J-OIL MILLS

J-OIL MILLS REPORT 2020

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"Mastering the Art of Oil, Creating Happiness 2020"

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2021.2

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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 fiscal 2020 edition has been devised with an awareness of the deep connection between business strategy and the strengthening of management foundations (the advancement of ESG management). The President's Message and the Trajectory of the Fifth Medium-Term Business Plan provide an explanation of the status of progress of our Fifth Medium-Term Business Plan, which commenced in fiscal 2017. The purpose of the special articles is to convey information on our R&D, which is the source of our value creation, our overseas business, which is a field of focus, and our contribution to the SDGs through our products.
In addition, seeking to further advance our activities in these areas and increase the sophistication of our disclosure of information, we have again invited opinions from Mr. Tamio Yamaguchi, one of the Directors of the NPO Junkan Workers Club, and we have reproduced his valuable comments 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 fiscal 2019 (April 1, 2019–March 31, 2020). 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 (Chiba Factory, Yokohama Factory, Shizuoka Plant, Asaba Factory, Kobe Factory, Kurashiki Factory, and Wakamatsu Factory) until fiscal 2018, and all of J-Oil Mills' sites and a Group company (J-CHEMICAL, Inc.) from fiscal 2019.

Date of Publication

February 2021

Guidelines Consulted

- Ministry of the Environment, Environmental Reporting Guidelines (2018 Edition)
- Global Reporting Initiative, GRI Sustainability Reporting Standards
- Japanese Standards Association, ISO 26000: 2010 Guidance on Social Responsibility
- International Integrated Reporting Council (IIRC), the International <IR> Framework
- Ministry of Economy, Trade and Industry, Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue 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/ir/
- **Sustainability Information** https://www.j-oil.com/sustainability/

About Future-Oriented Predictions, Projections, and Plans

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

Corporate Philosophy

In October 2017, the J-Oil Mills Group newly formulated a Corporate Philosophy.
With our corporate Value as our foundation, we will realize our Mission, to be a master of oil, designing tastes that move hearts; we set "Joy for Life To make life tasty and fun" as the Vision towards which we will aim in the future, and we expressed all of this in the form of a drop of oil.
In formulating our Corporate Philosophy, all the members of the J-Oil Mills Group team discussed their respective thoughts concerning the form that our company should take, and the Philosophy was created on this basis.

Our Vision

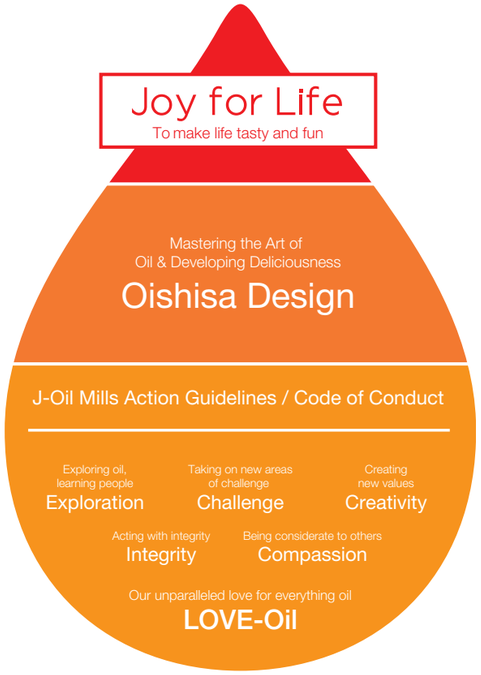
To always strive and evolve for our ideal future.

Our Mission

To create new values by using our unique strengths to fulfill our mission in society.

Our Values

To integrate our unparalleled love for oil and our inherited knowledge to cultivate original values.



Oil is a nutrient that is essential to human life.
We fry, bake, and stir fry using it, and sometimes we sprinkle it just as it is on our food.
At home and in restaurants, in prepared lunchboxes, and in snacks from the deli section,
it is something that we use every day.
The delicious flavor of oil is something special.
Sweet, sour, salty, bitter, umami, and pungent tastes–no matter what the taste, it becomes deeper when paired with oil.
And it is not only taste–oil can be enjoyed with all of the five senses, for its appearance, sound, aroma, and texture.
This is the charm of oil.
Oil contains boundless possibilities.
An ingredient in foods, but also used in medicines, fuels, and cosmetics,
we are confident that oil will continue to bring great happiness into the future.
"Joy for Life"–This is a phrase that we arrived at after sketching out our vision of the future that we should strive towards.
Loving oil more than anyone else, mastering oil to the greatest extent possible,
designing tastes that move the hearts of our customers,
we will seek to increase flavor and happiness in the lives of as many people as we can.
It is realizing this future in itself that is "Joy for Life" for J-Oil Mills.

President and CEO's Message

In a rapidly changing operating environment, we at J-Oil Mills seek to strengthen our management foundations and create value for growth in order to remain a company that is necessary to our customers, society, and stakeholders with/after COVID-19.



Introduction

We wish to express our sorrow over those lost to COVID-19, and our deepest condolences to the families who have lost loved ones. We also extend our sympathies to those currently suffering and those who have been otherwise impacted by the spread of the virus.

We also wish to express our profound gratitude to all of the health institutions and healthcare workers who have stepped up in the face of this crisis.

Our mission as an infrastructure company that supports the food industry

■ With the spread of COVID-19, we have recognized once again our mission and responsibility as a company to support food industry

Under the global spread of COVID-19, one of the most infectious diseases we have ever experienced, we are adjusting to a new normal, a change in behavior and values. This means our ordinary life has changed into out-of-the-ordinary. In such an environment, the style of providing food is changing, but the underlying fact is that food is an important element of life and an indispensable part of people's lives. As a manufacturer that supports food, we have recognized again that it is our unchanging mission and social responsibility to deliver safe, secure, and high-quality products in a stable way.

The food market is no exception to the significant changes caused by the effects of COVID-19. The household-use market fluctuates on a monthly basis, but has been on an expanding trend since the spread of COVID-19. On the other hand, the demand for professional-use market such as restaurants and gift confectioneries industry supported by inbound tourism, has been in a difficult situation and fallen.

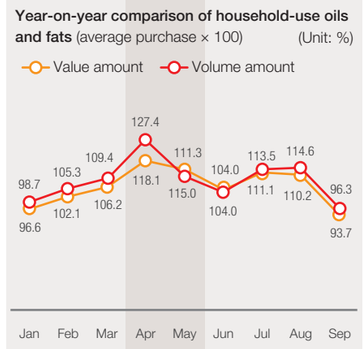
We offer household-use and professional-use products in three businesses: oils and fats, oil and fat processed products, and foodstuffs and fine material. Even under these circumstances, we will always respond to our customers' needs and their various issues related to food and cooking by combining goods — our products — and actions, including the provision of a variety of information.

Impact of COVID-19 on financial results

Market environment

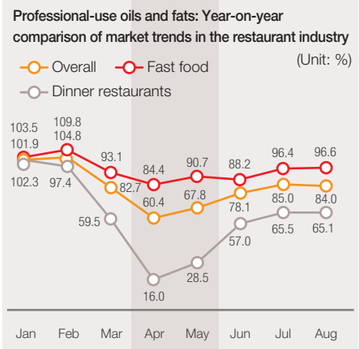
- Household-use oils and fats: Growth due to an increase in demand for eating at home stabilized after peaking in April-May
- Professional-use oils and fats: The situation in the restaurant market continues to be severe due to requests for people to stay at home and for restaurants to close or close earlier than usual at night

Year-on-year comparison of household-use oils and fats (average purchase × 100) (Unit: %)



Reference data: "SCI" from INTAGE Co., Ltd.

Professional-use oils and fats: Year-on-year comparison of market trends in the restaurant industry (Unit: %)



Reference data: Japan Food Service Association

■ For our customers

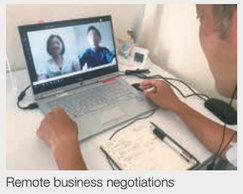
We have been supported by customers in the restaurant industry for many years, since before our business integration. COVID-19 pandemic has had a significant impact on the food service industry. In order to recover from this situation as soon as possible, we will strive to make a solid contribution to our customers in the restaurant industry. While eating in restaurants is decreasing and take-out and delivery are increasing, we are making proposals based on our unique technology for long-lasting deliciousness. For general customers, on the other hand, we have been working on stable supply throughout the value chain, including production, logistics, sales, and customer/consumer response desks. In some cases, our supply could not keep up with the rapid increase in demand and caused inconvenience to our customers. However, we have been thinking together with the customers in the restaurant, home-meal-replacement and eat-at-home industries, about how we can meet their expectation responding to changing environment.

President and CEO's Message

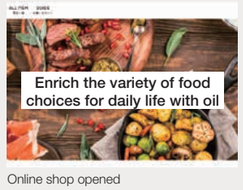
For central kitchen customers, such as those supplying retail stores and ready-prepared food chains, we have adopted new sales and marketing methods such as remote business proposal and distribution of videos of cooking scenes with our recipes in our kitchen. Even as movement is restricted, we are striving to benefit our customers with our product and proposal capabilities.

Response to COVID-19 for our customers

- Continuing the essential work of manufacturing and supplying products under COVID-19
- Stable supply (production, logistics, sales, customer/consumer services)



Remote business negotiations



Online shop opened

- Use of DX in the value chain



Initiatives at the "Taste Design Studio" including our kitchen
Proposals via ZOOM and video distribution



Considering the use of *AI-OCR upon written order by customers
*AI-OCR: A method to utilize AI technology for OCR (Optical Character Recognition) to read and convert handwritten documents into digital data

■ For employees

In workplaces such as production and logistics, which are the functions that provide stable supply, we strive to ensure safety and security in commuting and daily life. In workplaces where remote work is possible, we have established an IT environment and significantly reduced the percentage of people coming into the office. Conducting remote work has made apparent various issues that we were not aware of in the time before COVID-19. At first, some people voiced puzzlement, but we are taking care of our employees by strengthening internal communication, such as listening to the opinions of employees and encouraging employees who are in the office, so that they can overcome changes in the work environment.

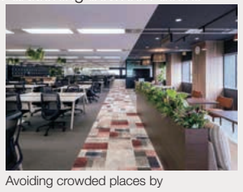
On the other hand, some people have said that their work-life balance has improved due to longer meal times with their families and shorter commute times. From the concept of time management, we will promote changes in work style, and communication behavior and awareness based on the remote environment, which is likely to continue in the future, including conducting evaluations that focus more on results.

Responses to COVID-19 for employees



Mosaic art of photos posted for the "Let's give a shout out to employees who come to work" project conducted on in-house SNS (created by an employee)

- Ensuring safety and security at production sites
- Ensuring safety during commuting (staggered working hours)
- Promotion of remote work (to 80% at home)
- Enhancing the IT environment and equipment, and developing a support environment
- Partitioning between desks



Avoiding crowded places by having no assigned desks



Article about our office
Nikkei Architecture, July 23, 2020 edition, p.38-39
*Photo included with permission from Nikkei BP

Results for Fiscal 2019

■ Profits increased for the third consecutive year, and current net profit reached a record high

In fiscal 2019, our oils and fats business performed well under favorable raw material prices, and sales of high-value-added products such as olive oil and Cho Cho Toku Toku, expanded. While raw material prices declined, we maintained the prices of our oil and fat products, improving profitability. As for our processed oil and fat products, household-use margarine as well as powdered oils and fats performed well, but the profitability of professional-use margarine declined due to soaring raw material prices and a drop in inbound tourism demand during the COVID-19 pandemic. In our foodstuffs and fine material business, the effect of price revision for starches and progress in their adoption as quality and texture improvers drove an increase in profits.

Current net profit reached a record high following that of fiscal 2018 with an increase in operating income, as well as gains on the transfer of the Sakaide Logistics Center's business assets. Due to the strong business performance, we increased the dividend by 10 yen to 100 yen in fiscal 2019.

Fiscal 2020 under our Fifth Medium-Term Business Plan

■ Taking a hard look at the situation with and after COVID-19, with fiscal 2020 as the final year of our Fifth Medium-Term Business Plan, we will work to strengthen our growth strategies, structural reforms, and management foundations

Fiscal 2020 is the final year of our Fifth Medium-Term Business Plan. While we did not reach our net sales goal for the mid-term plan, profitability and capital efficiency improved steadily up to fiscal 2019. Achieving the operating income targets under our Fifth Medium-Term Business Plan will be difficult due to the impact of COVID-19, but we plan to increase profits for the fourth consecutive year on a current net profit basis. The external environment, especially in the restaurant market, is in a difficult situation, but we will work to transform our cost structure by expanding sales of household-use products and significantly reducing the number of SKUs (stock keeping units).

In our second quarter financial results, we generally achieved all the first-half profit targets announced at the beginning of the fiscal year, and we will continue to work toward achieving our full-year plan. Our oil and fat processed products business continue to operate in the red under a severe environment due to the effects of COVID-19 on the professional-use market and soaring raw material prices. We are working to build a foundation for growth for the next fiscal year and beyond, with the goal of achieving profitability by switching to more cost-competitive raw materials and strengthening our household-use business. In both the oils and fats business and the oil and fat processed products business, we will strive to increase sales of household-use products. In our foodstuffs and fine material business, we will focus on expanding sales of high-value-added starches such as NEOTRUST®. In addition, we will strengthen cooperation with Premium Fats Sdn Bhd (PF) and Premium Vegetable Oils Sdn Bhd (PVO) in Malaysia, with which we entered into capital alliances in fiscal 2019, in order to consolidate a foothold for business expansion in Asia. Further, in terms of structural reforms, we will continue to work to improve asset efficiency in all value chains.

* For details and trajectories of the Fifth Medium-Term Business Plan, please refer to P 9-10

Q2 2020 Market Environment (YoY)

Oils and fats business	Household-use		Up nearly 5%
	Professional-use	For restaurants	▲10~20%
		For processed foods	Down about 10%
Oil and fat processed products business	Household-use		Up about 5%
	Professional-use		Down about 10%
Foodstuffs and fine material business	Starch		▲2%~5%
	Chemicals		▲10%
	MAMENORISAN® edible soybean sheets		Recovering slowly
Raw material exchange rates	Raw materials		Rapeseed market price improving
	Foreign exchange		Appreciation of the yen against the dollar

Our situation

- Household-use products performed well in both the oils and fats and the oil and fat processed products businesses in the first quarter, and sales of some products were suspended because supply could not keep up with the demand
- Sales of professional-use products decreased for oils and fats for restaurants, and for oil and fat processed products for gift confectioneries, including for inbound tourism
- In foodstuffs and fine material, sales of MAMENORISAN® edible soybean sheets, which are sold mainly to North America, declined significantly, and although sales are on a recovery trend, the situation continues to be severe

President and CEO's Message

Advancing ESG Management together with Stakeholders

■ Strengthening the functions of the Board of Directors

In fiscal 2019, we strengthened the functions of the Board of Directors by inviting three independent outside directors, including one outside female director. Five outside directors including the three independent outside directors are veterans with different strengths such as global management and operation, investment, and marketing, and discussions in the Board of Directors have become livelier than ever. At times, these directors make harsh comments about business execution, leading me to attend to the Board of Directors with an even greater sense of tension. I intend to steer company management while taking seriously the opinions of outside directors as representatives of stakeholders, including minority shareholders.

■ Revision of internal advisory committee structure and initiatives to address materiality

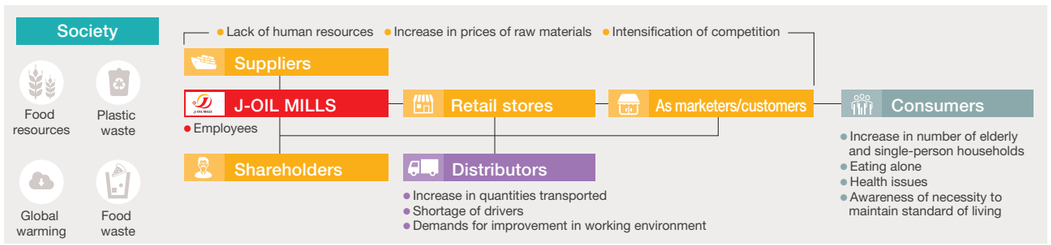
In fiscal 2019, we identified a set of materiality and started working to set goals and KPIs. In fiscal 2020, we revised our internal advisory committee structure and established a Management Risk Committee to strengthen compliance and respond to enterprise risks, and a Sustainability Committee to implement sustainable activities, including a response to the environment in consideration of climate change and human rights. Through these measures, we will continue to advance ESG management more firmly in the future. As examples of initiatives, we have formulated a palm oil procurement policy and a human rights policy, accompanied by due diligence on human rights.

■ Human resources initiatives

The development of human resources is essential for the development of the company. It is one of the areas we have focused on since I took office as president, and we have expanded investment in human resource development. We have increased training opportunities both inside and outside the company for all employees to not only enhance their expertise, but also to help them acquire skills more broadly in line with their individual career development plans. In addition to supporting young employees in their careers according to their functions and professional abilities, we are conducting the Future Creation Program (FCP), a training program to develop senior managers, which is now in its fifth year. The FCP is a wide-ranging program in which participants acquire business basics such as finance and marketing, identify management issues, and give presentations. In fiscal 2020, we also conducted a training in which participants analyzed the challenges of the SDGs and proposed growth opportunities for our company until 2030. As a result of these programs, I feel that employees' perspective has broadened and their behavior has changed, such as by looking at things in a more multi-faceted fashion.

We are also focusing on diversity and have begun to develop a system that allows women to play an active role. The Cassiopeia W Project, proposed and launched by female employees, now includes the participation of male employees. It has elevated its goal from women's participation to diversity and inclusion and has developed into a place to discuss childcare, nursing care, and work. We are also working actively to promote female employees. Although the percentage of female managers is still low, it is rising steadily, and we aim to improve it further during our next medium-term plan period. We intend to reflect women's opinions in management to help us develop products and strengthen our management foundations. In addition, we are energizing the organization by incorporating diverse values and perspectives through the active hiring of external human resources.

J-Oil Mills and stakeholders

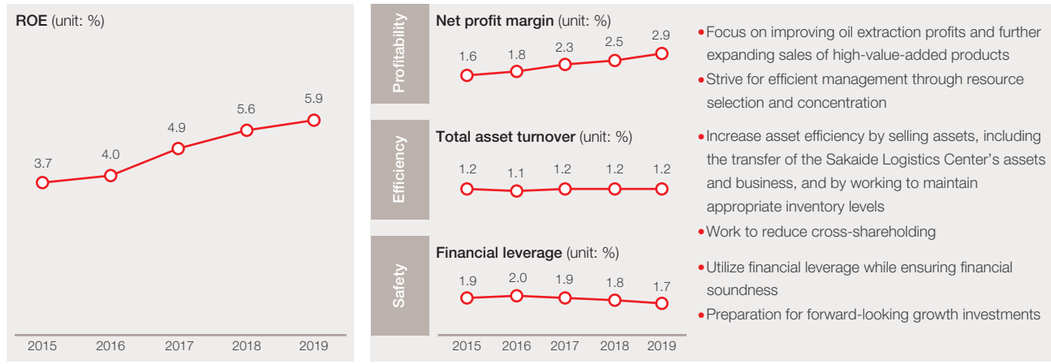




ROE Improvements

ROE is still at a low level, but it has been steadily rising due to continuous profit growth and improved asset efficiency. As a result, it has improved to 5.9% at the moment. We will continue to pursue improvement in the future, aiming for a higher level.

Seeking to improve ROE, we will pursue sustainable growth based on the expansion of profitability



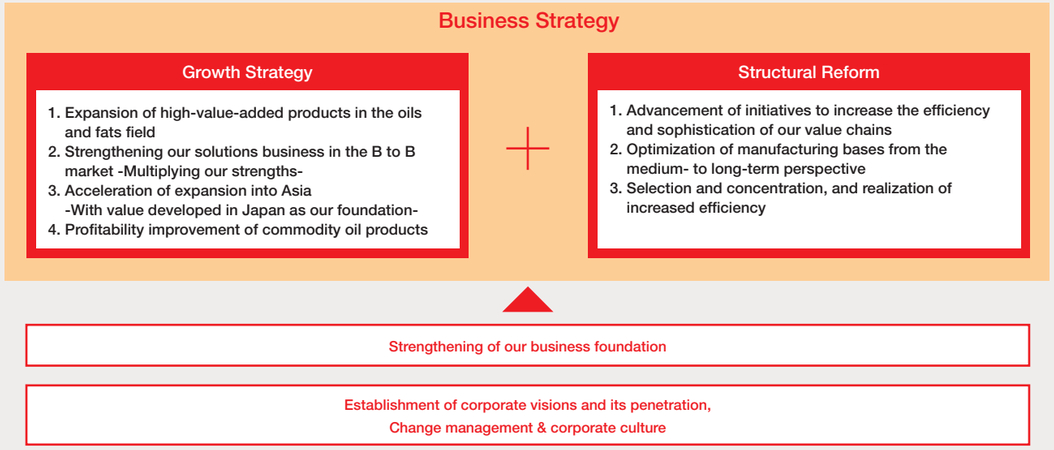
Pursuing Growth through 2030

There are only six months left under our Fifth Medium-Term Business Plan. Unfortunately, net sales and operating income have not reached the targets set when the plan was formulated, due in part to the impact of COVID-19, but we recognize that through each measure, we are steadily strengthening our foundations for growth through 2030. We are factoring social changes stemming from life with and after COVID-19 into our Sixth Medium-Term Business Plan, which is under development, and will use growth investment to alter course, strengthening our business outside of oils and fats, and also accelerate overseas expansion in order to realize stable growth over the long term. In addition, we will further strengthen our revenue base by strongly advancing the structural reforms we began under our Fifth Medium-Term Business Plan.

J-Oil Mills would like to contribute to stakeholders, consumers, mass marketers and buyers, retail stores, suppliers, shareholders, distributors, and society, including the environment, along with our employees—and to face and help solve various social issues. Transcending fields, we will listen to the needs of our customers and society and work to create the unique value that we can offer. In so doing, we hope to achieve sustainable growth and reward our stakeholders while responding to social issues.

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.



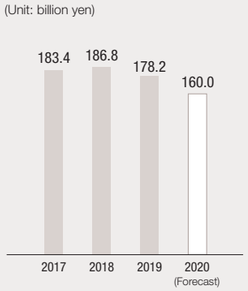
Numerical management targets and performance

Fiscal 2020 is the final year of our Fifth Medium-Term Business Plan. Although we haven’t reached the net sales target set out in our Fifth Medium-Term Business Plan on a fiscal 2020 forecast basis, we steadily improved profitability up to fiscal 2019. Also, although it is unfortunately difficult to achieve our operating profit target due to the effects of COVID-19, we plan to increase profits for the fourth consecutive year on a net income basis. In terms of ROE, we have achieved our target of 5.0% or more in fiscal 2018, and we will continue working to improve capital efficiency even more.

