we decided to restructure our mixed feed business, transfer our Sakaide business, merge our manufacturing subsidiaries and sales subsidiaries,

and transfer our chemical business, and worked on consolidating and reducing stock keeping units in order to ensure sustainable growth.

Cross-shareholdings

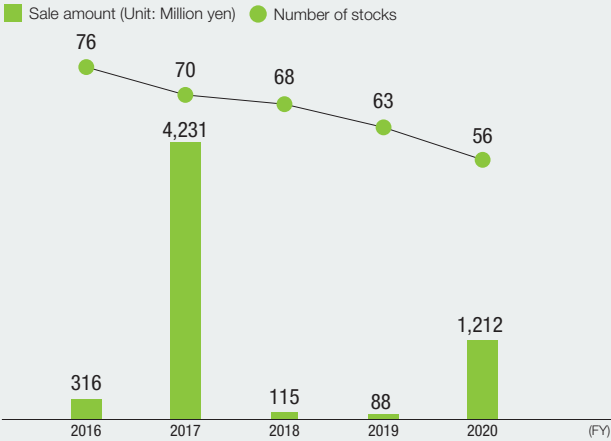
We will hold the minimum amount of shares that are deemed to contribute to the enhancement of our corporate value. In determining whether or not to hold such shares, the significance of holding such shares is individually confirmed from multiple perspectives, including the economic rationality of holding such shares (whether the benefits and risks associated

with holding such shares are commensurate with the costs of holding such shares) and the probability of improving profitability (the benefits of continuing to hold such shares and the prospects for future transactions). For those shares that are deemed to have significance, the Board of Directors reviews them on a regular basis, and for those shares for

which the appropriateness of holding cannot be confirmed, we will proceed with the sale after obtaining the full understanding of the business partner. In addition, even if the significance of holding shares is recognized, we may sell them in accordance with the basic policy of reducing cross-shareholdings, taking into consideration the market environment, management and financial strategies, and other factors.

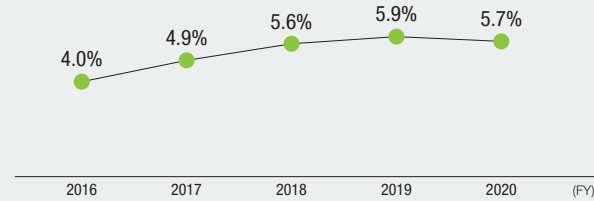
In FY2020, the Company sold nine of its cross-shareholdings (amount of sale: 1,212 million yen, of which four were financial institutions), and of these, seven were sold in their entirety. Also, the Company Group has positioned the “improvement of asset efficiency” as an important issue in its Sixth Medium-Term Business Plan, and has a policy to reduce cross-shareholdings by half and allocate them to investments for growth by FY2024.

Available-for-sale securities



ROE Analysis

ROE



Net profit margin

Increasing profitability

- Although net sales decreased, we secured profits through improved product mix and cost improvement.
- We promoted efficient management by selecting and concentrating resources.

Total asset turnover

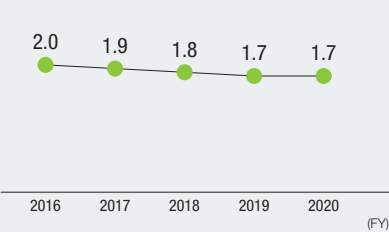
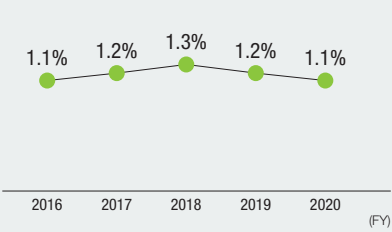
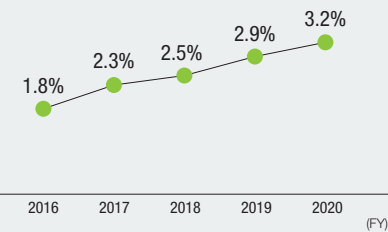
Improving efficiency

- Although we sold assets, including investment securities, and tried to maintain an appropriate inventory level, assets increased in FY2020 due to higher raw material costs and higher stock prices.

Financial leverage

Utilizing financial leverage

- We utilized financial leverage while ensuring financial soundness.
- Although we prepared for forward-looking growth investments, the Fifth Medium-Term Business Plan did not go beyond M&As in Malaysia.





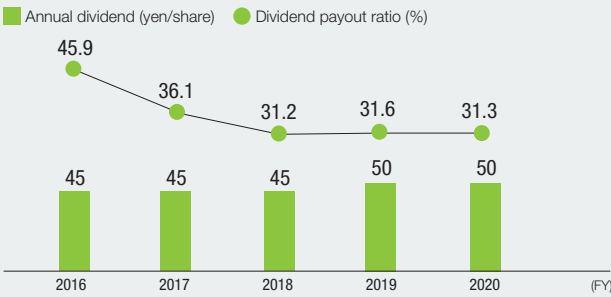
Shareholder Returns

Dividends from surplus in the consolidated fiscal year under review were ¥100.0 per share (including an interim dividend of ¥50.0). On April 1, 2021, the Company conducted a stock split at a ratio of two shares per one common share, so the dividend considering the stock split was ¥50.0 per share (including an interim dividend of ¥25.0).

In regard to the uses of internal reserves, the Company shall utilize these funds effectively for investment to contribute to enhancing corporate value, as we aim to strengthen our profit structure and business foundations.

Sixth Medium-Term Business Plan

The Company implements an appropriate capital policy based on an understanding of the cost of capital in order to enhance corporate value. In addition, we will allocate operating cash flow and external financing in a well-balanced manner to growth investment including M&A, capital investment, and shareholder returns. In addition to setting a target for ROE as one of the key management indicators, we will aim to improve ROIC through profit growth, build an optimal capital structure that is appropriate for the Company Group's business structure, and achieve a structure that stably outperforms the cost of capital. In addition, we aim to achieve a higher ROE (8.0% in FY2024) and ROIC level (5.5% in FY2024). With regard to dividends, in the Sixth Medium-Term Business Plan, which concludes

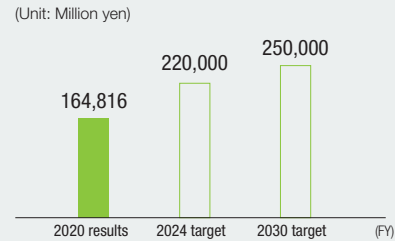


\*Since a stock split was conducted at a ratio of two shares per one common share on April 1, 2021, the annual dividends were calculated as if the stock split had taken place in FY2016.

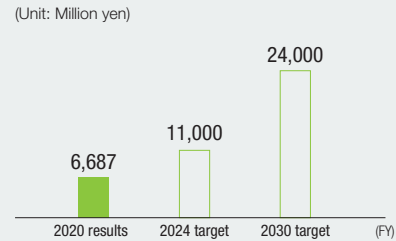
in FY2024, we will allocate cash flow generated through earnings expansion to investment for growth, and raise the consolidated dividend payout ratio from 30% to 40% by FY2024, in order to strengthen stable and continuous returns to shareholders.

Management indicators	FY2020 Results	FY2024 Target	FY2030 Target
Consolidated net sales (Million yen)	164,816	220,000	250,000
Consolidated operating profit (Million yen)	6,687	11,000	24,000
Operating profit to net sales	4.1%	5.0%	9.0%
ROE (Return on Equity)	5.7%	8.0%	12.0%
ROIC (Return on Invested Capital)	4.1%	5.5%	8.0%

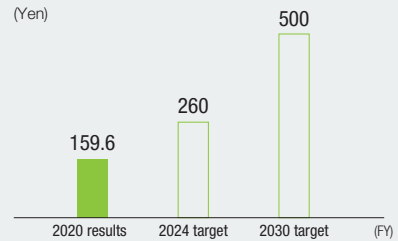
Net sales



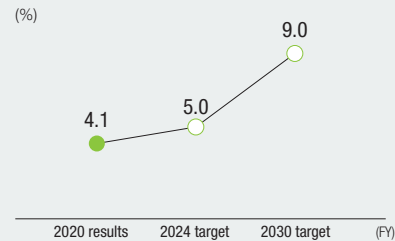
Operating profit



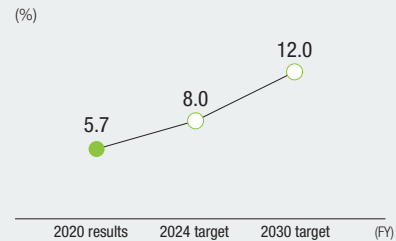
EPS



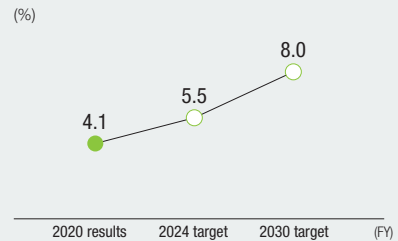
Operating margin



ROE



ROIC



Consolidated Financial Statements

Consolidated Financial Statements

(Million yen)