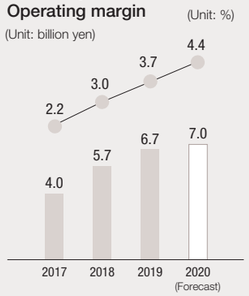
Consolidated	2017	2018	2019	2020 (forecast)	2020 target
Net sales	183,400 million yen	186,800 million yen	178,200 million yen	160,000 million yen	215,000 million yen or more
Operating profit	4,000 million yen	5,700 million yen	6,700 million yen	7,000 million yen	8,000 million yen or more
Operating margin	2.2%	3.0%	3.7%	4.4%	3.5% or more
Net profit*	4,100 million yen	4,700 million yen	5,200 million yen	5,400 million yen	-
ROE	4.9%	5.6%	5.9%	5.9%	5.0% or more

*Net profit attributable to owners of parent

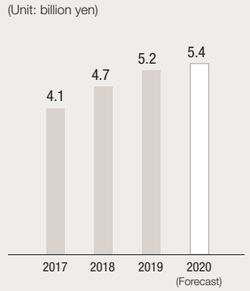
Net sales



Operating profit / Operating margin



Net profit



ROE



Progress in growth strategy

	Results up to FY2019	Key measures for FY2020
1. Expansion of high-value-added products in the oils and fats business	• Expanded olive oil • Market expansion of “Cho Cho Toku Toku” and “J-OILPRO”	• Sales expansion of olive oil, Karaage no hi no abura (special oil for fried chicken), Cho Cho Toku Toku, J-OILPRO®, premium oils, and powdered oil
2. Strengthening the Solutions Business	• Enhancement of proposal capabilities by launching the Solution Division	• Growth achievement focusing on solutions business with high-value-added starch products (NEOTRUST etc.) • Enhancement of solutions proposals to control deterioration over time in response to the market expansion of home meal replacement, take-out, and delivery
3. Accelerating business development in Asia	• Enhancement of business in Thailand • Investing in PF and PVO, oil and fat processed product manufacturers in Malaysia	• Creating synergies in the oil and fat processed products business by collaborating with PF and PVO
4. Profitability improvement of commodity oil products	• Development of optimal profitability structure that reflects market trends • Implementation of price-oriented selling strategy • Balancing of raw material mixture between soybeans and canola based on market fluctuations	• Continuation of price-oriented sales strategy • Optimization of sales volume and prices

Progress in business structural reforms

	Results up to FY2019	Key measures for FY2020
1. Advancement of initiatives to increase the efficiency and sophistication of our value chains	• Joint procurement of packaging materials with Ajinomoto. • Declaration of voluntary action to support White logistics movement promotion proposed by the MLIT • Construction and operation of a new logistics system	• Efficiency improvement upstream (production and logistics) and downstream (product inventory reduction and SKU reduction) in the value chain
2. Optimization of manufacturing bases from the medium- to long-term perspective	• Closing the Sumiyoshi Factory and launching the Kurashiki Factory • Improvement of the plant utilization rate • Business alliance with The Nisshin OilliO Group	• Study optimization of production sites from a medium- to long-term perspective • Business tie up with The Nisshin OilliO Group (consignment of oil extraction process, co-shipping of raw materials, BCP, swapping of raw oil and meal)
3. Selection and concentration, and realization of increased efficiency	• Restructuring the mixed feed business in Shizuoka Plant and selling assets of Sakaide Logistics Center’s business • Withdrawal of the health food business and liquidation of Ruchi J-Oil Private Limited in India • Integration of our manufacturing subsidiaries (J-PACK) • Integration of our sales subsidiaries (J-NIKKA PARTNERS)	• Streamlining strategically held stocks and assets

Strengthening our business foundations

	Results up to FY2019	Key measures for FY2020 and future issues
1. Quality assurance	• Expansion of quality assurance system • Promotion of systematization • Acquisition of ISO 9001 certification (production and corporate divisions)	• Minimizing and reducing risks • Increasing customer satisfaction
2. Corporate governance	• Increased number of outside directors • Utilization of corporate governance code • Established Management Risk Committee and Sustainability Committee	• Increasing effectiveness of the Board of Directors • Strengthening internal control system and promoting group management
3. Organizational structure	• Introduction of business division system (clarifying roles and responsibilities)	• Promoting delegation of authority and strengthening business responsibilities
4. Increasing transparency for managerial reporting	• Strengthening internal management system	• Restructuring internal management systems, including systematization
5. Increasing corporate value	• Improving asset efficiency (selection and concentration) and strengthening internal management system	• Implementing capital policy to improve ROE
6. IR, SR	• Expansion of the system to promote information disclosure and fair disclosure	• Promoting dialogues with stakeholders, improving liquidity, and expanding diversifying share ownership
7. Human resources	• Revision of personal system, expansion of human resources development programs, promotion of work style reforms and diversity	• Fostering internal awareness of work styles and diversity, and developing human resources to support growth strategies and reform

The J-Oil Mills Value Creation Story

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.

J-Oil Mills is established in 2004 from the merger of Honen Corporation, Ajinomoto Oil Mills Co., Inc., and Yoshihara Oil Mill, Ltd., three companies with a history of more than 100 years among them.



Ajinomoto Oil Mills Co., Inc.
- Research on the flavor of oils and fats
- High level of brand recognition in the household-use market



Honen Corporation
- Efforts to make full use of raw materials Starch, chemicals, trace constituents, and soy flour businesses
- Solid sales base in the professional-use market

Merger



Yoshihara Oil Mill, Ltd.
- Handling a variety of oil types
- Solution to customer issues through the measurement of oil oxidation

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.
1917 Honen Corporation
The Shimizu Plant (now Shizuoka Plant) is constructed.
1917 Nikka Oil Mills Co., Ltd., is established.
1923 Honen Corporation
Refined soybean oil, manufactured using caustic soda, is launched as Shirashime Oil. In later years, the product's trademark would be changed to Honen Oil, which continues to be loved and established in the commercial market to this day.
1937 Yoshihara Oil Mill
Golden Salad Oil, a cottonseed oil, is launched.
1950 Ajinomoto Oil Mills
Tempura Oil for household use is launched in 800g and 1400g cans. Arriving at the dawn of the supermarket era, the product rapidly gains a following among consumers.
1964 Honen Corporation
Honen Lever Co., Ltd., is established.
As bread consumption grew in Japan, margarine products came into widespread household use.
1974 Ajinomoto Oil Mills
Marim®, a creaming powder, is launched.
1982 Honen Corporation
The High-linoleic-acid Salad Oil Series for consumer use is launched.
1995 Ajinomoto Oil Mills
Ajinomoto brand olive oil is launched.
2002
Honen Corporation and Ajinomoto Oil Mills Co., Inc., merge to form a holding company, Honen-Ajinomoto Oil Mills, Inc.
2003
Yoshihara Oil Mill, Ltd., joins the merger.
The name of the holding company is changed to J-Oil Mills, Inc.

Medium-term business plans so far

Each company's performance before the integration sometimes fell into an operating loss when the cost of raw materials soared, but after the consolidation of the three companies, we reduced the range of volatility and established a stable profit structure by maintaining appropriate product prices, and improving cost management and efficiency.
By making the most of our assets and further refining them, we will provide even higher value, aiming for long-term growth.

1 First Mid-Term Plan 2004-2006

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.

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

2 Second Mid-Term Plan 2007-2010

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.

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

3 Third Mid-Term Plan 2011-2013

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.

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.

4 Fourth Mid-Term Plan 2014-2016

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.

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



5 Fifth Mid-Term Plan 2017-2020

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.

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
New initiatives are implemented in Malaysia targeting the confectionery and bakery markets.
2020
A business alliance is established with The Nisshin OilliO Group, Ltd., in the oil extraction business.

Products and technology

2006
"AJINOMOTO Sarasara Canola Oil" 1000g is launched.

2007
Cho Cho Toku Toku, professional-use oil, is launched. The product becomes a perennial sales leader as an economical oil that contributes to cost reduction.

2012
Launch of NEOTRUST, a new material with high water absorption and the ability to retain moisture and oil.

2016
Launch of AJINOMOTO Olive Oil Extra Virgin FRUTIA PREMIUM, an olive oil focused on freshness.

2018
Cho Cho Toku Toku is updated for the first time in 10 years, further improving its ability to control deterioration.



The Future of J-Oil Mills

Fiscal 2020 is the final year of the four-year Fifth Medium-Term Business Plan, "Mastering the Art of Oil, Creating Happiness 2020." With the global spread of COVID-19, the business environment surrounding J-Oil Mills is changing rapidly and significantly.
Moreover, it is difficult to predict when the effects of COVID-19 will come to a resolution. In such an environment, as a company that handles food, which is essential for people's lives, we strive to ensure the safety and security of our employees, provide stable supply, and develop products that meet the needs of consumers. In addition, we will verify our hypothetical growth projections looking 10 or 20 years ahead at the same time, advance business structural reforms that can achieve sustainable growth, and achieve improvement in our corporate value.

The J-Oil Mills Value Creation Story

The J-Oil Mills Value Creation Model

Up to the present, J-Oil Mills has contributed to the resolution of food-related social issues through diverse products and services.
Going forward, we will work toward solutions using our technological expertise, ability to propose solutions, and front-line capabilities.

External Environment

The Environment Surrounding J-Oil Mills

Social Issues

The resolution of the global issues represented by the SDGs is an urgent issue for the corporate world. For our company in particular, dependent as we are on natural resources, it is essential to prioritize issues such as climate change (global warming, etc.) and water resource risks to the greatest extent possible. Efforts are also necessary in relation to a range of other issues, including the shrinking of the domestic market and a lack of labor power due to population decline, the problem of plastic waste, and human rights.

Customer Demands

Throughout our history, we have been of assistance to our customers by providing diverse products, technologies, and services. Today, a shortage of labor power is becoming increasingly apparent as a serious problem in Japan. Using the tangible and intangible resources that we have cultivated, we are able to take a multifaceted approach to the resolution of this issue. In addition, it will be essential for us to take the demands of the consumers who represent our customers' customers into consideration. Thus, we work to respond to them together with our customers.

Business Environment

With regard to the business environment surrounding our company, there are prospects for the expansion of the added-value oil market with an increase in the value of oils and fats, and also for the development of new businesses against the background of social issues. On the other hand, there are concerns over the shrinkage of the Japanese market due to population decline. In response to these changes in the environment, we must make efforts to further advance the strengthening of our management foundations from a medium- to long-term perspective, and increase the robustness of our company.

Corporate Philosophy

Materialities

P15-16
J-Oil Mills' Materialities



Strengthening our management foundations

Business Strategy

Growth Strategy:
A Growth Strategy that Makes Full Use of Our Strengths

- Expansion of sales of high value-added products in each of our business areas
- Strengthening our solutions business in the B to B market ~Multiplication of our strengths~
- Acceleration of expansion into Asia: ~With value developed in Japan as our foundation~

P23-24 Special Feature 2
J-Oil Mills' Overseas Expansion

- Enhancement of profitability of general-purpose oil and fat products

Structural Reform

- Advancement of initiatives to increase the efficiency and sophistication of our value chain
- Optimization of manufacturing bases from a medium- to long-term perspective
- Selection and concentration, and the realization of increased efficiency

P9-10
Trajectory of the Fifth Medium-Term Business Plan

Delivered value

Outputs/outcomes

Economic value
Consolidated net sales
Consolidated operating profit
ROE

Realization of flavor by adding value to oil
Expansion of the value of oil

Value for the environment
Value for society
Value for health

P19-22 Special Feature 1
Contribution to the SDGs through J-Oil Mills' Business

Joy for Life
To make life tasty and fun
Realization of our Corporate Philosophy
Increase in capital

Increased corporate value

Responsibilities/ roles as a food manufacturer

Business model

R&D → Procurement → Production/ distribution → Marketing → Sales

P17-18
J-Oil Mills' R&D

P35-36
J-Oil Mills' Businesses and ESG Management

The J-Oil Mills Value Creation Story

J-Oil Mills' Materiality

With social issues becoming increasingly complex, we are seeking to realize increased sophistication in our ESG management. To this end, in 2019 we identified materiality (priority issues) that our company must tackle as a priority in order to realize our Corporate Philosophy "Joy for Life®" and help achieve the SDGs.

Activities related to materiality to date

2018

Started discussions on materiality

With the cooperation of external organizations, each department in the company discussed and analyzed the issues over the course of a year and we narrowed down priority issues to work on.

Identification process

STEP 1

Identification of social issues that must be examined

We evaluated the relationship between social issues identified using global frameworks, such as ISO 26000, the GRI Guidelines, and the SDGs, and our business, including our Corporate Philosophy, various norms and standards, and our business plan. As a result, we identified 60 issues that our company should examine.

STEP 2

Determination of priority

We examined these issues on the axes of "Importance for stakeholders (society)" and "Degree of influence on our company," initially narrowing the field down to 19 important issues. Taking into consideration our business plans, some of these issues were consolidated and reexamined, until we had finally specified 16 issues.

STEP 3

Validation of appropriateness

Our management team discussed the validity of the 16 identified issues and organized them based on their consistency with our corporate philosophy and business plan. In addition, to evaluate the appropriateness of the issues from the perspective of our stakeholders, we conducted dialogues (sessions for the exchange of opinions) inviting outside experts, our top management, staff members, and younger employees.

STEP 4

Identification of materiality

Referring to the opinions of our stakeholders, we partially revised the 16 proposed issues and combined them on the "Joy for Life®" MAP, an internal action guideline that was formulated at the same time as our Corporate Philosophy. As a result, we have rearranged the 16 issues into three areas as well as four additional areas for strengthening the management base.

2019

Started integration of identified materiality with our business plan

We resolved the materiality at a Board Meeting held in May 2019 and started integration with our business plan at a business plan review meeting in February 2020 in which executive officers participated.

Identified materiality



16 materiality identified

- Food security and safety
- Pursuit of customer satisfaction
- Creation of flavor and health
- Supply and development of products that contribute to the resolution of social issues
- Sustainable resource use
- Mitigation of and adaptation to climate change
- Strengthening of supply chain management
- Enhancement of communication with stakeholders
- Contribution to and cooperation with local communities
- Reform of corporate culture
- Promotion of reform in work styles
- Diversity and inclusion
- Development of human resources
- Promotion of health management
- Strengthening of corporate governance
- Strengthening of risk management and promotion of compliance

2020

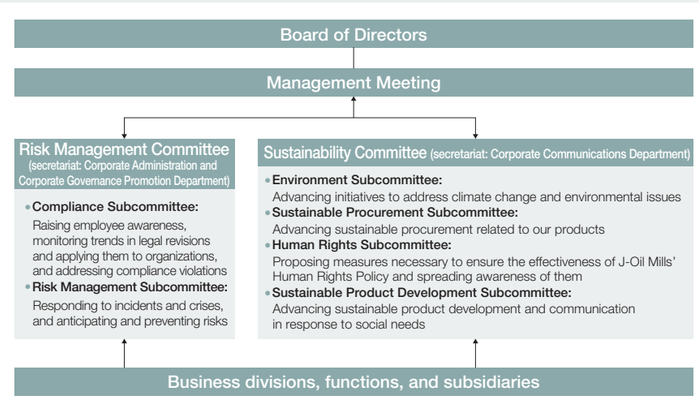
Integrated materiality in each of the four domains into our business plan; decided who will be responsible for each issue and started setting targets.

We integrated the materiality into our business plan and the activities of each department, and decided who will be responsible for each issue.
We also started setting targets for activities associated with each materiality, and are discussing initiatives for targets, activity status, and issues.

Establishing a promotion system

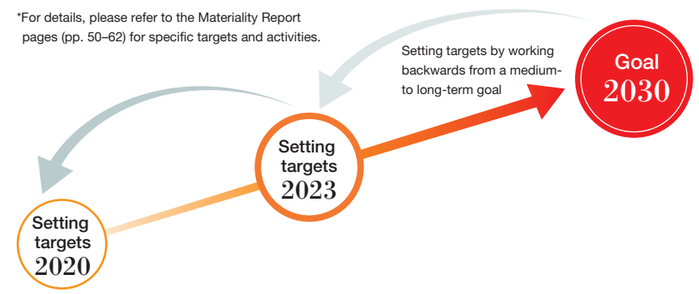
We have established a Sustainability Committee and a Risk Management Committee as the foundation for J-Oil Mills' company-wide corporate structure on sustainability and management risks. We established these committees to advance cross-sectional discussions on ESG management-related measures, and they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

ESG Management Promotion System



Setting targets for activities associated with materiality

*For details, please refer to the Materiality Report pages (pp. 50–62) for specific targets and activities.



J-Oil Mills' R&D

Pursuing further evolution in Oishisa Design

Providing solutions by multiplying our strengths, starting from customer needs

J-Oil Mills' R&D

The starting point for J-Oil Mills' research and development is "the tastiness that our customers want." And J-Oil Mills' strength—our ability to Oishisa Design—lies in providing solutions by thinking about how to combine our materials and technologies to meet our customers' various needs.

Oishisa Design

J-Oil Mills' R&D

Product development

Aiming to improve the value provided to our customers through high-quality products and services, we continuously develop products without being satisfied with the status quo.

Application development

~The starting point of problem solving~

We create new value by connecting the power of materials and products to customers' challenges.

Containers and packaging

We focus on the keywords "environmentally friendly" and "usability/user-friendliness" when developing containers and packaging.



"Oishisa Design Studio", a test kitchen where we connect applications and customers

Technology development (basic technology, security, safety)

In order to create new value with tastiness and health, we will investigate materials such as oils and starches, and dig deeper into the possibilities of each material.
As a food manufacturer, we also have high technical capabilities to meet the safety and security concerns of our customers.
We are also working on the development of new materials to solve the problems faced by our customers and society.

Providing value through products and services → Customers → Initiatives to further improve value by listening to the voice of the customer

The diverse value provided by J-Oil Mills

"The tastiness that should be" varies depending on the customer. For example, the tastes desired in fried foods are not all the same; some want juiciness and some want crispiness. We have the "translation ability" to unravel these various needs and link them to R&D. The translated contents will be changed to specific solutions through our "material capabilities" and "technical capabilities" in our R&D. Based on our material capabilities, such as oils, powdered oils, solid oils and starches, we aim to be a one-stop solution provider that can meet diverse needs, using different applications and focusing on the three major components of tastiness: taste, aroma/flavor, and texture.

Maximizing the potential value of plants is also a driving force behind our research and development. We continue to evolve to expand these possibilities and provide new solutions to resolve diversifying social and environmental issues. This is our research and development and our value creation.



For details on the above, please refer to Special Feature 1: Contribution to the SDGs through J-Oil Mills' Business on pp. 19–22.



SPECIAL CONTENTS 1

Contribution to the SDGs through J-Oil Mills' Business

Case 1 | Long-lasting Oishisa (deliciousness)

Helping to solve social issues with long-lasting effectiveness

Issues/needs

- Conservation of natural resources
- CO_2 reduction
- Eliminating labor shortages and improving the working environment

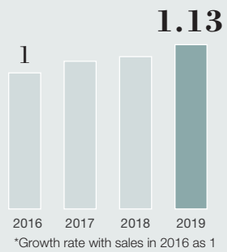
Strengths and value provided

Cho Cho Toku Toku

Oil used for frying must be replaced every few days since its color and flavor deteriorate and oxidation progresses as it is used. We have scientifically investigated how oil oxidizes and developed technology to reduce the deterioration of frying oil caused by heating.

Our proprietary technology, called the TEE UP® manufacturing method, has been patented. The value of Cho Cho Toku Toku, which is made using the TEE UP® method, is recognized by customers as an oil that can be used longer than usual, making it one of our leading products.





*Growth rate with sales in 2016 as 1

Trend in Sales of Cho Cho Toku Toku
Cho Cho Toku Toku is highly regarded by a diverse range of customers, including restaurants and home meal replacement and processed food manufacturers, and has realized stable growth.

Environmental value The long-lasting effectiveness is expected to lead to the conservation of natural resources by reducing the use of raw materials (grains); the reduction of activities throughout the supply chain from raw material procurement to transportation, storage, production processes, and product shipments; and the resultant reduction of CO_2 emissions.

Social value Replacing professional-use frying oil is time-consuming, and replacing the oil amidst strong smells is hard work and creates a mental burden. We also contribute to the improvement of the working environment by reducing the number of times oil is replaced at restaurants and professional kitchens with the oil's long-lasting effectiveness.

Case 2 | Flavor solutions

Using flavor technology to pursue authentic taste

Issues/needs

- Improved flavor and richness resembling animal oil and fat
- Barrier-free food

Strengths and value provided

The cooking flavor series for professional-use, J-OILPRO®, can reproduce the richness of animal oils and fats even though the oils are plant-derived. We broke down the elements of flavors related to grilling, scorching, and smoking in order to reproduce the aromas and flavors (the five tastes of sweetness, saltiness, sourness, bitterness, and umami) of meat using plant protein, as well as the complex flavors produced at the time of cooking. A building block method reconstructs these tastes three-dimensionally, allowing us to create the flavor of freshly cooked meat out of vegetable oil.



J-OILPRO Series – Seasoning Oils for Professionals – (19 varieties)

The frying oil Bimi Toku Toku is used as an alternative to animal oils and fats. Starting with the question, "Why are butcher shop croquettes so good?" we observed that cooking with heat enhances the richness of the arachidonic acid contained in animal oils and fats. This observation was used to create the product using a processing technology that replaced the heat cooking with industrial production. If heated too much, arachidonic acid breaks down and its rich taste lessens. It is important to age it to the point where it is just right, and this manufacturing method has become one of our core technologies.



Bimi Toku Toku Series (2 varieties)

With margarine, we developed "Rama – The Margarine for Butter Lovers," which has a buttery flavor and richness that had not been realized with conventional margarine. We were particular about creating a butter-like flavor, using our new Tasty MTE Production Method, which creates a balanced composition of milk ingredients and flavors.



Rama – The Margarine for Butter Lovers

We believe that if these technologies increase the potential of vegetable oils and fats, they can enable the enjoyment of flavors like butter and cheese from plants, contributing to healthier diets and more food options.





The J-Oil Mills Value Creation Story

SPECIAL CONTENTS 1

Contribution to the SDGs through J-Oil Mills' Business

Case 3 | Texture solutions

Contributing to food loss reduction by improving texture

Issues/needs

- Reduction of food loss
- Conservation of food resources

Strengths and value provided

Texture is an important element of tastiness. With its "translation ability," J-Oil Mills cracks the code for the textures that customers want, such as chewy, crispy, and juicy, to create various kinds of tastiness. Our unique ingredient NEOTRUST has the ability to retain both moisture and oil. By combining moisture and oil in different ways, it enables the creation of various textures without compromising the taste of the original ingredients. Since it can reproduce the fleshy texture of ingredients in sauces and soups, and maintain the crispy texture of fried foods, it is expected to be useful not only for tastiness but also for reducing food loss and preserving food resources.

Creating a plump and juicy texture

Since our starch product NEOTRUST is highly water absorbent and can retain moisture and oil, it can be used to create a variety of textures such as soft, plump, and chewy without becoming pasty and without damaging the ingredients.



NEOTRUST series

High water absorbency

Shows high absorbency in cold water
Significantly reduces production costs by increasing the water content of dough

Does not become pasty or sticky

Does not compromise workability, as it does not become lumpy when water is absorbed

Soft and plump texture

Leaves the finished result soft and plump without compromising the original texture of kneaded products



Case 4 | Health and nutrition

Contributing to the good health of all

Issues/needs

- Responding to health consciousness
- Responding to an aging society
- Expectations for beauty

Strengths and value provided

We conduct research and development to contribute to society in terms of health and nutrition through our materials and technologies.

Vitamin K2

We have commercialized oils, fats, and powders containing vitamin K2 extracted from Bacillus natto as an important ingredient that is indispensable for maintaining bone health. We have succeeded in using a special deodorization method to make vitamin K2 oils, fats, and powders that do not affect taste or smell. Against the backdrop of health-consciousness and an aging population, the needs of active seniors in particular are expected to increase.

Resistant starch

Resistant starch (indigestible starch), which activates good bacteria in the gut, is a material drawing attention. Resistant starch is not absorbed by the small intestine and reaches the depths of the large intestine, causing good bacteria to proliferate in the gut, producing short-chain fatty acids that enhance immune strength. It could also suppress sudden spikes in blood lipids and blood sugar levels, and it is expected to have a preventive effect against lifestyle-related diseases.

Skin health

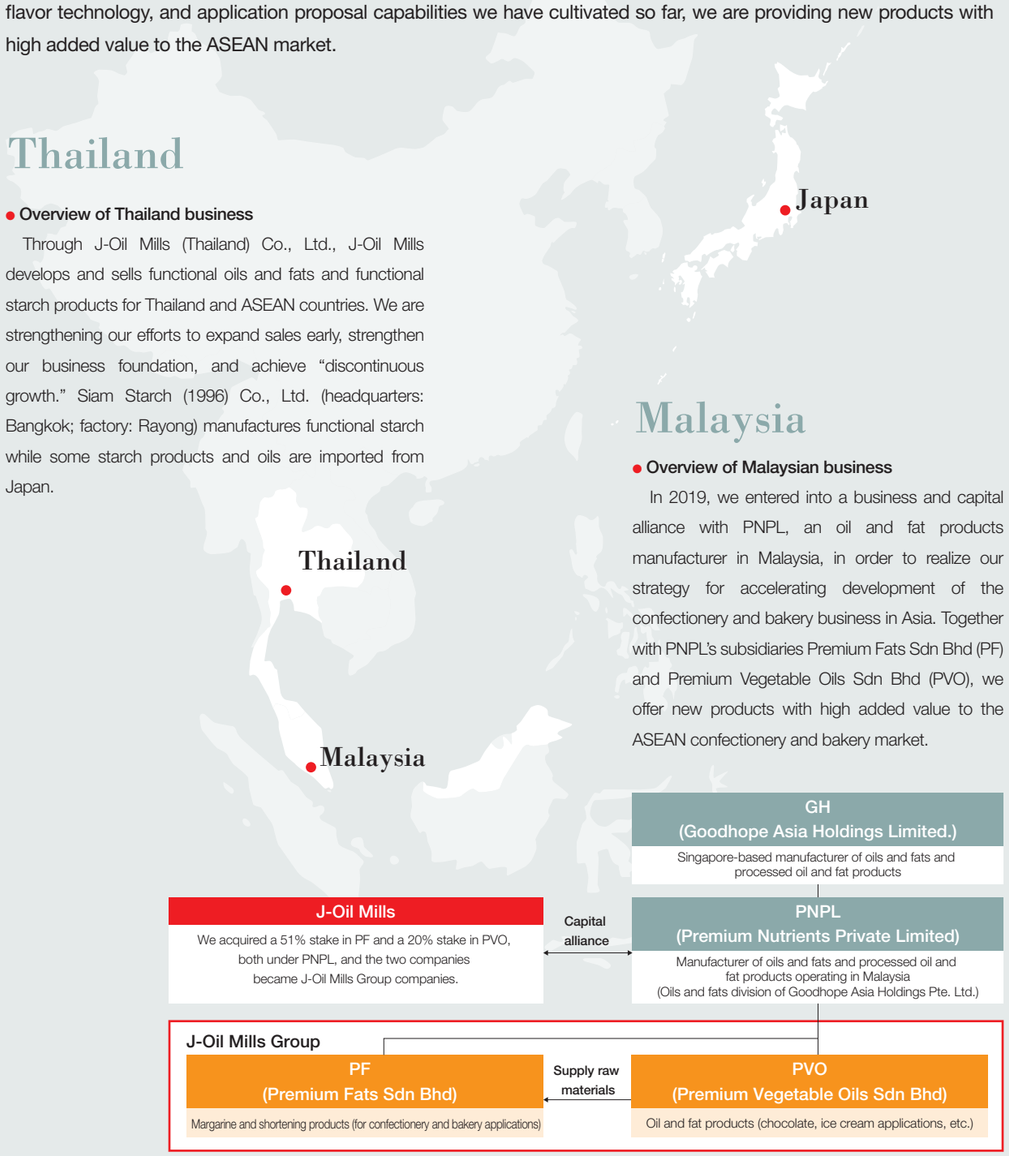
We provide tocopherol, a natural antioxidant, for cosmetic ingredients. In addition, high-oleic sunflower oil, which boasts the highest level of oleic acid content among vegetable oils, is well received as a base oil for cosmetics because of its high oxidation stability, light color and faint scent. We are not only researching vitamin K2 regarding the maintenance of bone health, but also its health function in the skin.

SPECIAL CONTENTS ❷

J-Oil Mills' Overseas Expansion

Journey of overseas expansion

Based on our value cultivated in Japan, we have set the acceleration of business development in Asia as a growth strategy for our Fifth Medium-Term Business Plan. With ASEAN as our focus market, we established J-Oil Mills (Thailand) Co., Ltd. in Thailand in 2014, and in 2019 we entered into a business and capital alliance with Premium Nutrients Pte. Ltd. (PNPL), a manufacturer of processed oil and fat products in Malaysia. Based on the oil and fat processing technology, flavor technology, and application proposal capabilities we have cultivated so far, we are providing new products with high added value to the ASEAN market.



Thailand

● Overview of Thailand business

Through J-Oil Mills (Thailand) Co., Ltd., J-Oil Mills develops and sells functional oils and fats and functional starch products for Thailand and ASEAN countries. We are strengthening our efforts to expand sales early, strengthen our business foundation, and achieve "discontinuous growth." Siam Starch (1996) Co., Ltd. (headquarters: Bangkok; factory: Rayong) manufactures functional starch while some starch products and oils are imported from Japan.

Malaysia

● Overview of Malaysian business

In 2019, we entered into a business and capital alliance with PNPL, an oil and fat products manufacturer in Malaysia, in order to realize our strategy for accelerating development of the confectionery and bakery business in Asia. Together with PNPL's subsidiaries Premium Fats Sdn Bhd (PF) and Premium Vegetable Oils Sdn Bhd (PVO), we offer new products with high added value to the ASEAN confectionery and bakery market.



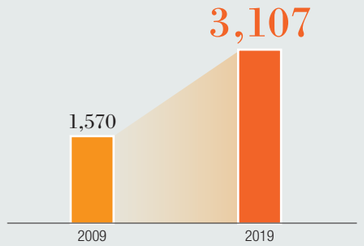
ASEAN market trends

ASEAN's rapid economic growth has had a significant impact not only on the level of overall demand for food, agricultural, forestry and fisheries products, but also on food safety and quality, as well as the level of interest in food ingredients. This has led to increased demand for higher quality foods, and more hygienic and more functional foods.

Especially in Bangkok, Thailand, there are many wealthy and middle-class residents. There are a wide variety of restaurants, and the city is known to have high needs for eating out and home meal replacements.

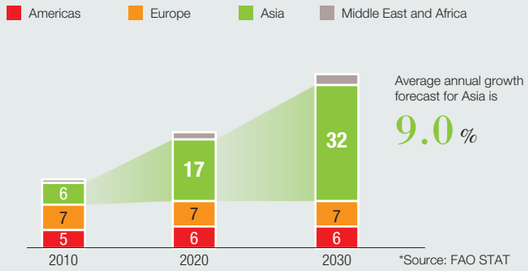
We established a local subsidiary in 2014 and have contributed to the needs of the meat and frozen foods markets with a focus on starch products. Currently, expansion in ASEAN is expected in the confectionery and bakery markets, which used a lot of processing oils and fats. In the future, we hope to meet the needs of the ASEAN confectionery and bakery markets by combining starch products with processed oil and fat products.

ASEAN nominal GDP (US$1 billion)



ASEAN is one of the most rapidly growing regions in the world, with nominal GDP more than doubling in the past decade, and further economic growth is expected.

Global middle class consumer forecast (unit: hundred million people)



According to a global forecast, middle class consumers in Asia are expected grow at a high rate, nearly doubling over a decade from about 1.7 billion in 2020 to 3.2 billion people (average annual growth rate of 9.0%), and ASEAN is likely to contribute significantly to this.

Future developments

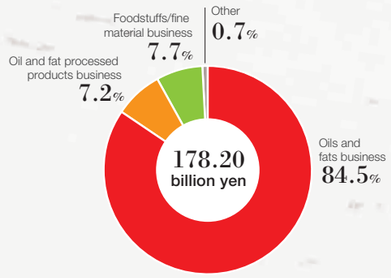
J-Oil Mills' strengths are its ability as an "Oishisa Design company" to propose applications and solutions and its ability to provide high value-added products. In our overseas business as well, we aim to develop new market value by making the most of these two strengths. Recognizing the issues of our ASEAN customers, we will propose products that solve these issues, and also propose recipes that incorporate trends in each country. For example, focusing on the rapidly growing confectionery and bakery fields, our engineers deliver videos in English on Japanese-style bread-making techniques. Going forward, we will continue to provide high value-added products and services that make use of our technology and proposal capabilities to spread new tastiness.

Business Outline

We aim to provide a variety of values based on edible oils, enriching all aspects of life, and to create new value by multiplying and aggregating our ingredients and strengths.

By comprehensively pursuing added-value functions in our three business areas — oils and fats, oil and fat processed products, and foodstuffs/fine material — we will contribute to the resolution of social issues through our business.

Segment sales composition (Fiscal 2019)



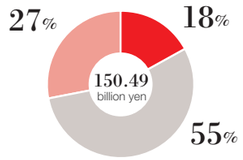
	Net sales (100 million yen)	Operating profit (100 million yen)
● Oils and fats business	1504.9	60.6
● Oil and fat processed products business	127.6	(4.0)
● Foodstuffs/fine material business	136.6	7.7
● Other	12.9	2.3



Oils and fats business

Sales composition

● Household-use ● Professional-use ● Meals



Household-use

In the household-use oils and fats segment, we offer a range of products that meet tastiness and health needs, such as AJINOMOTO Olive Oil, and AJINOMOTO Perilla Oil and AJINOMOTO Flaxseed Oil, which have omega-3 nutrients.

Professional-use

In the professional-use segment, we will use our unique technology to help solve customers' issues with our lineup of J-OILPRO® Seasoning Oils for the Professional Cook in addition to Cho Cho Toku Toku, which, thanks for our proprietary manufacturing method, can be used for a long time to cook delicious foods.

Meals

Pressing dregs (meal) left after oilseed extraction 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 provided as a raw material for organic fertilizers and mixed feeds.

Main products

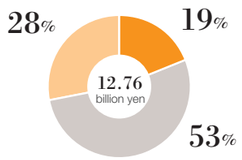




Oil and fat processed products business

Sales composition

● Household-use ● Professional-use ● Powdered oil



Household-use

For household-use margarine, we sell Rama products, which have been popular among customers for a long time.

Professional-use

For professional-use margarine, we mainly sell Meister brand products, which are made with our unique flavor technology, and the GRANMASTER® brand of butter compound margarine products that support our customers' creation of delicious confectionery and breads. We also have expanded sales of Backaldrin® mixed powder as a raw material for confectionery and breads.

Powdered oil

Powdered oil is used widely, such as in powdered cream for coffee and ingredients that add taste to processed foods such as confectionery and soup ingredients. We will create new value by adding our unique technology cultivated through oils and fats and starch.

Main products

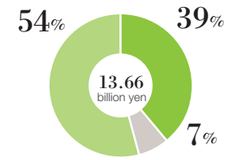




Foodstuffs/fine material business

Sales composition

● Starch ● Fine materials, etc. ● Chemicals, etc.



Starch

Based on corn starch, tapioca starch and the like, we have developed our own highly functional processed starches. In addition to the usual use as starch, we make a wide range of proposals that take advantage of features that further improve the functionality of foods, such as creating juiciness, improving richness, improving texture, and controlling deterioration over time. By proposing these functions together with our oils and fats, margarines, etc., we provide the deliciousness of processed foods in terms of both taste and texture.

Fine materials

We provide micronutrients such as vitamin K2, isoflavones, saponins, and vitamin E, which are mainly soybean-related materials, so that they can be used easily in supplements and various processed foods. We also offer MAMENORI SAN®, a soybean protein-based product shaped into sheets. It has grown into a hit product as a new wrapping material at Japanese restaurants overseas.

Chemicals

Our synthetic resin adhesives and paints are found in many familiar applications, from building materials in houses to essentials for life such as furniture. We continue to develop various products so that we can help enrich people's daily lives into the future.

Main products





Oils and Fats Business

Our oils and fats business is our main business, involving the import of grains from overseas, processing them into oils and 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.

Looking Back on Fiscal 2019: Our Business Results

In the oils and fats segment, we worked to correct prices due to rising infrastructure costs, including logistics costs, throughout the year for both household-use and professional-use products, and focused on expanding sales of high-value-added products.

In our household-use oils and fats business, sales of canola oil were slightly lower year-on-year, but high-value-added products such as olive oil and sesame oil were steady. Since the second half of February, demand for eating at home has increased due to the spread of COVID-19, resulting in significant growth.

In our professional-use oils and fats business, we are strengthening proposals for Cho Cho Toku Toku and J-OILPRO®, which respond to our customers’ needs, including for greater cooking and work process efficiency due to labor shortages, as well as new products such as Rice Bran Oil for Rice (For Rice Cookers). As a result, sales volume of high-value-added products remained firm. Sales volume of general-purpose oil came in slightly down due to a decrease in demand for eating out as a result of the spread of COVID-19.

In our oilseed meal segment, production in Japan of mixed feed, which is the main source of demand, was slightly higher year-on-year. Soybean meal sales volume was higher year-on-year, but sales prices remained low due to the Chicago market. Sales volume of canola meal was slightly lower year-on-year, and sales prices were lower due to the lower soybean meal prices. As a result, sales in the oil stuff segment were lower year-on-year.

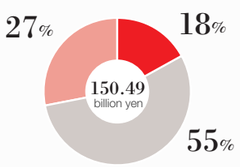
As a result, this business recorded net sales of 150,490 million yen (down 5.0% year-on-year), segment profit of 6,060 million yen (up 23.2% year-on-year), and segment assets of 106,956 million yen (down 6,570 million yen from the end of the previous fiscal year).

Net sales (100 million yen) **1,504.9**

Operating profit (100 million yen) **60.6**

Sales composition

● Household-use ● Professional-use ● Meals



Results for a fiscal 2019

- Improved the profitability of oils and fats by improving raw material procurement costs in response to a fall in the market prices of raw materials and by focusing on correcting the prices of our oils and fats
- Expanded high-value-added products
- Deterioration in meal sales due to lower meal prices



Director, Senior Managing Executive Officer, Oils & Fats Business

Hiroshi Hattori

Fiscal 2020: Measures and Outlook ~Towards the Realization of Our Fifth Medium-Term Business Plan~

The spread of COVID-19 has greatly disrupted society as a whole. Under such circumstances, we will strive to provide a stable supply of products in order to fulfill our responsibilities as a manufacturer dealing with food, which is indispensable to people’s lives.

With growing demand for eating at home and increased health awareness, sales of premium oils such as olive oil, perilla oil, and flaxseed oil are continuing to grow in the household-use market. For a long time, we have been selling the AJINOMOTO Olive Oil series, which has found favor and a good reputation among customers. We updated the Omega 3 series, such as AJINOMOTO Perilla Oil and AJINOMOTO Flaxseed Oil, making the amounts and containers easier for customers to use. Going forward, we will continue to contribute to the health of our customers and the creation of rich dinner tables, and work to invigorate the market for edible oils and fats.

Under Japan’s declaration of a state of emergency in April 2020, the professional-use market remained in a tough situation due to voluntary suspension of business in the restaurant industry. Even in such an environment, we will contribute to solving our customers’ issues and expand the value of oil by strengthening proposals for: products based on our proprietary technology, namely functional oils that contribute to food loss reduction and work efficiency improvement — Cho Cho Toku Toku, which has a long-life effect and J-OILPRO®, which is made with our flavor technology — as well as products that control deterioration over time, such as Rice Bran Oil for Rice (For Rice Cookers) and Oil for Noodles, in response to the growing demand for home delivery and takeout during the COVID-19 pandemic.

Topics

Business alliance concluded with the Nisshin OilliO Group, Ltd.

We have concluded a basic business alliance agreement with the Nisshin OilliO Group, Ltd. covering the upstream area up to the oil extraction process. While maintaining the uniqueness and sound competitive environment of both companies, we will maintain and improve our international competitiveness by establishing a defined collaborative system in the oil extraction process. Both companies will also aim to create and provide higher value products by competing more actively than before in steps from the refining process forward, which is where value is added and uniqueness demonstrated.

J-Nikka PARTNERS, Inc. established

J-With, Inc., a consolidated subsidiary of J-Oil Mills, merged with another consolidated subsidiary, Nikka Oil Mills Co., Ltd., on October 1, 2020. At the same time, the trade name of J-With, the surviving company, was changed to J-Nikka Partners Inc.

As a result of the merger, we made a decision to change the trade name of Nikka Oil Mills, to which many business partners have been faithful, but the new company will take over the relationships of trust and responsiveness. Going forward, in addition to general-purpose oil, the company will sell high-value-added products and practice proposal-based sales, advancing sales activities that meet customer needs. We will also improve efficiency by sharing support operations between the two companies. In addition, the new company will draw on the experience J-With had cultivated thus far to develop services and support operations, aiming to improve functions within the Group in the future.

J-Oil Mills official online shop opened

We opened an official online shop in March 2020. In addition to selling carefully selected oils, we also post recipes and information on new ways to enjoy oils, with a view to expanding the situations where oils are used.

J-Oil Mills official online shop
https://shop.j-oil.com/

Voice Customer’s Voice

- J-Oil Mills’ online shop is very colorful and fun, the recipes are colorful, and the combination of ingredients is also helpful. I’m looking forward to future updates.
- It is very convenient to buy online and have products delivered in bulk because they are heavy to carry when bought at a supermarket.

Oil and Fat Processed Products Business

In our oil and fat processed products business, we handle margarine, shortening, and powdered oils. Solid and powdered oils and fats offer a variety of functions and possibilities that are not available from their liquid counterparts.

By generating proposals that incorporate the unique technologies and functions that we have cultivated over the course of our long history, we respond to the demands of our customers and challenge ourselves to create new value.

Looking Back on Fiscal 2019: Our Business Results

In the household-use segment, we conducted timely consumer campaigns such as gift giveaways and increased volume sales for Rama Butter-Flavored Margarine, a leading product, and also implemented new in-store sales promotion utilizing a loyalty points site. Sales increased steadily due to these measures as well as an increase in demand for eating at home due to the spread of COVID-19 since the second half of February 2020.

In the professional-use segment, while the bakery market was sluggish, we worked to expand sales of high-value-added products such as the Mybrot shortening series, which has the characteristic of improving the shelf life of breads. But sales were lower than the previous year due to soaring prices of raw materials used in our main products and a decrease in inbound tourism demand due to the spread of COVID-19.

In the powdered oil segment, sales volume and sales remained steady thanks to stable orders from contracting companies.

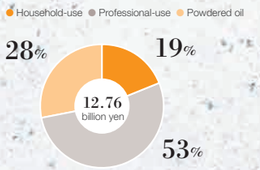
As a growth strategy in our oil and fat processed products business, we concluded a business and capital alliance agreement with a Malaysian oil and fat products manufacturer with the aim of expanding our business development in Asia.

As a result of a decrease in sales volume of professional-use margarine and shortening, higher raw material procurement costs, increased contracted processing costs, and temporary expenses related to overseas business alliances, we recorded net sales of 12,757 million yen (down 0.2% year-on-year) and a segment loss of 396 million yen (segment profit of 148 million yen in the previous year).

Net sales (100 million yen) **127.6**

Operating profit (100 million yen) **-4.0**

Sales composition



Results for a fiscal 2019

- Household-use margarine: Maintained sales volumes and prices
- Professional-use margarine: Decrease in sales volume, decrease in sales prices, deterioration of raw material procurement costs, increase in contracted processing costs, and recording of expenses associated with overseas business alliances
- Powdered oil: Increase in sales volume



Managing Executive Officer, Oils & Fats Processed Products Business

Nobuyuki Sugisawa

Fiscal 2020: Measures and Outlook ~Towards the Realization of Our Fifth Medium-Term Business Plan~

In our household-use business, we will work on strengthening promotions aimed at further penetration and expanding sales of the Rama brand. In response to the growing demand for eating at home due to the COVID-19 pandemic, we will always provide stable supply and continue to strengthen our proposals to retailers.