Consolidated Balance Sheets

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	8,429	7,848
Notes and accounts receivable - trade	33,954	35,958
Merchandise and finished goods	12,959	12,610
Raw materials and supplies	15,800	23,328
Other	2,765	2,938
Allowance for doubtful accounts	(1)	-
Total current assets	73,908	82,686
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,232	13,567
Machinery, equipment and vehicles, net	19,971	18,942
Land	19,250	19,202
Leased assets, net	1,704	1,623
Construction in progress	787	1,228
Other, net	746	809
Total property, plant and equipment	56,692	55,372
Intangible assets	1,467	1,556
Investments and other assets		
Investment securities	14,145	15,146
Retirement benefit asset	485	927
Deferred tax assets	195	177
Other	715	720
Allowance for doubtful accounts	(122)	(122)
Total investments and other assets	15,419	16,849
Total non-current assets	73,579	73,778
Deferred assets		
Bond issuance cost	52	45
Total deferred assets	52	45
Total assets	147,541	156,509

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,441	18,625
Current portion of long-term borrowings	600	650
Income taxes payable	2,420	1,972
Accrued consumption taxes	368	299
Provision for bonuses	1,248	1,234
Provision for bonuses for directors and other officers	71	63
Provision for share-based remuneration for directors and other officers	-	198
Other	13,054	11,561
Total current liabilities	30,205	34,605
Non-current liabilities		
Bonds payable	12,000	12,000
Long-term borrowings	6,340	5,690
Lease obligations	1,497	1,409
Deferred tax liabilities	986	1,949
Provision for retirement benefits for directors and other officers	17	-
Provision for share-based remuneration for directors and other officers	197	-
Provision for environmental measures	79	72
Retirement benefit liability	3,574	3,552
Long-term leasehold and guarantee deposits received	2,297	2,153
Other	660	601
Total non-current liabilities	27,651	27,428
Total liabilities	57,857	62,033
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	31,633	31,633
Retained earnings	45,335	48,921
Treasury shares	(1,085)	(1,088)
Total shareholders' equity	85,882	89,467
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,787	4,413
Deferred gains or losses on hedges	93	192
Foreign currency translation adjustment	31	94
Remeasurements of defined benefit plans	(454)	(62)
Total accumulated other comprehensive income	3,458	4,638
Non-controlling interests	342	370
Total net assets	89,683	94,475
Total liabilities and net assets	147,541	156,509

# Consolidated Statements of Income and Comprehensive Income

(Million yen)		
	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Net sales	178,196	164,816
Cost of sales	141,762	130,828
Gross profit	36,433	33,988
Selling, general and administrative expenses	29,772	27,300
Operating profit	6,661	6,687
Non-operating income		
Interest income	0	0
Dividend income	506	556
Share of profit of entities accounted for using equity method	210	221
Rental income	164	173
Miscellaneous income	107	130
Total non-operating income	989	1,083
Non-operating expenses		
Interest expenses	84	117
Commission expenses	95	80
Depreciation	109	118
Miscellaneous expenses	59	78
Total non-operating expenses	348	395
Ordinary profit	7,302	7,374
Extraordinary gain		
Gain on sales of non-current assets	1,325	46
Gain on sales of investment securities	30	1,001
Proceeds from insurance income	652	94
Compensation income for damage	-	221
Subsidy income	74	12
Total extraordinary gain	2,084	1,376
Extraordinary losses		
Loss on retirement of non-current assets	349	396
Impairment loss	1,318	19
Loss on valuation of investment securities	46	0
Provision for environmental measures	2	-
Loss on cancellation of leases	0	19
A recall related loss	143	-
Loss on disaster	-	129
Total extraordinary losses	1,861	565
Profit before income taxes	7,524	8,186
Income taxes - current	2,849	2,477
Income taxes - deferred	(535)	458
Total income taxes	2,313	2,935
Profit	5,210	5,250
Profit(loss) attributable to non-controlling interests	6	(3)
Profit attributable to owners of parent	5,203	5,253

(Million yen)		
	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Profit	5,210	5,250
Other comprehensive income		
Valuation difference on available-for-sale securities	(996)	625
Deferred gains or losses on hedges	73	99
Foreign currency translation adjustment	(32)	42
Remeasurements of defined benefit plans, net of tax	(154)	391
Share of other comprehensive income of entities accounted for using equity method	(20)	40
Total other comprehensive income	(1,130)	1,199
Comprehensive income	4,080	6,450
Comprehensive income attributable to owners of parent	4,088	6,433
Comprehensive income attributable to noncontrolling interests	(7)	16