In our professional-use business, we will expand proposals for domestic confectionery and bakery demand in order to offset the demand for inbound tourism and souvenir confectionery, which has fallen off due to the COVID-19 pandemic. In response to the soaring cost of raw materials, we will make effort to strengthen sales of our new GRANMASTER® Irish series of products.

In our powdered oil business, in addition to strengthening our relationships with current sales partners, we are advancing initiatives with new customers.

Going forward, we will continue to create new value by making proposals to customers based on new product development and strengthened applications using our own products and ingredients from group companies.

Topics

Started sales of GRANMASTER® Irish, a professional-use margarine containing Irish fermented butter

GRANMASTER® is brand of butter compound products containing carefully selected butter in which particular care is paid to production areas, ingredients, and quality. From August 1, 2020, we started selling GRANMASTER® Irish, a butter compound margarine containing 20% Irish fermented butter. With a flavor that brings out the taste of fresh milk, which is characteristic of Irish fermented butter, it is a product that creates a profoundly rich sensation. In addition to ensuring traceability, the butter manufacturer is a verified member of Origin Green, a food sustainability program run by the Irish Food Board, and contributes to the achievement of the SDGs.

We will continue to pay particular attention to tastiness and quality, and expand the range of proposals to our customers.





Entered into business and capital alliances with Malaysian oil and fat processed products companies

We have invested in Premium Fats Sdn Bhd (PF) and Premium Vegetable Oils Sdn Bhd (PVO), which are wholly owned subsidiaries of Premium Nutrients Pte. Ltd. (PNPL), a holding company based in Singapore with which we entered into a business and capital alliance in 2019. PNPL is a wholly owned subsidiary of Singaporean holding company Goodhope Asia Holdings Pte. Ltd. and has an oil and fat processed products manufacturing business in Malaysia. PF and PVO have established a high-value-added products supply system that meets international standards, and have a sales base for oil and fat processed products in ASEAN and other countries.

In cooperation with PF and PVO, we aim to expand our business in ASEAN by accumulating business experience and know-how as we develop markets based on our oil and fat processing technologies and flavor technologies cultivated in Japan as well as our ability to propose applications that combine ingredients and technologies, which is our strength.

Foodstuffs/Fine Material Business

In our foodstuffs and fine material business, we have developed a diverse range of products and ingredients, with a focus on plant materials such as grains and the functions of the rare trace components they contain. At present we are further advancing research and development to enable us to offer diverse products that are of use in all aspects of our lives.

In our texture design business (renamed from the starch business in October 2020), in addition to starches such as corn starch and tapioca, we sell texture-improving ingredients processed from those with our own technology. With recognized functionality, they are used in many processed foods, home meal replacement products, and restaurants. Our fine material business supplies ingredients, including tocoperol (vitamin E), vitamin K2, and isoflavone. In addition to these health nutrition ingredients, we also market unique products, including MAMENORI SAN® edible soybean sheets. Our chemical business sells synthetic resin adhesives that are widely used in a range of familiar applications in the residential construction industry. Recently, we have also launched lectin for medical reagents as well as antimicrobial agents and antiviral processing agents, and we are cultivating them as foundations of our next business.

Looking Back on Fiscal 2019: Our Business Results

In our texture design business, sales volume and sales of corn starch for food use and industrial use were slightly lower than the previous year as we worked to continually correct prices and improve profitability. Tapioca starch, which is one of the main raw materials for processed starch for food use, remained at a high country of origin market price due to consideration for ongoing agricultural policy. As a result, both sales volume and sales were lower than the previous year as we kept striving to continually correct sales prices and improve profitability. We continued to propose high value-added starch products such as NEOTRUST and AMYCOAT as quality- and texture-improving ingredients to home meal replacement manufacturers and restaurants, resulting in an increase in their adoption with sales volume and sales both performing well. Demand from overseas is also increasing.

In our fine material business, sales of functional materials to overseas markets were steady. The new adoption of MAMENORI SAN® edible soybean sheets, which are based on soybean protein, continued to spread, mainly in North America, and net sales figures were strong as a result.

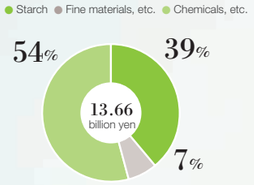
In our chemicals business, our new Shizuoka factory, which was completed in April 2019, started operations smoothly, and the number of new housing starts in the first half of fiscal 2019 remained strong due to a last-minute rise in demand ahead of a consumption tax rate hike. However, with a decline in demand increasing in the second half of the year, demand for the full year was lower than for the previous year, and the performance of the wood building materials industry showed a similar trend. Logistics costs, labor costs, and raw material prices, on the other hand, continued to rise, and despite efforts to maintain the sales volume and revise the prices of our adhesives for wood building materials, sales volume and sales were lower than the previous year.

Although logistics and other infrastructure costs in our chemicals business increased, thanks to the effect of starch prices revisions and an inventory write-down conducted in the previous fiscal year in our fine materials business, we recorded sales of 13,656 million yen (down 3.1% year-on-year) and segment profit of 771 million yen (up 68.3% year-on-year).

Net sales
(100 million yen) **136.6**

Operating profit
(100 million yen) **7.7**

Sales composition



Results for a fiscal 2019

- Starch: Increase in sales prices with price corrections, and increase in adoption by home meal replacement manufacturers and restaurants as a quality- and texture-improving ingredient
- Fine materials: Reduced the cost burden for the current fiscal year with the write off of fine material products in the previous fiscal year
- MAMENORI SAN® edible soybean sheets: Steady sales due to a high reputation and increased demand overseas, mainly in North America
- Chemicals: Some raw material costs improved, but infrastructure costs such as logistics costs continued to rise, and price revisions were delayed





Executive Officer, Food & Fine Materials
Masata Mitsuiki

Fiscal 2020: Measures and Outlook

~Towards the Realization of Our Fifth Medium-Term Business Plan~

We changed the name of our Starch Business Division to the Texture Design Business Division in October 2020. Up to now, we have continuously proposed solutions to our customers using starches such as NEOTRUST, which has features that further improve the functionality of foods, such as creating juiciness and improving texture. Going forward, we will further strengthen our proposals for home meal replacement manufacturers and restaurants by handling other ingredients as well, and we will strengthen proposals such as functional improvements in response to demand for takeout due to the COVID-19 pandemic, in an effort to maximize the value we provide.

In our fine material business, we will continue to develop vitamin K2 (VK2) products. VK2 is a vitamin necessary for maintaining healthy bones and blood vessels. Our VK2 is a natural form extracted from the bacteria Bacillus natto. Although it is derived from Bacillus natto, we conduct special deodorization using our unique technology and provide a product that can be used in various foods without affecting taste or smell. In the future, we will accelerate sales expansion not only in Japan but also overseas.

In our chemicals business, we will continue to promote sales of and develop technology for adhesives and paints that will lead to expanded use of domestically produced wood, in order to help combat global warming, which is related to the achievement of the SDGs. At the same time, we will focus on furthering expanding our AG Alpha CF series of antimicrobial and antiviral processing agents. The demand for antimicrobial and antiviral processing agents had been increasing year by year, and with the spread of COVID-19, that demand is increasing even more. Along with increasing product production, we will also study new applications and contribute to the provision of value for health to people in society.

Topics

Increased production of AG Alpha CF series of aqueous silver-based antimicrobial agents and antiviral processing agents

J-Chemical, a group company, has increased production of the AG Alpha CF series (AG Alpha) of aqueous silver-based antimicrobial agents and antiviral processing agents in response to growing demand for them as raw materials for products with antimicrobial and antiviral functions.

AG Alpha is an antimicrobial agent and antiviral processing agent using silver as its active ingredient. Unlike conventional silver-based antimicrobial agents, AG Alpha can be added to liquids and has high stability and safety since we stabilize silver ions with proprietary technology to form an aqueous solution. At present, it is used in a wide range of applications where antimicrobial, disinfectant, antiviral and antifungal properties are required, such as sprays for living environments, household detergents, water-based paints, partition sheets and so on.

Due to the growing preference for hygiene — a desire to keep the living environment clean — demand for antimicrobial agents and antiviral processing agents has been increasing year by year. Moreover, in response to the spread of COVID-19, this demand is increasing even more. In this situation, we are expanding our manufacturing facilities for AG Alpha to meet the demand for antimicrobial agents and antiviral processing agents.

Going forward, we will conduct tests on human coronaviruses, which belong to the family Coronaviridae, and consider new applications that take advantage of our products' characteristics.

SIAA
Antimicrobial agent
SIAA registration No. (CF series)

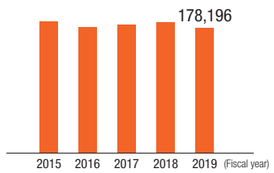
*AG Alpha was used when this report was printed.

Performance Highlight

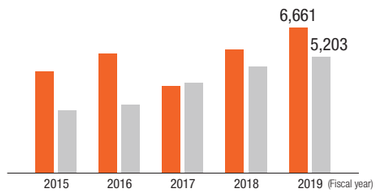
Financial indicators (Consolidated basis)

	Unit	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Accounting fiscal year						
Net sales	Million yen	187,329	180,225	183,361	186,778	**178,196**
Operating profit	Million yen	4,634	5,468	4,005	5,663	**6,661**
Ordinary profit	Million yen	5,357	5,832	5,137	6,326	**7,302**
Net profit attributable to owners of parent	Million yen	2,973	3,258	4,127	4,749	**5,203**
Net cash provided by operating activities	Million yen	9,798	6,066	6,572	13,075	**14,647**
Net cash used in investment activities	Million yen	(5,320)	(10,294)	(3,766)	(2,623)	**(4235)**
Net cash used in financing activities	Million yen	(4,249)	3,830	(5,600)	(11,066)	**(4396)**
Cash and cash equivalents at the end of the period	Million yen	6,027	5,631	2,839	2,407	**8,396**
At the year-end						
Total assets	Million yen	153,643	164,925	153,642	147,688	**147,541**
Net assets	Million yen	79,811	83,531	84,115	86,908	**89,683**
Per share data						
Net assets per share	Yen	4,795.83	5,019.67	5,107.63	5,276.75	**5,428.99**
Earnings per share	Yen	178.74	195.91	249.52	288.57	**316.21**
Annual dividend per share	Yen	90.00	90.00	90.00	90.00	**100.00**
Management indicators						
Dividend payout ratio	%	50.4	45.9	36.1	31.2	**31.6**
Shareholders' equity ratio	%	51.9	50.6	54.7	58.8	**60.6**
ROE	%	3.7	4.0	4.9	5.6	**5.9**
ROA	%	1.9	2.0	2.6	3.2	**3.5**
Price-earnings ratio	Times	19.3	21.4	14.5	14.3	**14.5**

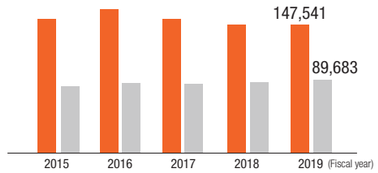
Net sales
(Unit: Million yen)



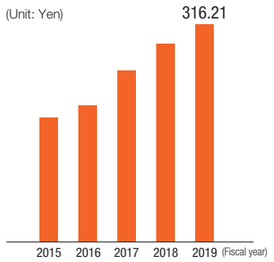
Operating profit
Net profit attributable to owners of parent
(Unit: Million yen)



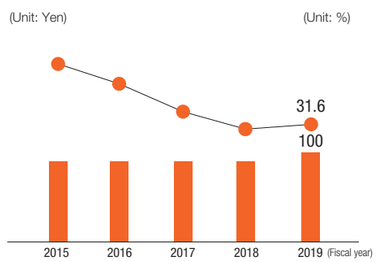
Total assets
Net assets
(Unit: Million yen)



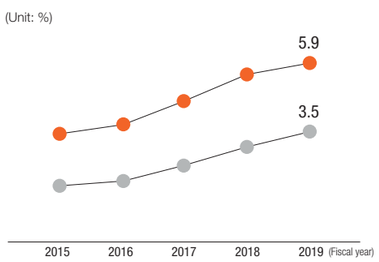
Earnings per share
(Unit: Yen)



Annual dividend per share / Dividend payout ratio
(Unit: Yen) (Unit: %)



ROE **ROA**
(Unit: %)



(Notes) 1. Consumption tax, etc. is not included in net sales.
2. On October 1, 2016, J-Oil Mills merged ten common shares into one share. Figures for net assets per share, earnings per share, and the annual dividend per share have been converted based on the post-merger standard.

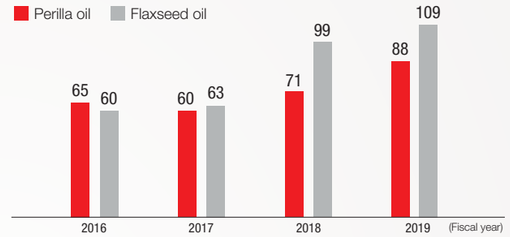
New Products Information

Household-use

Perilla oil and flaxseed oil lineup of household-use products — the omega-3 series — updated

We updated the packaging for our omega-3 series, including the AJINOMOTO Perilla Oil and AJINOMOTO Flaxseed Oil released in August 2019, giving them containers that are better suited to customer usage situations and needs while expanding the lineup of sizes. For all products in the series, we have adopted a "stay-fresh bottle" that makes it easy to adjust the amount used, is drip resistant, and helps prevent oxidation after opening. In addition, we added a 200-gram bottle of AJINOMOTO Perilla Oil to improve convenience for heavy users and changed the volume of AJINOMOTO Flaxseed Blend Oil from 600 grams to 410 grams so that it can be used up while still fresh by customers who use it mainly for cooking stir-fry. We also added an omega-3 mark to the labels of all products in the series to make it easier to find and understand products in stores, with the aim of delivering healthier, higher quality products to our customers.

Growing market for perilla oil and flaxseed oil
(unit: 100 million yen)



*Reference data: "SCI" from INTAGE, Inc.



Professional-use

J Perilla Oil 200 g stay-fresh bottle

We have launched perilla oil, which has been well received for household-use, for the professional-use market as well. We adopted a stay-fresh bottle and settled on a volume that can be used up while the oil is still fresh. Imaging use mainly by customers who provide health-conscious menus, we make proposals for restaurants, lunches for medical clinics and business, and facilities for the elderly.



GRANMASTER® Irish series

This is a butter compound margarine containing 20% Irish fermented butter. Irish fermented butter combines the taste of fresh milk a with mellow richness and umami. Moreover, the manufacturer of this butter is committed to quality and the environment.





Materialities Report

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.

Value chains

J-Oil Mills

	Procurement of raw materials	Oilseed extraction	Manufacture	Distribution	Sale (to customers)
	Main soybean-producing regions ● United States ● Brazil ● Argentina Main canola seed-producing regions ● Canada ● Australia	Almost 100% of raw materials are imported (Transported by large grain transport ships and tankers)	Extraction of oil from soybeans and canola seeds	Extraction and purification of lecithin and other trace components Filling, packaging, etc. **Oils and fats** Sale as oils **Oilseed meals** Sale of processing dregs as soybean meal, canola meal, etc.	**Professional-use** ● To restaurant and home meal replacement customers **Processing-use** ● To manufacturers of processed foods (As a raw material for mayonnaise, margarine, etc.) **Household-use** ● To mass supermarkets, retail stores, etc. To feedstock and fertilizer manufacturers To brewers
	Olive oil ● Spain, etc. Other ● Sesame oil ● Palm oil, etc.				

Procurement of materials

Plastic bottles, cans, cardboard boxes, fuel, etc.

External risk factors

- E Harvests and crop conditions are affected by weather/climate change
- E S Purchase price is linked to international markets
- E S International markets are affected by food demand, production volume, crop conditions, speculation, etc.
- E S The exchange rate affects the cost of raw materials and fuel
- [Domestic]
  - S Low price orientation ▶▶ Necessity for responses to profit fluctuations
  - S Population decline, Low birthrate, Aging population ▶ Possibility of decline in demand
  - S Effect of TPP ▶ Possibility of influx of cheap livestock-related products ▶ Possibility of decline in demand for mixed feeds from livestock producers, and consequent decline in demand for meal ▶▶ Necessity for response to decline in demand
- [International]
  - S Population growth and increased incomes in emerging nations ▶ Increased demand for meat in emerging nations ▶▶ Increase in demand for meals as ingredients in livestock feed
- S Labor shortages
- S Increase in distribution costs
- E Environmental regulations
- S Declining birthrate and aging population / Mature market
- S Intensification of competition
- S Low price orientation
- S Effect of TPP

* E = environmental risk, S = social risk

Demands and expectations from society

- ⊖ Implementation of CSR procurement with consideration of human rights and the environment
- ⊖ Sustainable resource use (control of food waste)
- ⊖ Reduction of environmental impact (reduction of CO_2 emissions, reduction of plastic use)
- ⊕ Food safety and security
- ⊕ Stable food supply
- ⊕ Development of products that contribute to the resolution of social issues
- ⊖ Realization of increased distribution efficiency
- ⊖ Reduction of environmental impact/pollution from transportation
- ⊕⊖ Provision of optimal information regarding products

Human rights

* ⊕ = expansion of positive impacts, ⊖ = prevention of negative impacts

J-Oil Mills' ESG initiatives

Priority themes

- Stainable resource use
- Enhancement of supply chain management
- Food safety and security
- Creation of taste and promotion of health
- Supply and development of products that contribute to the resolution of social issues
- Sustainable resource use
- Pursuit of customer satisfaction

Business as a whole

- Mitigation of and adaptation to climate change
- Enhancement of communication with stakeholders
- Contribution to and collaboration with local communities
- Reform of corporate culture
- Promotion of reform in work styles
- Diversity and inclusion
- Development of human resources
- Promotion of health management
- Strengthening of corporate governance
- Enhancement of risk management and promotion of compliance

Four domains of materialities ●Creating diverse value in oil and food ●Contribution to society and the planet ●Creating an organization that allows us to mutually enhance our individuality and grow together ●Strengthening our management foundations

Contribution to realization of the SDGs



Materialities Report

Discussion: President × Outside Directors



Outside Director (Independent Director) Yutaro Shintaku × Outside Director (Independent Director) Yugo Ishida × Outside Director (Independent Director) Hiroko Koide × President & CEO Fuminao Hachiuma

Further Improving the Effectiveness of Corporate Governance

Three outside directors and President and CEO Hachiuma held a roundtable discussion, using a WEB conference system. The main topics of the discussion were the improvement of corporate governance effectiveness, the challenges facing the company to achieve sustainable growth, and the role of outside directors.

Hachiuma: When I was appointed President and CEO at J-Oil Mills, I recognized the necessity of bringing an outside perspective into our management for appropriate corporate governance. To this end, I enhanced our governance system to comprise majority of outside directors, encouraging dialogue with shareholders and investors. With such efforts, I believe I will lead the company to the optimal directions reflected outside directors' opinions and suggestions. I feel we need to meet society's expectations more than ever by enhancing our management transparency as well as fulfilling our mission to respond to stakeholders' requirements.

Shintaku: It has been four years since I became an outside director, and during that time, the company's governance system has developed steadily. From the perspective of diversity of the Board of Directors, I feel that the gathering of experienced outside directors with different backgrounds has stimulated discussions in the Board of Directors. Also, in terms of strengthening the Board of Director's supervisory function, we have voluntarily established a Nomination Advisory Committee and a Remuneration Advisory Committee. On the other hand, there is no end when it comes to improving the effectiveness of the Board of Directors. We must constantly make improvement efforts, which I believe are necessary to ensure effectiveness in the company.

Koide: As the Board of Directors diversifies, we are developing mechanisms and frameworks with awareness of the Corporate Governance Code. We introduced a new executive remuneration system and are evaluating the effectiveness of the Board of Directors. In fiscal 2020, we established two new advisory committees, the Sustainability Committee and Management Risk Committee, to enhance ESG management. However, at this time we have not yet used the committees effectively enough for deep discussions. In order for the committees to play their respective roles and meet their responsibilities with the same purpose, it will be important to achieve cross-functional coordination and compatibility. As the committees have only just been launched, I'm looking forward to seeing the outcomes from here on. I think that the keys to success in the future are whether or not we can create a cycle for correcting our trajectory as needed and thoroughly implement our ideas on the front lines.

Hachiuma: As you pointed out with the necessity of cross-functional organization, we still have the issue of incompatibilities between functions as our business consists of a collection of separate divisions and partial optimizations. I would like to go one step further into the organizational structure to strengthen our execution function. I believe such action will solidify the Company's management team, ensuring that our internal rules are properly recognized and executed correctly on the front lines. In the future, we plan to develop business pillars in new areas besides oils and fats, as we cannot expect further growth based on our existing business models alone. From this point of view, we need to understand individual teams entirely and change into an aligned organization. We are now at the stage of discussing how we should transform for the future. As indicated by the evaluation of effectiveness for the Board of Directors, I intend to steadily implement, one by one, opinions to improve J-Oil Mills organically.

Ishida: In order to meet the expectations of shareholders and other stakeholders, I consider it essential to formulate a clear strategy and steadily execute it. Also, capital cannot be properly allocated unless the priority of strategies is clear. For individual employees, their own business is the most important thing, but looking at the Company as a whole, their priority might not be so high. Thus, Directors and Executive Officers must have close discussions and set priorities for the Company. I believe that this is an important role of the Board of Directors. With clear growth vision in mind, I think it will be important in governance to monitor strategy closely.

It is expected that the environment will continue to undergo rapid changes. I think we need to boldly embrace frequent changes in a good sense, because there are cases where changing strategy is required to respond flexibly to changes in the business environment. As such flexibility is also required for governance, I think one of our future challenges will be to respond with a sense of speed to various issues.

Hachiuma: As you said, the external environment is no longer one in which we can reach the correct answer easily, so I need to increase my sense of speed in my management and operations. In such an age of unpredictability, when we start something new, we must take the first steps, learn from failure, and seek the right path while correcting our trajectory. Because the demand for oils and fats is firm, our conventional business model is still healthy to some extent. While demand for oil and fats is stable even in the COVID-19 pandemic, I think that complacency could be a risk that will slow our response to external changes in the future, such as the declining birthrate and aging population and the CPTPP*. While repeating trial and error, I want to search for the way that our company should resolutely proceed into the future.

*CPTPP: Comprehensive and Progressive Agreement for Trans-Pacific Partnership

Diversity

Koide: In many Japanese companies, diversity means giving opportunities to female employees. However, the



Materialities Report

Discussion: President × Outside Directors

true meaning of diversity is gathering people with varied experience and backgrounds, not only in gender, but also in age, race, nationality, to bring diverse perspectives to the organization. Our company has a project called the Cassiopeia W Project to promote women's participation. This activity was launched mainly by female employees themselves, not from the top down. I think this movement to change voluntarily is wonderful. With support from President Hachiuma and the management team, I would like you to set clear milestones, including numerical targets, and move forward actively in pursuing diversity with a wider scope while monitoring progress.