# Consolidated Statements of Cash Flows

(Million yen)		
	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	7,524	8,186
Depreciation	5,084	4,944
Impairment loss	1,318	19
Amortization of goodwill	2	8
Increase (decrease) in allowance for doubtful accounts	(5)	(1)
Increase (decrease) in retirement benefit liability	22	136
Decrease (increase) in retirement benefit asset	141	(36)
Increase (decrease) in provision for retirement benefits for directors and other officers	-	(17)
Increase (decrease) in provision for share-based remuneration for directors and other officers	65	1
Increase (decrease) in provision for bonuses	236	(14)
Increase (decrease) in provision for bonuses for directors and other officers	37	(8)
Increase (decrease) in provision for environmental measures	1	(7)
Interest income and dividend income	(506)	(557)
Interest expenses	84	117
Share of loss (profit) of entities accounted for using equity method	(210)	(221)
Loss (gain) on sales of non-current assets	(1,325)	(46)
Loss (gain) on sales of investment securities	(30)	(1,001)
Loss (gain) on valuation of investment securities	46	0
Proceeds from insurance income	(652)	(94)
Compensation income for damage	-	(221)
Subsidy income	(74)	(12)
Loss on retirement of non-current assets	349	396
Bond issuance cost	7	7
A recall related loss	143	-
Loss on disaster	-	129
Decrease (increase) in trade receivables	3,007	(2,000)
Decrease (increase) in inventories	62	(7,302)
Increase (decrease) in trade payables	(239)	6,179
Increase (decrease) in accounts payable - other, and accrued expenses	385	(1,858)
Increase (decrease) in accrued consumption taxes	(1,155)	18
Other, net	307	(316)
Subtotal	14,628	6,427
Interest and dividends received	534	583
Proceeds from insurance income	652	94
Compensation for damage received	-	221
Subsidies received	88	26
Interest paid	(84)	(117)
Payments for recall related loss	(143)	(0)
Payments associated with disaster loss	(120)	(62)
Income taxes (paid) refund	(907)	(2,902)
Net cash provided by (used in) operating activities	14,647	4,270
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,450)	(3,175)
Proceeds from sales of property, plant and equipment	1,882	93
Payments for retirement of property, plant and equipment	(370)	(225)
Purchase of intangible assets	(470)	(269)
Purchase of investment securities	(1,022)	(18)
Proceeds from sales of investment securities	140	1,193
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	69	-
Purchase of membership	-	(1)
Decrease (increase) in short-term loans receivable	4	0
Long-term loan advances	(2)	(3)
Collection of long-term loans receivable	2	2
Decrease (increase) in time deposits	(17)	(32)
Net cash provided by (used in) investing activities	(4,235)	(2,438)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,600)	-
Proceeds from long-term loans payable	200	-
Repayments of long-term borrowings	(200)	(600)
Repayments of lease obligations	(207)	(207)
Net decrease (increase) in treasury shares	(3)	(1)
Dividends paid	(1,584)	(1,667)
Net cash provided by (used in) financing activities	(4,396)	(2,476)
Effect of exchange rate change on cash and cash equivalents	(28)	26
Net increase (decrease) in cash and cash equivalents	5,988	(617)
Cash and cash equivalents at beginning of period	2,407	8,396
Cash and cash equivalents at end of period	8,396	7,778



Company Information (As of March 31, 2021)

Company Overview

Name	J-OIL MILLS, Inc.	Business
Head office	St. Luke's Tower, 8-1 Akashi-cho, Chuo-ku, Tokyo, 104-0044, Japan TEL: +81-3-5148-7100 (Front desk)	1. Production, processing, and sales of oils and fats and oilseed meals 2. Production, processing, and sales of starch 3. Production, processing, and sales of various foods 4. Production, processing, and sales of feedstuff and fertilizer 5. Sales of food-production machinery 6. Warehousing 7. Real estate leasing
Established	July 1, 2004	
Common stock	10 billion yen	
Listed stock exchange	Tokyo Stock Exchange, First Section	
Securities code number	2613	

Network ● Head Offices, Branch Offices, and Sales Offices ● Factories and Plants ● Research and Development Centers

Head Offices, Branch Offices, and Sales Offices

- Head Office/Tokyo Office
- Osaka Office
- Nagoya Office
- Hokkaido Branch
- Tohoku Branch
- Kanto Shinetsu Branch
- Hokuriku Branch
- Chushikoku Branch
- Kyushu Branch
- Niigata Sales Office
- Nagano Sales Office
- Shizuoka Sales Office
- Shikoku Sales Office

Factories and Plants

- Chiba Factory
- Yokohama Factory
- Shizuoka Plant
- Asaba Factory
- Kobe Factory
- Kurashiki Factory
- Wakamatsu Factory

Research and Development Centers / Application Organizations

- Tokyo, Yokohama, Shizuoka, Kobe

Overseas

- J-OIL MILLS (THAILAND) Co., Ltd. (Thailand)
- PREMIUM FATS SDN BHD (Malaysia)



Stock Data (As of March 31, 2021)

\* The shares were split into two on April 1, 2021, as the effective date.

Number of authorized shares	54,000,000
Number of issued shares	16,754,223
Number of shareholders	21,910

Major shareholders

Name	Number of shares held (Thousand shares)
Ajinomoto Co., Inc.	4,526
Mitsui & Co., Ltd.	2,087
The Master Trust Bank of Japan, Ltd. (Trust account)	640
Custody Bank of Japan, Ltd. (Trust account)	523
Tokio Marine & Nichido Fire Insurance Co., Ltd.	414
Customers Fund for J-Oil Mills Shares	343
Mizuho Bank, Ltd.	271
The Norinchukin Bank	270
DFA INTL SMALL CAP VALUE PORTFOLIO	234
Mitsui Sumitomo Insurance Company, Limited	200

Third-Party Opinion

The third-party opinion writer believes it is important to exchange opinions during the report production process in order to understand the thought that went into the report. President Hachiuma and many other people attended a meeting to exchange opinions, and I felt their sincerity regarding information disclosure.

Today's world is called the era of VUCA (volatility, uncertainty, complexity, and ambiguity), and the pandemic has only made that condition more pronounced. At these times, the question is how to redefine where one stands and transform in order to attain sustainability. This report tackles these questions head-on. It reported the establishment of a new corporate philosophy, "Joy for Life®: Bringing Joy to the Future by Food," and the sixth medium-term business plan, "Transforming for Growth," as well as the identification of new material issues synchronized with these. In the reporting, discussions were arranged with the participation of outside directors and experts, and the process of establishing the new philosophy and the sixth medium-term business plan and their significance were introduced from an objective perspective, which leads to a deep understanding on the part of readers. That has made it a report that conveys a strong will for transformation.

The new corporate philosophy was established through a very careful process by "all staff members of the J-Oil Mills Group team concerning the form that our company should take," and "the Board of Directors met several times to refine how we're presenting this message." Also, I noted the purpose, which the Board had "spent the most time discussing." It is something that will create empathy and trust among millennials and Gen Z, who are the mainstream regarding consumption, and gives a sense that the Company will guide its purpose branding to success. On the other hand, the purpose is expected to act as centripetal force for the organization and increase employee loyalty. However, as Outside Director Hiroko Koide said with the statement, "our first step is to go beyond just sharing it with employees and convince them that their own work is a part of it," it is necessary to go beyond recognition to real understanding and practice. Progress has been confirmed with a pulse survey, but there are also surveys based on employee engagement; please disclose the results every year. In order to improve the effectiveness of the report, the enhancement of the disclosure of ESG information (deepening and expanding information items) is inevitable.

For example, in 2021, the Company set CO<sub>2</sub> emissions to be reduced by 50% by 2030, but it is essential to disclose



Tamio Yamaguchi  
NPO  
Workers Club for Eco-harmonic Renewable Society  
Director

precise annual targets and their means of achievement in order to accomplish the end goal. As symbolized by the TCFD, the initiatives related to environmental information are often directly linked to a company's sustainability, so logical disclosure is required.

Social information also needs to be advanced. For example, although this report has individual initiatives, there is no pillar of human rights. Since the United Nations formulated the Guiding Principles on Business and Human Rights in 2011, waves of emphasis on human rights have been sweeping across Japan. Last year, the government compiled an action plan on business and human rights and made three requests to companies: commitment, human rights due diligence, and remedy. In light of this situation, I believe that the Company should establish a pillar of human rights and explain its efforts in detail.

Much ESG information has the potential to shift from non-financial information into not-yet-financial information (information that might have a financial impact in the future), and I believe that it is unavoidable for your company, which advocates ESG management, to increase the sophistication of ESG information. The same can be said from the fact that you signed the United Nations Global Compact. However, incorporating everything into the current report is contrary to the simplicity of the Guiding Principles (IIRC Framework), so please consider annual reporting on the Web.

Workers Club for Eco-harmonic Renewable Society:

A citizens' organization that was formed to consider, from a global perspective, the best direction for a society that exists in harmony with the natural ecosystems that we must pass on to the next generation, and to conduct research on, provide support for, and assist in the practice of the efforts of citizens, businesses, and administrations to create a recycling-oriented society. Its Sustainability Workshop studies and makes proposals on the ideal form for corporate reports.



Website (in Japanese only)  
<http://junkanken.com/>