Hachiuma: The Cassiopeia W Project that you praised is now in its third year. It is a step ahead in its efforts toward diversity and inclusion. Today, male employees are also participating in discussions on how to get involved in child-rearing. I see that the efforts have advanced to the next step. Diversity has a variety of significances and purposes, but I believe that it's important to respect diverse viewpoints as a first step. These days, as it is hard to predict the future, monoculture organizations tend to be vulnerable. From this point of view, I will lead the Company's diversity in order to bring various experiences and values into the organization. I also look forward to the active participation of female employees.

Koide: Promoting diversity is not just about aiming to diversify the organization but is also significantly related to the evaluation and development of human resources. I would like to see more movement to offer new opportunities to diverse human resources, including evaluation and promotion, beyond seniority. To that end, it is necessary to revise the personnel system, including evaluation and promotion criteria, and improve the equality of opportunities and evaluations.

Hachiuma: Until now, the oilseed processing industry has been called an equipment industry, but we are transforming into a high-value-added business model. While taking advantage of our conventional strengths, we are now approaching the stage of transformation to provide new value. In order to realize this, I also intend to address institutional aspects so that people with diverse values can play an active role in J-Oil Mills.

Succession plan

Hachiuma: Mr. Shintaku has been helping us in terms of human resource development, such as by presenting a lecture in the training program for executive candidates. In addition, you have been leading the discussion on the formulation of a succession plan in the Nomination and Remuneration Advisory Committees. I would like to ask you what is most important to ensure the transparency, objectivity and timeliness that the company has declared in its Corporate Governance Report?

Shintaku: First of all, building a succession plan takes time. And it is important to work on it steadily. Candidates must be selected from various levels and nurtured as potential successors. On the other hand, it is not true that you don't need to start anything until the nurturing of candidates is complete. Keeping talent in the pipeline is critical. In other words, we must keep in mind understanding the nature of succession plan; taking a long time in human resource development; talent pipeline development to classify emergency, ready and next. Also, in the selection of potential successors, comparing multiple candidates, looking both inside and outside the company, is crucial to select the right person.



Hachiuma: I believe that we need to systematically develop talent pipeline with strategies on how to grow talent beginning in earlier career stages and how to increase the number of talented people. We have been revising our personnel system, but I would like to operate it as a program that is fully connected, including the human resource development system and training.

Pursuing greater corporate value and sustainable growth

Koide: I believe that the field of food has a wonderful future. The meaning and value of food may change, but the business of providing food itself is essential and, I believe, an advantage. The environment surrounding food is continuing to change. The idea to expand from the conventional oils and fats business will involve technologies related to food and social issues, such as climate change. It is also very important to go back and think about whether the sustainability of raw materials is guaranteed in order to develop infrastructure for production while reducing environmental impact. In addition, we need to reconsider the way products are delivered to people. For the company to develop in the future, we must enhance the value provided throughout the value chain. I would like you to formulate the next medium-term business plan with a vision for the food of the future, taken in a broad sense.

Hachiuma: As you said, oils and fats are an essential part of our diet and are used in large quantities throughout the world. On the other hand, the environment surrounding oils and fats is changing. Companies that procure raw materials are now responsible for considering the environment and society in the procurement process. I also think that there is room for us to improve operational efficiency and reduce food loss and waste. I would like to develop products and services while paying attention to what value we can provide with our technologies. In recent years, digital technologies and various others called "food technology" have become available, so we would like to use those technologies to provide value.

Shintaku: Considering the future of the Japanese market, we expect that the population will decline and health-consciousness will increase. The domestic market is important, but for our growth, we will strengthen our business in global markets. We have made acquisitions and entered into capital alliances overseas, and in the future, we need to increase such opportunities in our global business, while also increasing reverse imports into Japan.

Hachiuma: I have exactly the same perception. We are facing a shrinking Japanese market due to declining birthrate and aging population. In contrast, there are some regions overseas where the population is still increasing, especially the middle class. I would like to firmly advance our overseas expansion so that we can provide our unique value to such global markets.

Ishida: Under this circumstance in Japan, we need to be prepared to draw up growth strategies, invest in priority areas, and provide benefits to stakeholders. I feel that investors expect us to have a clearer growth strategy, and to set and present bold goals. So, in the formulation of a medium-term plan, we need goal-setting and strategies to achieve it, and a clear causal relationship to the consequences of implementing those strategies. I would like you to write down our company's purpose, our reason for doing it, and how we accomplish it, and to respond accordingly. Presenting a reasonable vision will enable stakeholders to see the company's path of growth, which increases commitment from each player. In that sense, shareholders and stakeholders expect us to embody our vision with the energy to implement our measures under President Hachiuma's leadership.



Koide: We are considering the establishment of a vision, mission, and value in conjunction with the formulation of a medium-term business plan going forward. Such fundamental discussions as the company's reason to exist, what we want to achieve, and how we should connect that to our strategy are the most important discussions. Also,

Materialities Report

Discussion: President × Outside Directors

at the stage of execution, the first step is to thoroughly share these major ambitions with each employee so that they can understand how their work has contributed to the company's strategy. That's why I think it's important to show the whole picture to employees, so that they know that their work ultimately leads to our growth strategy.

Hachiuma: Our company must change in the future, but to be frank, there is still a strong sense that it is in an equipment industry. Our fifth medium-term business plan was intended to grasp "how we can transform into a company that can provide the value required by our customers." I think that under our next medium-term business plan, we must implement the transformation to realize that vision. As a prerequisite, I see it as an important role of management to continue to have a clear vision as our polestar, and to delineate that polestar as distinctly as possible.

Effects of COVID-19, and how to compete and survive in VUCA;

Shintaku: Soybeans and canola, our main raw materials, are international commodities. This means that we are exposed to uncertainty due to price fluctuations and changes in people's behavior patterns resulting from COVID-19 as well as consciousness about diet. As a company, it is important to quickly grasp quantitatively how such uncertainty affects business performance and what measures should be taken in the future, and then to take necessary measures as soon as possible.

Hachiuma: In terms of the effects of COVID-19, there has been an impact on the market prices of raw materials, as well as on foreign exchange rates. As Mr. Shintaku said, the market situation has also changed significantly. While the restaurant market in Japan has been greatly affected, the household-use market is expanding. Moreover, as people's health awareness has changed considerably, it is now more important than ever to respond appropriately, with speed, to catch up with those changes. From this point of view, I would like to speed up our overall business activities by making decisions quickly, with deliberation in the Board of Directors.

Ishida: Although the pandemic has certainly brought about significant changes, the business environment and socio-economic conditions have been changing constantly. I therefore think how we tackle clear business goals is critical. The immediate task we need to address is achieving our top-line goals. We must take on the challenge of strategies for growing our business appreciably, such as improving efficiency, developing innovative products and new services, and expanding overseas, and show our commitment both inside and outside the company.

Hachiuma: With regard to growth strategies, I recognize them as challenges reflecting on our fifth medium-term business plan. There are many situations in which we can benefit society, so while fulfilling our social responsibilities, I want to raise our business performance to the level that our investors and customers expect.

Conclusion

Hachiuma: Since you were appointed as outside directors, you have given us opinions from various angles, and I am very grateful for that in this time of marked change. Above all, each of you has your own specialized field and a strong perspective as a businessperson, and so your critiques have been substantial. We, on the execution side, will continue to take your appraisals seriously and work hard toward putting them into practice.



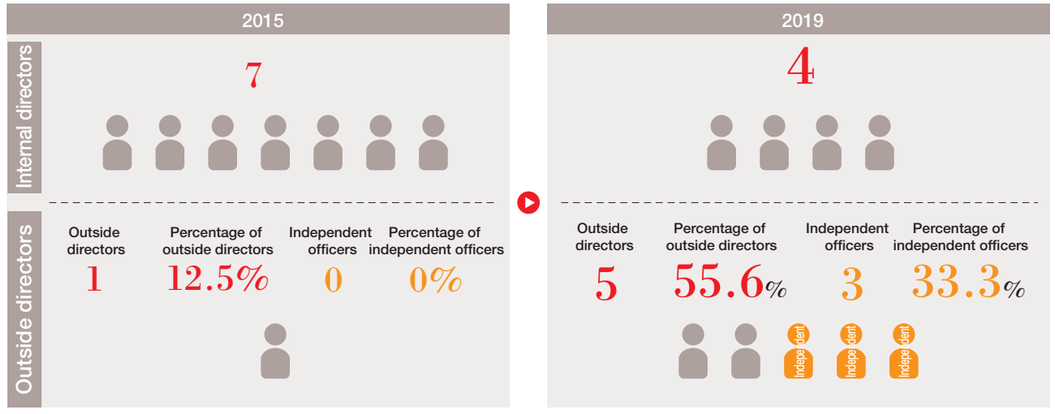
Enhancement of Corporate Governance

■ Initiatives to Improve Corporate Governance

For J-Oil Mills, the fulfillment of our responsibilities in a broad range of areas including the economy, the environment, and society, and the realization of the sustainable development of our company thereby, are the very foundations of our business management. At J-Oil Mills, we work to strengthen the compliance and efficiency of our management by establishing and constantly enhancing management oversight and supervision systems and internal control systems in order to respond to the responsibilities that we have to our shareholders and other stakeholders.

		2015	2016	2017	2018	2019	2020
I	Board of Directors / Board of Auditors	Started evaluating the effectiveness of the Board of Directors					
			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	8	9	9	9	9	9
	Number of outside directors	1	3	3	4	5	5
	Number of independent officers	0	2	2	2	3	3
II	Committee structure			Established a Remuneration Advisory Committee			
				Established a Nomination Advisory Committee			
							Established a Sustainability Committee and a Management Risk 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			
			Started conducting training programs for executives and candidates for senior management				
							Abolished anti-takeover measures

Changes in the Structure of the Board of Directors



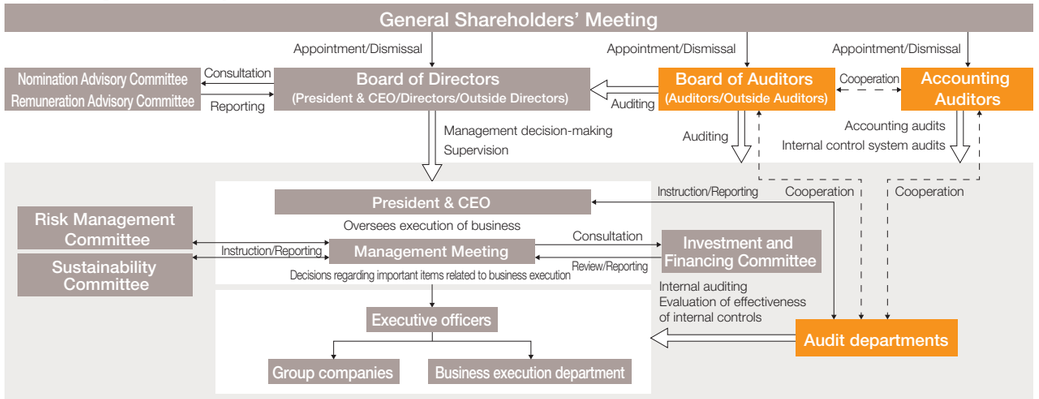
Materialities Report

Enhancement of Corporate Governance

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 FY2019)	Number of times ⇒ 18 Attendance rate ⇒ Directors: 99.4% Auditors: 100%
Auditors' meetings (record for FY2019)	Number of times ⇒ 23 Attendance rate ⇒ 100%
Voluntary established committees corresponding to the nominating committee and the remuneration committee	• 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. • 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.
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

Corporate governance system (as of September 2020)



■ Main activities of the Board of Directors in FY2019

- Initiatives to increase corporate value
- FY2019 management plans and current Fifth Medium-Term Business Plan
- Deliberation of business strategies
- Restructuring of the mixed feed business
- Integration of our sales subsidiaries
- Business tie-up with the Nisshin OilliO Group
- Organizational reform, approval of executive structure
- Revision of various important regulations
- FY2019 financial results (quarterly and fiscal year), FY2020 budget, and information disclosure
- Matters related to the 17th General Shareholders' Meeting
- Various audit reports
- Reports from the Remuneration Advisory Committee and the Nomination Advisory Committee
- Reports from the Risk Management Committee and the Ethical and Compliance Committee
- Evaluation of effectiveness of the Board of Directors
- Matters related to the Corporate Governance Code (defensive measures against hostile takeovers were resolved in April 2020)
- Monthly reporting, including business and stakeholder responses

■ Evaluation of Effectiveness of the Board of Directors

In FY2019, J-Oil Mills conducted an evaluation of the effectiveness of our Board of Directors with the aim of further boosting its effectiveness. We carried out a 13-point signed questionnaire survey of all the company's directors and auditors (covering roles and functions of the Board of Directors, management of the Board of Directors, size and composition of the Board of Directors, relationship with outside directors, overall optimization, risk management, and relationships with shareholders and investors). The results were then discussed by the Board of Directors.

While the results showed that the effectiveness of our Board of Directors generally maintained a certain level, we recognized the following three points as issues to be addressed: how the Board of Directors should be involved in medium- to long-term management plans, how to develop management personnel, and improvement of internal controls (risk management). We also confirmed that in the future the Board would practice the PDCA cycle when conducting its work, seeking to realize a further increase in effectiveness.

Content: Signed questionnaire survey of all the company's directors and auditors

Questions: 13 questions related to the following

- Roles and functions of the Board of Directors
- Management of the Board of Directors
- Size and composition of the Board of Directors
- Relationship with outside directors
- Overall optimization
- Risk management
- Relationships with shareholders and investors

Issues	Items	Response
1. How the Board of Directors should be involved in medium- to long-term management plans	Annual agenda setting	Setting of milestones for the design of the ideal company form, the formulation of an overall strategy, and the formulation of strategies for individual businesses and management foundations
	How to proceed with discussions	Considering in connection with the competitive situation, ideal company form, vision, mission, etc.
	Enhancement of information provision to outside directors	Tours of offices and other sites (to be resumed after resolution of the effects of COVID-19), on-site board meetings, and opportunities for outside directors and executives to exchange opinions
	Promotion of access to relevant meetings and committees	Encouragement of observer participation in preliminary briefings, management meetings, exchanges of opinions, various committees, etc. and sharing of materials using various tools
2. How to develop management personnel	Nomination Advisory Committee and Remuneration Advisory Committee	Clarification of the Board of Directors' annual deliberations and schedule
		Detailed reporting on the status of next-generation human resource development and opportunities for presentations by candidates at board meetings
		Development of core human resources: Conduct personnel changes and education in conjunction with current initiatives and talent management considerations in human resources projects
3. Improvement of internal controls (risk management)	Establishment of an internal control system	Organizing and clarifying the roles of each committee (meeting) on risk management and compliance, and fostering awareness and perception of each department's role in making the Three Lines of Defense work
	Communication of information to the Board of Directors	Establishment of a timely and appropriate information communication processes in the event of unforeseen circumstances or problems, creation of a mechanism for making the reporting line work, and enhancement of periodic reports to the Board of Directors
	Discussions in board meetings	Setting agendas for internal controls (management risks, etc.) to be discussed, and preparation of report materials covering information necessary for discussion

■ J-Oil Mills' Approach to Executive Remuneration

J-Oil Mills' executive compensation system comprises fixed remuneration and performance-based remuneration. Standards and methods of calculation depending on the executive's specific position are specified in our Executive Compensation Policy. Performance-based remuneration is made up of bonus payments and share-based compensation. With regard to the ratio of fixed and performance-based remuneration, the higher the position of the executive, the greater the proportion of performance-based remuneration that is set, given that the higher the position, the more significant are the expected outcomes and the greater is the responsibility for company performance. The ratio of performance-based remuneration is 30-50% depending on the job position. The calculation of performance-based remuneration takes into consideration company-wide performance evaluations and individual performance evaluations, and salary is calculated based on the ratio of performance evaluations, depending on position and role. Auditors and outside directors receive only fixed remuneration.

■ Abolition of defensive measures against hostile takeovers

The defensive measures against hostile takeover of our company's stock were abolished at the conclusion of the ordinary General Shareholders' Meeting for the fiscal year ended March 31, 2020. In the event of an attempted bulk purchase of our shares, the Company will take appropriate measures based on the Financial Instruments and Exchange Act, the Companies Act, and any other related laws and regulations. Such measures include requesting necessary and adequate information from the attempted buyer for our shareholders to make a proper judgment on the pros and cons of the bulk purchase of our shares, disclosing the opinions of the Board of Directors while respecting external directors who are independent, and making an effort to secure time and information for our shareholders to examine.

Board of Directors (as of October 1, 2020)

Directors Career Summary, Position, Area of Responsibility, and Major Concurrent Posts



Fuminao Hachiuma
Representative Director, President and CEO

April 1983 Joined Ajinomoto Co., Inc.
July 1998 President, PT AJINOMOTO SALES INDONESIA
July 2008 Director and Vice President, America Ajinomoto, Inc.
July 2009 General Manager, Processed Food Products Dept., Food Products Company, Ajinomoto Co., Inc.
July 2011 General Manager, Restaurant-use Delicatessen Dept., Food Products Division, Ajinomoto Co., Inc.
June 2013 Corporate Executive Officer, Ajinomoto Co., Inc.
June 2015 Corporate Vice President, Ajinomoto Co., Inc.
June 2015 Representative Director, President, J-OIL MILLS, Inc.
June 2016 Representative Director, President, J-OIL MILLS, Inc. (to present)



Katsuo Zento
Director, Senior Managing Executive Officer
Sales & Marketing

April 1981 Joined Ajinomoto Co., Inc.
July 2000 General Manager, Oils & Fats Dept., AjinomotoCo., Inc.
June 2003 Director, Ajinomoto Oil Mills Co., Inc.
June 2005 Executive Officer, J-OIL MILLS, Inc.
June 2007 Managing Executive Officer, J-OIL MILLS, Inc.
June 2011 Director, J-OIL MILLS, Inc. (to present)
June 2015 Senior Managing Executive Officer, J-OIL MILLS, Inc. (to present)
July 2018 In charge of Sales, J-OIL MILLS, Inc. (to present)



Hiroshi Hattori
Director, Senior Managing Executive Officer
Sales & Marketing

June 1981 Joined Yoshihara Oil Mill, Ltd.
July 2009 Manager, Processing and Foodstuff Sales Department, Oils and Fats Sales Division, J-OIL MILLS, Inc.
June 2012 Executive Officer, J-OIL MILLS, Inc.
July 2016 Managing Executive Officer, J-OIL MILLS, Inc. (to present)
July 2018 In charge of Oils and Fats Business, J-OIL MILLS, Inc. (to present)



Eizo Matsumoto
Director, Managing Executive Officer
Production & Technology

April 1986 Joined Ajinomoto Co., Inc.
July 2011 Head, Process Industrialization Laboratory, Research Institute for Bioscience Products & Fine Chemicals, Ajinomoto Co., Inc.
April 2015 Deputy Director General for Science, Technology and Innovation, Cabinet Office
June 2017 Advisor, J-OIL MILLS, Inc.
June 2017 Director, J-OIL MILLS, Inc. (to present)
June 2017 Managing Executive Officer, J-OIL MILLS, Inc. (to present)
July 2018 In charge of Production & Technology, J-OIL MILLS, Inc. (to present)



Kaoru Kurashima
Outside Director

April 1984 Joined Ajinomoto Co., Inc.
July 2011 President, AJINOMOTO DEL PERU S.A.
July 2013 President, PT AJINOMOTO INDONESIA
June 2015 Corporate Executive Officer, Ajinomoto Co., Inc.
June 2016 Corporate Vice President, Food Products Division, General Manager, ASEAN Division, Ajinomoto Co., Inc.
June 2019 Corporate Senior Vice President, General Manager, Food Products Division, Ajinomoto Co., Inc. (to present)
September 2019 Outside Director, Tokai Denpun Co.,Ltd. (to present)



Yoichiro Endo
Outside Director

April 1988 Joined MITSUI & CO., LTD.
July 1996 General Manager, Corporate Development Dept., MITSUI & CO. (U.S.A.), INC., New York Headquarters
April 2001 CEO & Managing Partner, Mitsui & Co. Venture Partners
July 2004 General Manager, Investment Business Office, Corporate Investment Development Dept., MITSUI & CO., LTD.
September 2007 Representative Director, President and CEO, MITSUI & CO., Principal Investments LTD.
April 2017 General Manager of Oils & Fats and Staple Foods Dept., Food Business Unit, MITSUI & CO., LTD.
June 2018 Outside Director, J-OIL MILLS, Inc. (to present)
April 2020 Managing Officer, Chief Operating Officer of Food Business Unit, MITSUI & CO., LTD. (to present)



Yutaro Shintaku
Outside Director (Independent Director)

January 1999 Joined TERUMO CORPORATION
June 2010 Representative Director, President and CEO, TERUMO CORPORATION (Retired in March 2017)
June 2017 Advisor, TERUMO CORPORATION
June 2017 Outside Director, Santen Pharmaceutical Co., Ltd. (to present)
June 2017 Outside Director, J-OIL MILLS, Inc. (to present)
March 2018 Outside Director, Kubota Corporation (to present)
April 2018 Visiting Professor of Hitotsubashi University Business School
April 2019 Specially-appointed Professor of Hitotsubashi University Business School (to present)
September 2019 Outside Director, KOZO KEIKAKU ENGINEERING Inc. (to present)



Yugo Ishida
Outside Director (Independent Director)

April 1979 Joined Nomura Securities Co., Ltd.
November 1997 Representative Director and President, Nomura Italy S.I.M.p.A
April 2004 Executive Officer, Nomura Holdings, Inc.
April 2005 Director, President and CEO, Nomura Europe Holdings plc
April 2008 Managing Executive Officer, Nomura Holdings, Inc.
April 2009 Executive Vice President, Nomura Asset Management Co., Ltd.
June 2011 Director, COO and President, Nomura Asset Management Co., Ltd. (Retired in August 2012)
January 2014 Representative Director and President, LAZARD JAPAN ASSET MANAGEMENT K.K. (to present)
June 2019 Outside Director, J-OIL MILLS, Inc. (to present)



Hiroko Koide
Outside Director (Independent Director)

September 1986 Joined J. Walter Thompson Japan K.K. (currently J. Walter Thompson Japan)
May 1993 Joined Nippon Lever K.K. (currently Unilever Japan K.K.)
April 2001 Director, Nippon Lever K.K. (currently Unilever Japan K.K.) (Retired in March 2006)
April 2006 General Manager, Marketing Management Unit, Masterfoods Ltd. (currently Mars Japan Limited)
April 2008 Chief Operating Officer, Masterfoods Ltd. (currently Mars Japan Limited) (Retired in August 2010)
November 2010 Representative Director and President, Parfums Christian Dior Japon K.K. (Retired in January 2012)
April 2013 Senior Vice President, Global Marketing, Newell Rubbermaid Inc. (U.S.) (currently Newell Brands Inc. (U.S.)) (Retired in February 2018)
June 2016 Outside Director, Mitsubishi Electric Corporation (to present)
April 2018 Director, Vicela Japan Co., Ltd. (Retired in March 2019)
June 2019 Outside Director, Honda Motor Co., Ltd. (to present)
June 2019 Outside Director, J-OIL MILLS, Inc. (to present)

Audit & Supervisory Board Members Career Summary, Position, Area of Responsibility, and Major Concurrent Posts



Shunichi Komatsu
Audit & Supervisory Board Member (Standing)

April 1981 Joined Ajinomoto Co., Inc.
July 2005 Managing Director, Ajinomoto (Malaysia) Berhad
July 2007 President, PT AJINOMOTO INDONESIA
July 2009 General Manager, Sweeteners Dept., Amino Acid Company, Ajinomoto Co., Inc.
June 2011 Corporate Executive Officer, Ajinomoto Co., Inc.
June 2015 Corporate Vice President, AminoScience Division, General Manager, Europe & Africa Division, Ajinomoto Co., Inc.
June 2019 Advisor, J-OIL MILLS, Inc. (to present)



Akira Nozaki
Outside Audit & Supervisory Board Member

Apr.1988 Registration to lawyer (DAI-ICHI TOKYO BAR ASSOCIATION)
Apr.1995 Established Nagashima & Nozaki Law Office
Mar.2003 Representative, Nozaki Law Office (to present)
Sep.2006 Audit & Supervisory Board Member, Macromill,Inc.
June 2011 Audit & Supervisory Board Member, NEC Fielding,Ltd.
June 2014 Outside Audit & Supervisory Board Member, ipet Insurance CO., Ltd. (to present)
June 2015 Outside Director, ICHIKAWA CO., LTD. (to present)
June 2015 Outside Director, J-OIL MILLS, Inc.
June 2017 Audit & Supervisory Board Member, J-OIL MILLS, Inc. (to present)



Shuichi Ikeya
Outside Audit & Supervisory Board Member (Independent Director)

Aug. 1983 Registration of Certifi ed Public Accountant
Oct. 1993 Representative person, KPMG AZSA LLC
July 2016 Representative, SHUICHI IKEYA CPA Office (to present)
June 2017 Outside Audit & Supervisory Board Member, J-OIL MILLS, Inc. (to present)
June 2018 Outside Audit & Supervisory Board Member, SAINT-CARE HOLDING CORPORATION (to present)



Akira Muto
Outside Audit & Supervisory Board Member (Independent Director)

December 1988 Joined ASAHI BREWERIES, LTD.
April 2007 General Manager, Accounting Department, Wakodo Co., Ltd. (currently Asahi Group Foods, Ltd.)
March 2008 Executive Officer, General Manager, Accounting Department, Wakodo Co., Ltd. (currently Asahi Group Foods, Ltd.)
April 2009 Senior Officer, Asahi Breweries, Ltd.
September 2012 Executive Officer, Deputy Manager, Planning Division, General Manager, Finance Department, Asahi Food & Healthcare Co., Ltd. (currently Asahi Group Foods, Ltd.)
March 2014 Director, Executive Officer, General Manager, Planning Division, Asahi Food & Healthcare Co., Ltd. (currently Asahi Group Foods, Ltd.) (Retired in March 2015)
March 2015 Standing Audit & Supervisory Board Member, Asahi Group Holdings, Ltd. (Retired in March 2019)
March 2020 Outside Auditor, Ghelia Inc. (to present)
June 2020 Outside Audit & Supervisory Board Member, J-OIL MILLS, Inc. (to present)

Executive Officers

Ryo Tomizawa
Managing Executive Officer
Solution Business

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

Nobuyuki Sugisawa
Managing Executive Officer
Oils & Fats Processed Products Business

Akio Ohishi
Managing Executive Officer
Human resources

Yuji Kodama
Executive Officer
Head of Shizuoka Plant, Production Strategy

Tomozumi Ishibashi
Executive Officer
Supply Chain Control Center

Jun Utsumi
Executive Officer
Osaka Office, West Japan Sales

Masashi Endo
Executive Officer
Representative Director, President and CEO, J-PACK, INC.

Yoshihiro Miyagawa
Executive Officer
Corporate Planning, Corporate Administration & Corporate Governance Promotion

Kenichi Watanabe
Executive Officer
Food Design Center

Shigeru Ono
Executive Officer
Tokyo Office, East Japan Sales

Koyu Furukawa
Executive Officer
Oils & Fats Business Planning

Toru Horiuchi
Executive Officer
Finance, Information Systems

Takuji Senda
Executive Officer
Business Development

Takeshi Ashida
Executive Officer
Nagoya Office

Masata Mitsuiki
Executive Officer
Food & Fine Materials

Miwa Okamura
Executive Officer
Corporate Communications

Kazunobu Tanaka
Executive Officer
Oils and Fats Business Management, Raw Materials Purchase, Oilseed Meal Sales

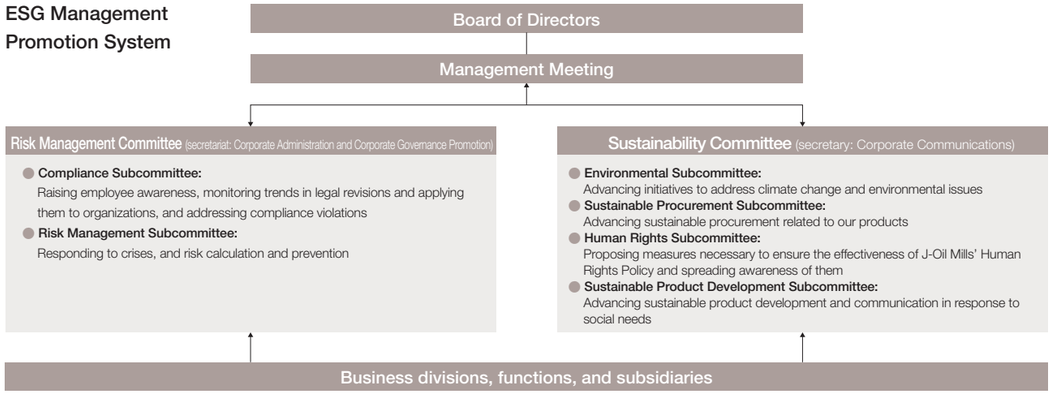
Materialities Report

Our Initiatives in the Area of Risk Management

We value risk management through accurate identification, evaluation, and management of risks, as well as on compliance. In 2020, we reorganized our organizational structure to ensure more thorough enforcement and implementation of risk management and compliance. We clarified the functions of the Ethical and Compliance Committee and Risk Management Committee, which had existed up to now, and established the Risk Management Committee as a new organization providing instruction and reporting to the Management Meeting, 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.

ESG Management Promotion System



Main Risks and Our Responses

Category	Risks	Risk Awareness	Our Responses to Risks
Risks related to the business environment	Effects of raw material procurement and impact of exchange rates	Market fluctuations in grains, exchange rates, maritime freight, meals, etc.	•Trading in a position that we believe offers us a competitive with advantage, within the scope of material purchase regulations and regulations for the application of forward foreign exchange contracts •Hedging by means of futures pricing and forward exchange contracts •Searching for new raw material production areas •Appropriate price negotiations through sales activities
	Spread of infectious diseases	Spread of infectious diseases such as COVID-19	•Preventing the spread of infections in the company by promptly setting up an Infectious Disease Control Headquarters in consideration of safety, and implementing thorough hygiene management and efficient business operations such as staggered work hours and telecommuting •Minimizing the frequency of contact between employees, such as by instituting a team system •Establishing a diversified production system by securing contractors and partners for stable supply
	Natural disasters	Disasters such as large-scale earthquakes and typhoons	•Revising our business continuity plan (BCP) in preparation for disasters other than large scale earthquakes
	Import duties	Lower tariffs on soy bean oil and canola oil from overseas	•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 •Accelerating J-Oil Mills' original proposals such as texture improvement by combining starch, margarine, and powdered oils and fats, etc.
	Drop in demand for oils, fats, and meal products	•Decrease in sales volume of soybean meal and canola meal if the domestic livestock and dairy farming industries are severely impacted by an influx of low-cost products from overseas due to tariff reductions on livestock and dairy products, or by an infectious livestock disease •Decline in consumption of oils and fats due to factors such as a decline in opportunities to cook food using oil at home, an increase in diets that reduce oil and fat intake, and the spread of cooking methods that do not use oil	•Practicing precise raw material procurement by scrutinizing demand forecasts •Changing business structure from quantity to quality, which is less vulnerable to the demand for meals
	Declining and aging population in Japan	Decrease in product demand with market contraction due to continued declining birthrate and aging population	•Accelerating the development of new products in response to changes in demand, for example as a result of greater awareness of health with an increasing senior population •Increasing international competitiveness through business alliances
	Potential risks in overseas expansion	Risks inherent in overseas expansion including unexpected revisions of laws, regulations, and tax systems, political and social risks such as conflict and terrorism, and the potential occurrence of natural disasters	•Implementing quick responses by obtaining overseas risk information from external consultants, overseas information services, the Ministry of Foreign Affairs' overseas safety website, and group companies that have expanded overseas
	Environmental and social issues	Damage to corporate value if environmental measures are insufficient, impact on financing and securing of employees	•Advancement of ESG management as an integral part of our business •Minimizing environmental impact by reducing our resource and energy use as well as our CO_2 emissions, seeking to go plastic free, using water resources effectively, and utilizing AI in the value chain •Maximizing the efficiency of our resource use through zero emissions
Risks related to business activities	Effects of information leakage and unauthorized access	Occurrence of information leaks or alteration of data as a result of unauthorized access or infection by computer viruses	•Implementing strong security measures •Regularly monitoring the management status of confidential documents within the company •Regularly conducting information management education programs for our employees via e-learning •Strengthening our monitoring of cyber-attacks from outside the company
	Food safety	Occurrence of distribution withdrawal and recall due to health hazards to customers or violation of laws and regulations such as those pertaining to labeling, occurrence of food fraud or alteration of data	•Reducing quality risks by operating a quality management system based on ISO 9001, conducting quality assessments at the product development stage, and strengthening the system •Checking for alteration of data, food fraud, etc. in quality audits of our factories and affiliated companies •Continuing employee education •Strengthening R&D activities and efforts to reflect opinions received through our Customer Liaison Office in products
	Securing human resources	Insufficient recruitment of human resources with the high level of expertise required in each field, or inadequate systematic promotion of the securing, development, and positioning of human resources who will lead the next generation	•Increasing our corporate value through ESG management and promotion of the SDGs •Development of 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 a fair personnel and treatment system •Further advancing diversity through promotion of participation by women and the post-retirement employment extension system •Further advancing work-life balance by revising work styles
Legal regulations and other risks	Compliance	Occurrence of acts contrary to laws, regulations and social norms, occurrence of fraud, harassment, etc., business constraints due to unforeseen regulatory changes or additions	•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 •Establishing an internal and external reporting liaison system for early detection and correction of fraud and harassment •Keeping a close watch on information on legislative amendments in order to respond to changes in laws and regulations

Promoting Compliance

■ Comprehensive Compliance

For the J-Oil Mills Group, “compliance” does not end with compliance with laws and regulations — it also refers to 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.

J-Oil Mills

Action Guidelines

In order to create *Oishisa* and happiness,

- We will be interested in the world, think for ourselves, and get moving!
- We will transcend all the barriers, and mutually multiply our strengths.
- We will constantly challenge ourselves, learn from failure, and keep trying.

J-Oil Mills

Code of Conduct

1. Provision of safe, high-quality products and services
2. Fair and free trade
3. Communication with society
4. Information management
5. Efforts to preserve the environment, save resources, and save energy
6. Contribution to society
7. Creation of a comfortable workplace
8. Responsibility to shareholders and investors
9. Relationship between individual employees and the company
10. Handling of intellectual property rights
11. International trade

■ System for Promoting Compliance

In July 2020, we changed our Ethical and Compliance Committee chaired by an executive appointed by the president into a Management Risk 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 of each of our divisions 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. In FY2019, we again held our annual CSR training for all employees, and continuously conducted awareness-raising activities. (Due to COVID-19, some group training sessions were conducted through distribution of recorded videos.)

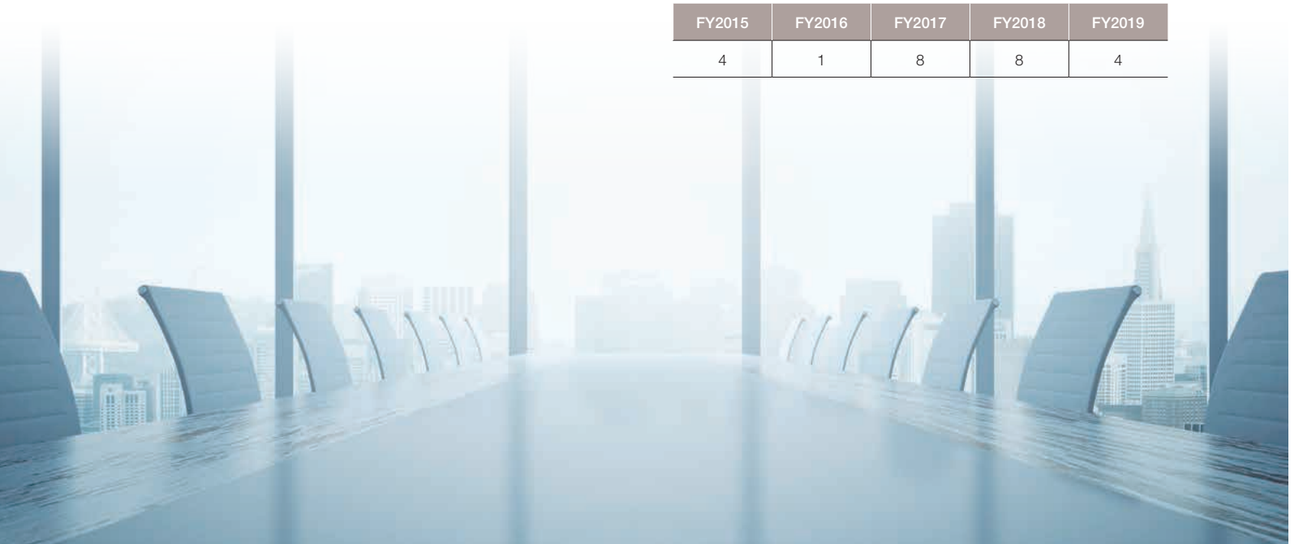
■ Improvement and Expansion of Internal Reporting System (Helpline)

J-Oil Mills has established an internal reporting liaison system to help us prevent or rectify any instances of actions that violate social norms or corporate ethics. We have established liaison windows both inside and outside the company; reports can be made anonymously, and the system protects whistleblowers. In addition, during CSR training in FY2019, we explained the internal reporting system and ensured that employees are thoroughly aware of the obligation to make a report if they know of action that violates or may violate social norms, laws and regulations, internal rules, etc.

In FY2019, four reports were made to our internal and external contacts. All of these reports concerned power harassment.

Number of Reports and Consultations

FY2015	FY2016	FY2017	FY2018	FY2019
4	1	8	8	4



Creating Diverse Value in Oils and Food

Management Approach

The overarching mission of any manufacturer of foodstuffs is to consistently provide customers with safe, secure, and high-quality products and services. We believe that the wellsprings of our corporate value are the trust that we have won from our customers over the course of long years consistently 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 ensure food safety with no slip-ups. In addition, by incorporating our customers’ opinions not only in realizing even greater quality and safety, but also in the development of new, high-value-added products, we will seek to win even deeper trust from our customers and increase our brand value. Moreover, we will contribute to tastiness and health and will work to solve social issues.



Director, Managing Executive Officer Production & Technology

Eizo Matsumoto

Policy

In order to realize “Joy for Life,” we pursue customer satisfaction by solving issues faced by society and our customers through providing safe, secure, and tasty food culture.

Initiatives

Create sustainable business operations and unique values by providing new values through our strength in food.

	2020	2023	2030
Goal image	• Start operation of a quality assurance system centered on product divisions, formulate original standards, and disseminate them via our website, etc. • Work out a direction for oil and fat products promoting a sense of health	• Start operation of an information centralization system • Expand functionality of ingredients, including oils and starches • Establish initiatives to reduce waste loss • Contribute to olive cultivation in Japan • Develop procurement policies for raw materials, except palm oil, and collect information about sustainable procurement	• Continue to develop sustainable products with customers’ opinions incorporated into development themes • Improve functionality, and obtain and disclose evidence data to improve health value • Increase the percentage of products that contribute to reduction of waste loss • Increase our olive purchase rate, including Japanese-grown olives
Quantitative targets	• Zero product recalls, six or more cases/year utilizing customers’ opinions • Conduct industry-academia joint research on omega-3 functions and values • Increase the sales ratio of TEE UP® products • Increase the sales ratio of olive oil	• Zero product recalls, zero claims of similar serious quality issues, percentage of product development that is sustainable or utilize customers’ opinions: 30% • Sell products based on evidence related to health functions • Increase the sales ratio of TEE UP® products • Increase the sales ratio of olive oil	• Continue zero product recalls and zero claims of similar serious quality issues, percentage of products developed that are sustainable or utilize customers’ opinions: 70% • Develop and sell products using new ingredients • Enhance our lineup of health-focused household-use products • Increase the sales ratio of TEE UP® products • Increase the sales ratio of olive oil

Food Safety and Security

■ Enhancement of our Quality Management System

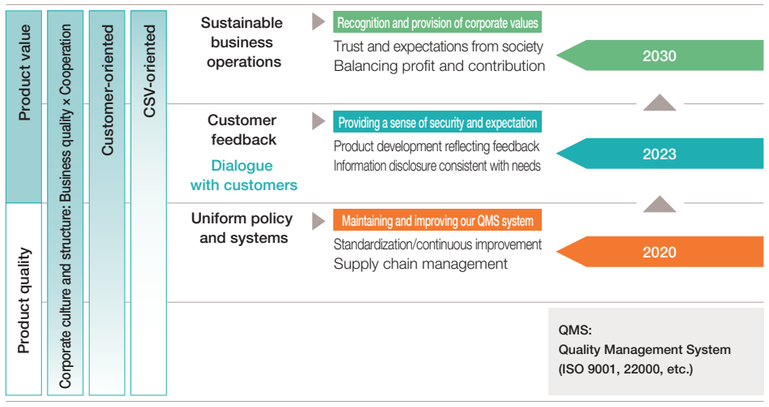
The overarching mission of any manufacturer of foodstuffs is to consistently provide customers with safe, secure, and high-quality products and services. J-Oil Mills has established a Quality Policy to ensure food safety and comply with laws and regulations. With each employee taking the customer’s point of view, we have established a solid quality assurance system and are continuously strengthening it through the maintenance and improvement of operations ranging from careful selection of raw materials to management and inspection of manufacturing processes and transportation and delivery management. At the same time, we are developing a system that can reflect customers’ opinions in our products.

Materialities Report

Creating Diverse Value in Oils and Food

To enable us to consistently deliver safe, secure, and high-quality products and services to our customers, J-Oil Mills has established a management system for every process, from the import of raw materials, through manufacture, to packaging and shipping, and we work constantly to increase quality. All of our production bases have received certification in the international standard of ISO 9001 (quality management) and ISO 22000 (food safety management).We acquired ISO 9001 certification for our business operations and product development departments in fiscal 2018 and then expanded the scope of the ISO 9001 certification to include our corporate departments in fiscal 2019.
With regard to the number of nonconformities indicated by external review organizations in fiscal 2019, we received zero notifications in relation to quality management for our production bases and one for our business operations, product development, and corporate departments, in addition to two notifications in relation to food safety management. We have completed corrective measures for all of these nonconformities. From fiscal 2020, we will not only maintain certifications, but also continuously work to expand ISO 9001 certification to other departments. Moreover, we will improve business operations in each department and enhance functions linkage.
In addition, seeking to strengthen traceability and disclosure of information to customers in a timely and accurate manner, we are establishing a system to centralize quality information and are pursuing efforts to get it up and running.

Quality Assurance Vision



■ Initiatives Related to Product Labeling

J-Oil Mills practices appropriate product labeling in compliance with laws and regulations, including food labeling standards. We revise labels from time to time in accordance with the food labeling standards of Japan's Food Labeling Act, comply with the law, and cooperate with industry associations and group companies to ensure proper and easy-to-understand labeling. In addition, on our website, we disclose such information as the origin of raw materials, product allergens, and manufacturing plants for our household-use products.

https://www.j-oil.com/

■ Initiatives to Reduce Trans Fatty Acids

J-Oil Mills develops oils and fats for margarines. Using our oil and fat processing technology, we develop several types of raw material oils and fats, which we blend together, and then use our unique emulsification technology to achieve reduced trans fatty acids, smooth spreading, and tastiness. Since March 2016, our household-use margarines, except for "Rama – The Margarine for Butter Lovers," have contained no partial hydrogenated oils and fats as part of our reduction of trans fatty acids. "Rama – The Margarine for Butter Lovers" used to contain a small amount of partial hydrogenated oils and fats in the flavoring, but since April 2018, we have used flavoring that does not contain partial hydrogenated oils and fats.
Going forward, we will continue making efforts to reduce trans fatty acids so that our customers can enjoy our products with peace of mind.

■ Initiatives Related to Raw Materials

The raw materials for many of our oil and fat products are procured overseas. This is especially the case for soybean, rapeseed, and palm oil. Soybeans are imported mainly from the United States and Brazil, rapeseeds from Canada and Australia, and palm oil from Malaysia and Indonesia. Olive oil, which is popular in our household-use oils and fats, is imported mainly from Spain, Italy, and Australia. Corn, which is a raw material for starch, is mainly sourced from the United States. We ensure safety when procuring these and various other raw materials and ingredients.
In addition, genetic modification technology is currently used around the world for soybeans, rapeseeds, corn, and cotton (cottonseed) — the crops used as raw materials for vegetable oils. We import and use as raw materials for vegetable oils genetically modified crops (GMO) scientifically confirmed as safe by the Japanese government and approved for import as "Non segregation between GMO and Non GMO". (That is, they are handled without distinguishing between genetically modified crops and non-genetically modified crops.)

Pursuing Customer Satisfaction

In order to improve work efficiency when putting product out for sale at retail stores, J-Oil Mills made the boxes for 600-gram eco-friendly plastic bottles of AJINOMOTO Olive Oil and AJINOMOTO Olive Oil Extra Virgin into SRP (Shelf Ready Packaging), which reduces work when opening the boxes and allows the boxes to be used as display cases. Going forward, we will continue to develop products and provide services that offer value to our customers.


When removing the bottles from the box and putting them on a display shelf


When using the box to display the bottles in a store

■ Creation of Taste and Promotion of Health

J-Oil Mills is also developing products with a focus on health. AJINOMOTO Healthy Sarara, an edible oil that offers the advantage of lowering total and bad (LDL) cholesterol in the blood, has been certified as a "food for specified health use," which allows the labeling of its health effects. AJINOMOTO Healthy Sarara has the effect of lowering cholesterol because it is rich in natural vegetable sterols.



■ Development and presentation of products that contribute to the resolution of social issues

J-Oil Mills aims to create diverse value by contributing to the resolution of various social issues through its products and services.
The social issues surrounding food go beyond the provision of health and tastiness; they are diversifying to include food waste and food loss, the use of limited resources, improving the working environment in restaurant and kitchens, providing economic value, and responding to food preferences stemming from cultural and religious differences. We need to approach these varied issues from all sides. We are working to develop products with an eye to solving social issues by utilizing solutions and technologies that combine ingredients including starch, in addition to our knowledge of oils and fats that we have cultivated over many years.

For other examples related to the "Creation of Taste and Promotion of Health" and "Development and presentation of products that contribute to the resolution of social issues," please refer to J-Oil Mills' R&D on pp. 17-18 and Special Feature 1: Contribution to the SDGs through J-Oil Mills' Business on pp. 19-22.

Materialities Report

Contribution to Society and the Planet

The Environment

Management Approach

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. Concrete measures are demanded in response to climate change. In particular, global warming due to rising emissions of CO_2 is increasing in severity, and we must recognize the abnormal weather events that are occurring in every part of the world as a significant risk to business activities.

As a company that is reliant on natural resources for the vast majority of its raw materials, these environmental issues are vitally important and have a considerable impact on J-Oil Mills' business. 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 advance environmental management with a particular focus on important issues that include minimizing our environmental impact and maximizing the efficiency of our resource use. We are also aware that we cannot resolve environmental issues by ourselves, and intend to work closely with all of our stakeholders in this area.



Eizo Matsumoto
Director, Managing Executive Officer
Production & Technology

Policy
We are working to minimize our environmental impact and maximize the efficiency of our resource use, for a sustainable global environment.

Initiative
We are pursuing a sustainable business model by reducing our impact on the global environment in all value chains including procurement, manufacturing, logistics, and sales.

	2020	2023	2030
Goal image	•Endorse TCFD and prepare information disclosures, identify climate change risks and opportunities, and start setting risk reduction targets •Start developing containers for new materials	•Set higher targets such as acquisition of SBT* certification and expansion of power generation ratio •Increase adoption of environmentally friendly materials, including biomass *SBT: Science Based Targets (Business Ambition for 2°C)	•Contribute to solving social issues related to climate change, achieve sustainable growth •Create eco-friendly packing materials cycle
Quantitative targets	•CO_2: 45% reduction (compared to FY1990) •Develop containers made from new materials •Zero waste emissions	•Reduce CO_2 emissions further toward FY2030 •Reduce Scope 3 CO_2 emissions •Municipal and industrial water: 5% reduction (compared to FY2019) •Adopt biomass and environmentally friendly materials in all divisions •Zero waste emissions	•CO_2: 30% reduction (compared to FY2019) •Municipal and industrial water: 10% reduction (compared to FY2019) •Reduce Scope 3 CO_2 emissions •Start circular use of in-house packaging materials •Zero waste emissions

Medication of and Adaptation to Climate Change

■ Reducing Greenhouse Gases (GHGs)

With the goal of reducing our CO_2 emissions by 45% by FY2020 against figures for FY1990, we advanced the efficiency of our energy use and achieved a 40% reduction by FY2019 by making improvements in our production divisions, such as installing in-house power generation equipment and efficiently sourcing energy from other companies.

From FY2020, we will aim to reduce our emissions by 30% by 2030 compared to FY2019 (Scope 1 and 2). We will also aim to reduce emissions throughout the supply chain, including CO_2 emissions related to the production of raw materials and purchased products (Scope 3).

In addition, recognizing the impact on the ozone layer and global warming, we systematically conduct self periodic and inspections of CFC equipment such as refrigerators 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).

In order to do better at saving energy, we are advancing multiple measures, not only to reduce the use of energy, but also in terms of energy supply. At our production sites, we have revised the overall energy use, such as with the installation of in-house power generation equipment and efficient sourcing of energy from other companies, to create a more efficient system. At our Chiba Factory, which introduced onsite power generation in FY2016, CO_2 emissions decreased by approximately 30% from before the introduction. At our Kurashiki Factory, which began operations in FY2017, the installation of efficient production facilities reduced emissions by about 10% compared to the amount of CO_2 emissions at our Kobe Factory (Sumiyoshi), which closed in FY2018. Going forward, we will continue to implement various energy-saving measures and keep making efforts to reduce greenhouse gas emissions.

■ Endorsement of the Task Force on Climate-Related Financial Disclosures (TCFD)

For J-Oil Mills, which uses a lot of natural resources as raw materials, it is important to properly recognize the risks and opportunities of climate change and to integrate them into our management strategies. In 2019, we started planning a scenario analysis incorporating climate-related risks and opportunities in relevant departments, and in 2020, we began preparing for its implementation in the newly established Sustainability Committee. Then, in November 2020, we endorsed the TCFD.

Future analysis results will be appropriately disclosed through our website, press releases, and the J-Oil Mills Report.

Sustainable Use of Resources

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

J-Oil Mills' production sites have achieved zero emissions by working hard to reduce waste and reuse resources. In FY2019, we achieved our target recycling rate of 99.99% in production divisions by proceeding with efforts to turn waste into marketable resources at our Yokohama Factory and other production sites. 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 global environment.

■ Tackling the Problem of Plastic Waste

J-Oil Mills is actively working to reduce the amount and weight of plastics and other materials used in its essential 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. We are using biodegradable plastics for the cap seals on some of our products (temporarily suspended as of May 2020). In addition, the creation of pouches using vapor deposition barrier technology that increases storage life has significantly reduced our usage of plastic. Moreover, we are using bioplastics derived from sugarcane (biomass), for which we have received an Eco Mark. In January 2018, we formed a company-wide committee to compile Guidelines for Containers and Packaging that are environmentally friendly. Going forward, we will continue to actively develop materials and containers with the global environment in mind, along with the ease of container use.

■ 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 water intake and discharge so as to reduce environmental impact.

J-Oil Mills' factories use a lot of industrial water as steam and a medium for cooling. In FY2019, all our factories in Japan together used 4.76 million tons of fresh water (about the same as in FY2018). Going forward, we will keep working to reduce our water intake by encouraging efficient water use and reuse. In addition, we have installed wastewater treatment facilities at each factory, and we strive to preserve water quality by releasing the water used in our factories into the sea and rivers in a clean state in accordance with the standards stipulated by law.

Materialities Report

Contribution to Society and the Planet

Supply Chain Management

Management Approach

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. There is an increasing demand for sustainability that encompasses the entire supply chain, as well as for information disclosure that allows evaluation of ESG risks.

J-Oil Mills will share the principles set out in our Sustainable Procurement Policy and Procurement Standards and our Palm Oil Procurement Policy with our business partners and work together with them to implement consideration for the environment, human rights, and other issues throughout our supply chains, in addition to actively disclosing information.



Hiroshi Hattori
Director, Senior Managing Executive Officer, Oils & Fats Business

Policy
We will establish an appropriate supply chain system through the utilization of certification systems in procurement activities, an in-house traceability system, and solutions to logistics issues.

Initiatives
We strive to achieve stable supply through consideration for the environment, human rights, etc.

	2020	2023	2030
Goal image	•Establish a Sustainable Procurement Policy and Procurement Standards and a Palm Oil Procurement Policy •Systematize logistics, advance digital transformation (DX)	•Promote utilization of various certified palm oils •Establish traceability up to oil extraction factory	•Establish traceability to plantation •Transition to platform logistics
Quantitative targets	•Promote the supply of certified palm oil in response to customer demand	•100% traceability up to oil extraction factory	•100% traceability to plantation

Enhancing Our Supply Chain Management

■ Study to Establish Reliable Traceability of Raw Materials

As a company that provides customers with valuable products created from nature's bounty, the sustainable procurement of grains, which are the main raw material for oils and fats, is a critical issue. In recent years, climate change and other factors have threatened the growing of grains, and as a result, there is a growing risk that the price of raw materials will fluctuate significantly. In addition to the issue of the natural environment, we are also required to ensure safety and quality, and to actively address workers' human rights issues. Seeking sustainable raw material procurement, we have established a Sustainable Procurement Policy and Procurement Standards based on our Environmental Policy and Human Rights Policy, and will promote sustainable procurement activities throughout our supply chains.

■ Initiatives in the Procurement of Palm Oil

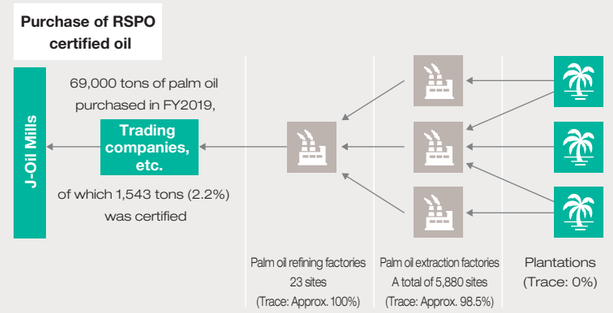
Palm oil extracted from oil palms is an essential oil in our lives. In recent years, however, a range of issues have been pointed out in the palm oil production process, including deforestation and the consequent loss of biodiversity, and human rights issues of local workers. In 2011, we joined the Roundtable on Sustainable Palm Oil (RSPO) and acquired factory certification for handling RSPO-certified palm oil at our Yokohama Factory to enable us to conduct responsible procurement of palm oil, which has some of the most issues among raw materials for oils and fats. In July 2020, we set down our thinking on palm oil procurement in consideration of the environment and human rights as a Palm Oil Procurement Policy.

Survey of traceability of palm oil suppliers

FY2018 target
Establishment of traceability
- Traceability to palm oil extraction factories: 98.9%
- Traceability to palm oil refining factories: 99.9%

FY2019 targets
Continuation of establishment of traceability
Confirmation of RSPO certification by palm oil extraction and refining factories

FY2020 target
Aim for 100% traceability to both palm oil extraction factories and refining factories



■ Initiatives in Malaysia

Premium Nutrients Pte. Ltd. (PNPL), a group company of J-Oil Mills, is a processed oil and fat products company based in Malaysia. PNPL is a wholly owned subsidiary of Goodhope Asia Holdings Pte. Ltd. (GH), a major Singapore-based manufacturer of oils and fats and processed oil and fat products.

GH has built a reputation for sustainability initiatives by applying principles such as No Deforestation, No Peat, No Exploitation (NDPE) across its supply chains and throughout its business. It also supports sustainable economic activities in local communities, including support for small-scale farms, healthcare at its own plantations, and the development of educational facilities. J-Oil Mills intends to advance collaboration with GH as an initiative for sustainable procurement.

Website
http://www.goodhopeholdings.com/

■ Initiatives Related to Human Rights

J-Oil Mills places importance on the human rights of all stakeholders concerned with our business and has been conducting human rights due diligence since FY2020. In FY2020, in order to identify human rights issues in the supply chain, we worked with our business partners and relevant departments within the company to uncover issues while conducting interview-style hearings. In the future, we will more clearly define and begin to resolve issues in the supply chain, and as the next phase, we will also work to identify human rights issues within our company.

■ Initiatives with Logistics Partners

Nowadays, there are many issues in the logistics industry. We see the logistics crisis as a problem shared across industry and are taking various initiatives in response. In order to ensure the sustainable and stable logistics necessary for our business activities, we have been working on various measures such as the standardization of outer packaging labeling and the use of pallets. In 2015, we made a modal shift, moving transportation between our Kobe and Wakamatsu factories to ferries, and received Eco-Ship Mark certification as a result. In addition, we revised long-distance "through delivery," which had been a factor in long operations and nighttime sorting work, and have transitioned to delivery from area inventory bases, including expanding our Sendai stock point and opening stock points in Kuki and Komaki in 2017.

Going forward, we will work to ensure sustainable and stable logistics and to improve productivity with the cooperation of our logistics partners and business partners while making use of AI, IoT, etc.

■ Declaration of Participation in White Logistics Movement

J-Oil Mills endorses the White Logistics Movement advocated by Japan's Ministry of Land, Infrastructure, Transport and Tourism, in hopes of creating an environment where our logistics partners can work more comfortably and at the same time improving productivity by revising business practices and our own operational processes. In May 2019, we submitted a Declaration of Voluntary Actions with the aim of ensuring the sustainability of the logistics that are essential for our daily lives and industrial activities.

Items for voluntary action by J-Oil Mills
- Proposals and cooperation to improve logistics
- Extension of lead time
- Separation of processes other than driving
- Separation of trunk line transport and pickup/delivery; advancement of modal shift to ships and rail
- Use of pallets

Materialities Report

Contribution to Society and the Planet

Collaboration with and Contribution to Local Communities, Enhancing Communication with Our Stakeholders

Management Approach

We share J-Oil Mills' information, including its corporate philosophy, business strategy, business plan, and business activities, with stakeholders such as employees, local communities, consumers, media, shareholders, and others in a timely and accurate 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 public organ of society, we will determine the diverse needs of society, gather various social demands as a point of contact for society, and feed them back into the company in order to think together about solutions for the sustainability of our corporate activities and the enhancement of our corporate value. Seeking to become the company of choice for our stakeholders, we are determined to increase our corporate value and build a solid corporate brand.



Miwa Okamura
Executive Officer
Corporate Communications

Policy
We will engage in stakeholder communication and carry out social contribution activities on the theme of solving social and environmental issues related to our products, with an awareness of sustainability as professionals in the field of edible oils.

Initiatives
In corporate activities that are difficult to differentiate, we are presenting J-Oil Mills' uniqueness and raison d'être by grasping the changes and needs of the times and engaging in stakeholder communication and by carrying out social contribution activities that make the most of our strengths.

	2020	2023	2030
Goal image	•Strengthen our information disclosure platform •Disclose information from the perspective of stakeholders •Strengthen our risk response capabilities •Disseminate information internally	•Conduct activities tailored to global perspectives and stakeholder characteristics •Optimize shareholder structure •Conduct advocacy activities •Strengthen dialogue with NPOs and NGOs •Disseminate value-creating information	•Strengthen functionality of CSR, IR, and PR as business expands and the company grows •Expand activities globally •Disseminate information at overseas bases, appoint personnel in charge
Quantitative targets	•Increase communication with multiple stakeholders •Hold quarterly financial results briefings •Conduct IR activities outside of Japan (once a year) •Increase media exposure	•Increase the ratio of individual shareholders and institutional investors (up 8% from FY2019) •Increase media exposure •Strengthen social contribution activities, increase outlay	•Increase the ratio of individual shareholders and institutional investors (up 15% from FY2019) •Increase media exposure •Strengthen social contribution activities, increase outlay

Collaboration with and Contribution to Local Communities

■ Launched "Land of Sunshine Refined Soybean Oil," a New Professional-use Private Brand Product that Supports the Future of Children in Okayama

In August 2020, we launched Land of Sunshine Refined Soybean Oil, a new professional-use private brand product for Iceline, Inc. (Head Office: Okayama City, Okayama Prefecture; President: Maresuke Ishii) that is sold to restaurants in Okayama Prefecture. Land of Sunshine Refined Soybean Oil is mainly made from soybean oil extracted at our Kurashiki Factory. A portion of the proceeds from sale of the product is donated to programs promoted by Okayama City and the Okayama City Council of Social Welfare to "create a place for children" and will be used for activities that support the future of children in Okayama. Through this initiative, we will provide a high-quality product and contribute to the local community where our factory is located.



Land of Sunshine Refined Soybean Oil

■ Olive Cultivation in Izu and Kobe

J-Oil Mills is concentrating on the establishment of olives in Japan and the production of a domestic brand of olive oil. In 2019, we established a business alliance with Tokyu Corporation (Tokyu) and Izukyu Holdings Co., Ltd. (Izukyu HD), and joined in the Izu Olive Mirai Project, which has been carried out by Tokyu and Izukyu HD on the Izu Peninsula in Shizuoka Prefecture, aiming to further drive the branding of Izu olives and revitalize the region. We held a tree planting ceremony in October 2020. We will continue to search for olives suited to Japanese soil, evaluate their quality, and consider how to use olive meal.

In addition, in an olive farm revival project in Kobe, which we have been supporting since 2018, we experimentally harvested for the first time a variety of olives such as Manzanillo, Mission, and Lucca planted on the farm, and conducted research on pickling with salt and extraction of olive oil. Together with efforts to preserve the olive tree that is said to be the oldest in Japan, located at Minatogawa Shrine in Kobe City, with which we cooperate, we will contribute to the promotion of the local community and culture.



Tree planting ceremony for Izu Olive Mirai Project



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 accurate manner.

We send out press releases to media such as general newspapers, lifestyle magazines, and industry journals to get our news out in a timely manner. Our press releases cover a wide range of current topics, including management, business performance, and new product information. For the stock market, we provide a realistic picture of our company through quarterly earnings briefings, small meetings with management, and individual interviews. Moreover, as interest in solving social issues such as the SDGs increases, inquiries about our sustainability from customers, NPOs, NGOs, community members, companies, and others have increased recently. 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.

Number of Major Disclosures

	FY2018	FY2019	FY2020 (until Oct.)
Small meetings	1	2	1*
Financial results briefings/ conference calls	2	2	2
Individual business briefings	1	0	0
Number of releases	27	42	26

* Conducted via web conference

Topics

Website Updated and English Version Launched

We updated our website in October 2020. We completely changed the design, organization, and content to make the website easier for users to view and understand. In 2019, we also created an English version of the site.

Going forward, we will continue to improve the website's usability and expand its content to disseminate better information to stakeholders.



Materialities Report

Creating an Organization That Promotes Mutual Enhancement of Individuality and Mutual Growth

Management Approach

Employees are the driving force behind stable business management and growth. In our Fifth Medium-Term Business Plan, we have positioned the development of human resources and work style reform to increase work satisfaction as pillars for strengthening our management foundations. We are advancing reforms in order to create workplaces in which our employees are able to happily work with pride. In addition, we are developing plans and measures and promoting reforms so that each initiative will lead to the realization of our corporate philosophy, "Joy for Life®." We have found some issues such as a low level of openness and a lack of communication though our surveys and stress checks for all employees. These are problems that lead to employees quitting or taking leave, and we therefore intend to improve them by implementing concrete and continual action plans, looking towards reform of our corporate awareness and corporate culture. It is also necessary for us to further promote diversity, and we are working to promote the active participation of women in the workplace (the Cassiopeia W Project) and expand our employment of disabled workers (looking towards the revision of the statutory employment rate). At the same time, we are supporting the development and entrenchment of relevant systems and mechanisms.



Managing Executive Officer,
Human Resources
Akio Ohishi

Policy

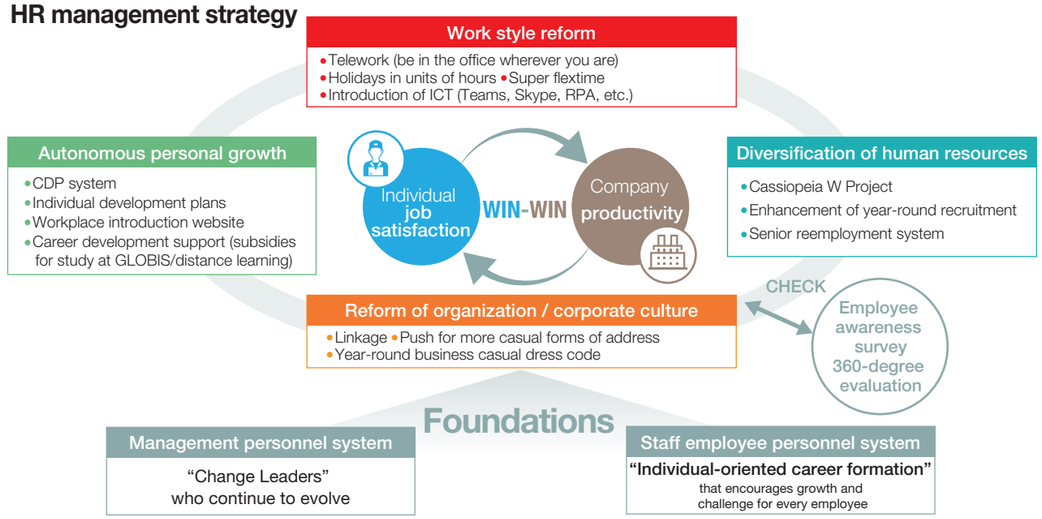
We encourage employees to challenge themselves and we support their career development. We create an environment and systems in which diverse human resources can play active roles in good health for a long time through diverse work styles. We also create job satisfaction by enhancing the diversity of work styles and work-life balance, improving corporate activities and producing results, in order to be a company chosen by talented personnel.

Initiatives

In light of social needs such as a shrinking workforce and a declining birthrate and aging population, it is necessary to increase diversity in recruitment and employment, improve the workplace environment, and develop human resources who can balance exploitation and exploration based on our core businesses. We will respond flexibly to changes in the environment and our business, producing results in corporate activities such that individuals and the company grow together while experiencing job satisfaction along the way.

	2020	2023	2030
Goal image	•System design for diversity of work styles •Active recruitment of talent with skill sets not found in our company •Start of various actions for health management •Improvement of the environment for remote work	•Increase in proposal-based work from challenges and departmental connections •Promotion of work styles and utilization of systems that are suited to each function •Active recruitment of diverse talent (women, foreigners, reemployed personnel, etc.) •Development and strengthening of specialized systems (organizations) for enhancing health and productivity management	•New business development and challenges; increase in synergies •Improvement of work-life balance •Creation of innovation that multiplies various strengths •Active participation of human resources with a wide range of experience, abundant knowledge, and expertise •Reduction of the health insurance financial burden related to medical expenses (excluding the impact of law revisions)
Quantitative targets	•Improvement of the "happiness working in our company" score on our employee awareness survey •Improvement of the head office's ABW environment; maintenance of an at-home remote work rate of 50% or more •Percentage of female managers: 7% or more; employment rate of persons with disabilities: 2.3% or more •Achievement of rotations from Career Development Program (CDP) and development plans: 75% or more •Disclosure of stress check data to the organization and development of an action plan for improvement	•"Happiness working at our company" score of "middle of passing" or higher •Expansion of ABW environment to other sites; streamlining of the use of office floors •Continuous increase in the percentage of female managers and maintenance of a stable employment rate of persons with disabilities of 2.3% or more •Systematic development and promotion of young personnel •1.5 times more investment in education (compared to FY2019) •Acquisition of White 500* status; improvement of overall stress level on stress checks * White 500: the top 500 organizations among large enterprises with outstanding health and productivity management	•Stable "happiness working at our company" score of "good" or higher •Practice of the work style of not going into the office as fully remote (for applicable workplaces) •Continuous increase in the percentage of female managers; maintenance of an employment rate of persons with disabilities of 4% or more; development of an LGBT-friendly environment •Employment extension selection rate 100% (excluding persons selecting a second carrier*) * Second career support system: A system that provides support services through a support company to applicants with the aim of supporting the achievement of autonomous career plans after retirement in light of the diversification of lifestyles

HR management strategy



Reform of Our Corporate Culture

■ Using Internal SNS

Using a linkage board as a place for communication between employees and adopting internal SNS as a forum for the sharing of internal information leads to interactions that transcend organizational boundaries and positions. At the time of Japan's declaration of an emergency due to COVID-19, we passed along messages of encouragement via SNS to employees who came to work in the office. There were nearly 1,000 posts of encouragement and comments made in response to them, and they received nearly 450,000 views and over 50,000 Likes.



Mosaic art of posted photos

■ Employee Awareness Survey

In order to create a better organization and work environment, we regularly conduct an employee awareness survey for all employees. By visualizing the survey results with numerical data, we confirm the strengths and weaknesses of each organization, find issues, discuss improvement methods within each workplace, and establish action plans. After that, we work through the PDCA cycle to implement and verify action plans in each workplace.

Promoting Work Style Reform

■ Office Renovations

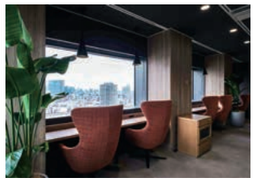
Since 2018, as part of work style reforms we have been improving our IT and mobile environments and promoting teleworking in an effort to create an environment and systems that allow employees to work flexibly inside and outside the office.

In 2020, we carried out office renovations that incorporate the ABW* concept, in parallel with the development of structures for switching from landlines to mobile phones and promoting paperless operations in the management departments at our head office, which had an especially large number of operations bound to the office and peoples' desks.

Through this initiative, we will promote diverse work styles for employees, allowing them to carry out work efficiently without caring about time and place, aiming for new work styles that protect the health, security, and safety of employees with an eye to life with and after COVID-19.

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





Materialities Report

Creating an Organization that Promotes Enhancement of Individuality and Mutual Growth

■ Work-Life Balance

As part of its efforts to reform work styles, J-Oil Mills has introduced a variety of systems to enable diverse working styles. Our initiatives to address long working hours have included encouraging employees to take paid leave, expanding the range of workplaces using flextime, and introducing a super flextime system. We have also introduced flexible office systems such as working from satellite offices and working from home. The number of users of these systems is increasing, and flexible working styles are being realized.

As an initiative towards the proper management of working hours, we have conducted appropriate management of total working hours by linking PC log-in and logout times to our system. In fiscal 2020, we will analyze working hours by business division and take improvement measures while also proceeding with reforms towards flexible work styles.

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. 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.

Diversity and Inclusion

■ Promotion of Participation by Women: The Cassiopeia *W* Project

In fiscal 2018, as part of our efforts to promote diversity and greater participation by women, we launched the Cassiopeia W Project, a project consisting of female employees in the company, and have been advancing various initiatives.







(Upper left) Unconscious bias training for, managers

(Upper right) Women's Workshop for female employees from around Japan

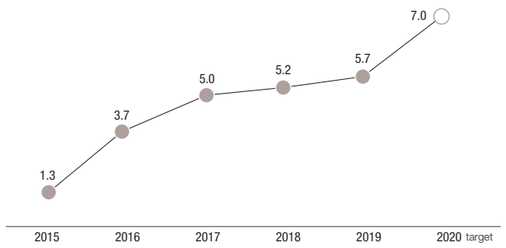
(Lower left) Round-table discussion for female managers with the female outside director

In fiscal 2020, the third term, we will continue to implement our previous initiatives, and with the participation of male members, we will expand our activities to promote diversity and will advance various measures and initiatives.

■ Percentage of Female Managers

We believe it is important to create an environment where female employees can play more active roles than ever, and we are therefore putting effort into the development of female managers. As a result, the percentage of female managers has steadily improved, reaching 5.7% in fiscal 2019.

Percentage of Female Managers (%)



Topics

Receipt of an "Eruboshi" Certification Mark for the Promotion of Active Participation of Women in the Workplace

In September 2019, we received an "Eruboshi" certification mark (Grade 2) for the promotion of the active participation of women in the workplace. The Eruboshi system uses five standards for evaluation of women's work styles. We were evaluated as having satisfied three of these standards: work styles (working hours, etc.); percentage of women in managerial positions; and availability of diverse career paths.

■ Childcare and Nursing Care Support

We have been working to enhance our various programs and support systems so that each employee can play an active role both at work and in family life. Employees can use childcare leave until the end of April after the child is one year old, and use reduced working hours system for childcare until the end of the school year for the child's third year of elementary school. These systems can be used in conjunction with our flextime system. In fiscal 2019, the number of male employees using the childcare leave system increased to five. We will continue to advance the entrenchment of these systems so that not only women but also men can take an active part in childcare.

Employees can take caregiving leave for up to 14 months per eligible family member, and a reduced working hours for caregiving system is also available. In addition to support systems that can be used when working while providing caregiving, we have prepared a Handbook for Supporting Work and Caregiving, which summarizes basic knowledge of caregiving, how to balance it with work, and management advice from managers. In these ways, we are working to ensure that employees can continue to work with peace of mind even when faced with the need to provide caregiving.

In addition, we have introduced a "comeback system" for employees who have been forced to leave work for reasons such as marriage, the transfer of their spouse, or the need to provide caregiving. Going forward, we will continue to create an environment and systems that enable each employee to choose flexible work styles.

■ Initiatives for Employment of Persons with Disabilities

We aim to be a workplace where diverse human resources can play active roles while aiming to achieve the legally required employment rate for persons with disabilities. We are carrying out active recruitment activities by broadening considerations in job openings and diversifying our approaches.

■ Revision and Introduction of Senior Reemployment Systems

We have revised our reemployment system and introduced a fellow system (a system that enables the appointment of talented and motivated human resources, regardless of age, from outside the company and to provide a place where they can play an active role, with the aims of achieving continuous growth and being a competitive business entity). We aim for the mutual growth of individuals and the company so that seniors can make use of the techniques, experience, and knowledge they have cultivated. Specifically, we are developing environments, creating systems, and introducing programs that enable seniors to play active roles. We have also established a second career support system to support the achievement of autonomous career plans after retirement.

Human Resources Development and Autonomous Personal Growth

■ Personnel Systems

We revised our personnel systems for employees and management and began their full-scale operation in fiscal 2019. For employees, the philosophy of our system is "Individual-oriented career formation." Under this banner, we seek to respect each individual and allow them to sketch out a vision for their career and realize it, and we also enhanced our education system to support those activities. In our management personnel system, we have introduced the concept of "Change Leaders" who continue to evolve. Our aim is to allow individuals to continue to flexibly evolve their own strengths in line with changes in the environment and the development of technology, rather than conventional growth.





■ Educational Investment

J-Oil Mills is working to develop "the human resources needed" to achieve value creation. We invest approximately 128 million yen annually in education to develop human resources who will play a role in the growth of the company and the sustainable growth of society.

In addition, in order to revitalize the organization, we have established a variety of training programs for career development such as training for officers, management training for managers, and a manager development system called "Challenge Box." Furthermore, we provide specialized training, rank-based training, a business school, and subsidies for correspondence courses to give employees necessary knowledge and foster their frames of mind and motivation. In addition, in an attempt to embody considerations for future environmental changes, including the SDGs, in our new business models, we introduced the SDGs Innovation Training using the Concept of Scenario Planning.

Educational spending per person

124 thousand yen/year

J-Oil Mill's total education outlay

128,166 thousand yen/year

Materialities Report

Data (Non-financial Data)

Non-financial indicators

	Unit	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	**Fiscal 2019**
Employees						
Number of employees (Non-consolidated)	Persons	948	953	985	1012	**1039**
Male	Persons	790	796	815	829	**844**
Female	Persons	158	157	170	183	**194**
Non-Japanese employees	Persons	0	0	0	0	**1**
Average age	Years	43	43	43.1	43.5	**43.7**
Male	Years	43.2	43.4	43.4	43.9	**44.2**
Female	Years	41.8	42.1	41.4	41.4	**41.5**
Years of continuous employment	Years	17.2	17.4	17	16.9	**17.2**
Male	Years	17.5	17.8	17.5	17.8	**17.8**
Female	Years	15.6	15.6	14.5	13.9	**13.6**
Number of employees in management positions equivalent to department chief	Persons	60	61	67	68	**75**
Male	Persons	60	61	66	66	**72**
Female	Persons	0	0	1	2	**3**
Number of employees in management positions equivalent to section manager	Persons	175	176	184	187	**186**
Male	Persons	172	171	175	176	**174**
Female	Persons	3	5	9	11	**12**
Ratio of women in management positions	%	1.3	3.7	5	5.0	**5.7**
Number of new graduates recruited	Persons	21	13	35	19	**19**
Male	Persons	15	11	26	12	**12**
Female	Persons	6	2	9	7	**7**
Number of employees leaving the company*1	Persons	12	10	16	18	**17**
Turnover rate of new graduates within three years*2	%	4.8	0	5.7	-	**-**
Ratio of employees with disabilities*3	%	2.37	2.38	2.06	2.01	**2.18**
Number of employees making use of the reduced working hours for childcare system	Persons	24	21	23	20	**23**
Number of employees making use of the childcare leave system	Persons	10	8	7	5	**10**
Ratio of employees returning to work following childcare leave	%	100	100	100	80	**91**
Number of employees taking nursing care leave *4	Persons	1	2	4	6	**14**
Number of employees taking caregiving leave	Persons	0	1	1	1	**0**
Paid leave acquisition rate	%	68.6	64.9	63.0	69.7	**79.1**
Hours of overtime worked per person	Hours/ Month	16.1	16.3	16.8	17.5	**17.9**
Total annual work hours	Hours	1,965.1	1,955.5	1,969.2	1,961.0	**1,945.0**
Number of work accidents (Four days or more of lost worktime)	Accidents	0	2	1	2	**0**
Frequency rate of accidents resulting in lost worktime *5	Frequency rate	0.395	0.790	0.790	1.185	**0**
Severity rate of accidents resulting in lost worktime *6	Severity rate	0.000	0.007	0.107	0.087	**0**

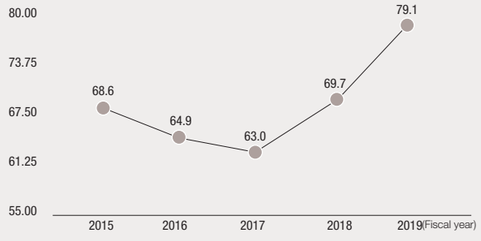
*1: Does not include employees taking mandatory retirement. *2: The rate of new graduates who joined the company in the relevant fiscal year and left within three years. *3: As of the end of March each year. *4: Number of employees taking nursing leave for children. *5: One day or more of lost worktime. Excludes accidents while commuting. The frequency of accidents is expressed by the number of deaths and injuries in accidents resulting in lost worktime per one million working hours. *6: The severity of accidents is expressed by the number of days of lost worktime per one thousand working hours.

	Unit	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	**Fiscal 2019**
Environment*7						
Quantity of raw materials consumed	Thousand tons	1,673	1,678	1,739	1,680	**1,694**
Purchased electricity	Million kWh	99.37	85.43	65.21	64.06	**67.41**
Greenhouse gas emissions						
Scope 1	k t- CO_2	113	120	135	132	**137**
Scope 2	k t- CO_2	63	44	26	30	**32**
Scope 3*8	k t- CO_2	-	-	-	3,542	**3,453**
CO_2 emissions per unit of production	t- CO_2/ Tons of refined oil	0.29	0.26	0.24	0.25	**0.26**
Water intake	Thousand m^3	13,058	12,646	12,842	13,014	**12,721**
Volume of wastewater	Thousand m^3	10,637	11,126	10,818	11,621	**11,310**
Volume of waste generated (Production bases)	Thousand tons	37	39	43	39	**41**
Recycling rate (Production bases)	%	99.98	99.99	99.99	99.98	**99.98**
Volume of emission and transfer of specified chemical substances	Tons	7	11	8	7	**9**
Social contribution						
CSR expenditures	Million yen	8	25	27	27	**31**

*7: Up to fiscal 2018, covers all of our own production sites; from fiscal 2019, our non-production sites and the group company J-Chemicals are included.
*8: Only for the oils and fats business.

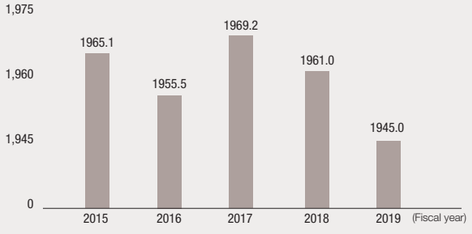
Main non-financial indicators

Paid leave acquisition rate (%)



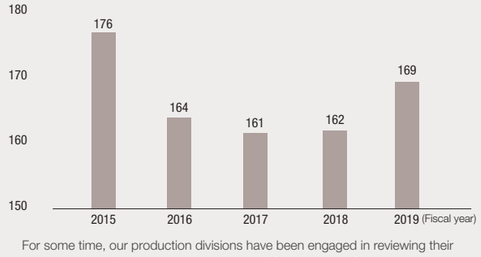
The paid leave acquisition rate has improved with our promotion of work style reforms. We will keep striving to improve the work-life balance of our employees.

Total annual work hours (Hours)



Total annual working hours have been decreasing gradually since fiscal 2018. Going forward, we will continue to advance efforts in this area.

Volume of CO_2 emissions (k t- CO_2)



For some time, our production divisions have been engaged in reviewing their overall energy efficiency and reducing their CO_2 emissions. Going forward, we will strive for further reductions, including Scope 3.

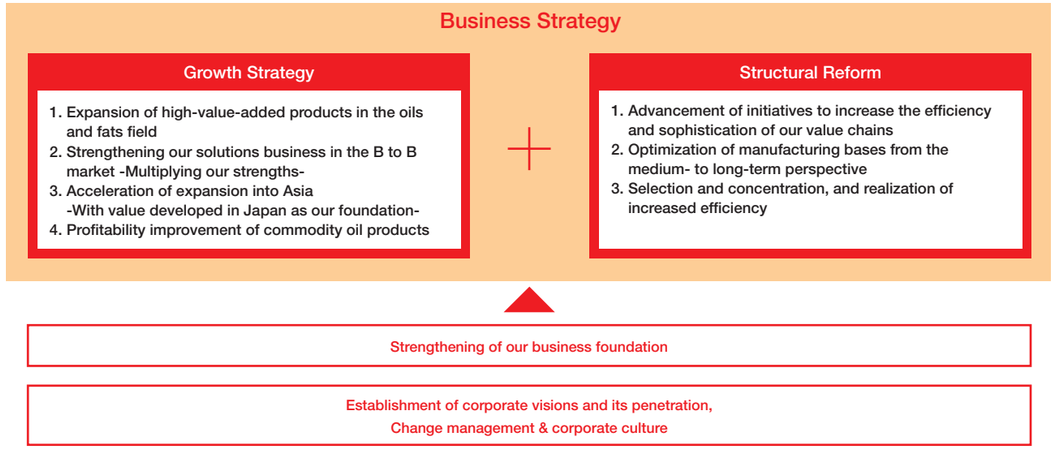
* This graph uses Scope 1 and 2 data.

Volume of water intake / Volume of wastewater (Thousand m^3)



We will continue to advance efforts to realize sustainable use of water resources. From fiscal 2020, we are also working on the disclosure of detailed figures on our website.

MD&A (Management's Discussion and Analysis of Financial Status and Business Results)



Management environment and priority business and financial issues to be addressed

COVID-19 is spreading on a global scale, and even in Japan, which is the foundation of our business, the business environment surrounding J-Oil Mills has changed significantly due to changes in consumer behavior, such as people staying at home following the declaration of a state of emergency. It is also difficult to predict when this effect will come to an end. Given this environment, as a food company, which is essential to people's lives, we are determined to ensure the safety and security of our employees, to provide stable supply, and to develop products that meet the needs of consumers.

The J-Oil Mills Group recognizes that its priority issues to be addressed include the continuing rises in logistics costs, the risk of market price and exchange rate fluctuations due to international trade issues, the decreasing demand due to the declining birthrate and aging population in the Japanese market, and the diversification of consumer needs.

In order to address these issues, we have formulated our Fifth Medium-Term Business Plan and are advancing various measures pertaining to our growth strategies, structural reforms, and strengthening of our management foundations, which are the pillars of the plan. In addition, we will fulfill our social responsibility as a food company by embodying our Corporate Philosophy, "Joy for Life® — To make life tasty and fun." Looking ahead to 2030, we will leverage our strengths to develop businesses that solve social issues related to food resources and environmental problems in response to business opportunities that result from structural changes in society.

<Growth Strategy>

While raising expanding high value-added products in the field of fats and oils and our growth areas as our challenges, we are further strengthening our proposals for expanding the use of olive oil in the household-use market and, in the professional-use market, proposals for our long-life oil Cho Cho Toku Toku and J-OILPRO® oils, which offer a variety of flavor and cooking functions. In our solution business, which is a business function targeting corporations, we are making proposals to realize Design Taste 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.). Furthermore, in December 2019, we acquired capital in Premium Fats Sdn Bhd and Premium Vegetable Oils Sdn Bhd, Malaysian oil and fat products manufacturers, and will accelerate our business development in Asia, with a focus on the confectionery and bakery ingredients market.

<Structural Reform>

In fiscal 2019, we worked on structural reforms such as restructuring our mixed feed business, transferring our Sakaide business, and merging our manufacturing subsidiaries in order to ensure sustainable growth. In addition, through a business alliance with Nisshin OilliO Group, Ltd., we will strengthen the international competitiveness of our oil extraction business, contribute to society through the growth of the edible oils industry and through a stable supply of food products, and enhance our corporate value over the medium to long term.

<Strengthening 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®," we are working to introduce a work-at-home system and encourage the taking of paid leave, in addition to revising our personnel system. We are also diversifying our human resources by creating opportunities for women to play an active role in the workplace and by revising and introducing senior reemployment systems.

In fiscal 2019, 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 will carry out disciplined management going forward.

Leveraging the assets and unique strengths we have cultivated so far, the J-Oil Mills Group will contribute through its business to solutions to various challenges raised in the SDGs and will also advance CSV (Creation of Common Value) management, by which the Group will seek growth by providing new value. At the same time, we will practice management that takes ESG (the environment, society, and governance) into consideration.

<Corporate Philosophy>

In order to unite and advance these initiatives as one, we will work to further entrench our Corporate Philosophy, "Joy for Life® — To make life tasty and fun," throughout the J-Oil Mills Group. As the mission of our Group, we will strive to become a company that designs tastes, creating flavor able to move the hearts of our customers, by mastering the value of oil and further developing our strengths.

Overview of Fiscal 2019 Business Results

Business Environment

The J-Oil Mills Group's main business, our oils and fats business, is affected by overseas market fluctuations and exchange rates for both soybeans and canola, which are our main raw materials.

In the consolidated fiscal year under review, soybean prices in Chicago, U.S.A., temporarily fell below USD $8 per bushel, mainly due to the prolongation of U.S.-China trade negotiations, but mostly moved between the USD mid-$8 to low-$9 range, mainly due to progress in U.S.-China talks and the weather in production areas.

Canada's canola market price temporarily fell below CAD $430 per metric ton due to expected easing of the supply-demand balance resulting from deteriorating relations between Canada and China, but then remained in the range of CAD $430 to $460, mainly due to weather conditions.

As for the exchange rate, in response to developments in the U.S.-China talks, the yen appreciated to the ¥104 level against the U.S. dollar in August, but then reversed and weakened to the ¥112 level in February. However, due to the spread of COVID-19, it fluctuated violently in March, swingingly widely between the ¥101 to the ¥111 levels in a short period of time. On average during the period, the yen appreciated against the dollar compared with the same period the previous year.

The spread of COVID-19 on a global scale has greatly changed the industry environment surrounding food since February, including in our mainstay Japanese market, due in part to country-wide school closures and requests for people to stay home. As the restaurant market and the market for confectioneries as gifts declined, the household-use market increased due to the rise in opportunities for cooking at home.

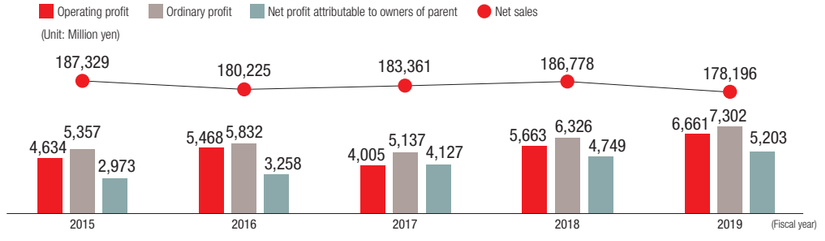
In such an environment, the J-Oil Mills Group continued its production activities with the help of our business partners and subcontractors, under the basic policy of ensuring the safety of our employees and fulfilling our supply responsibilities to our customers as well as our social responsibilities, as a company involved in the food business. In addition, focusing on life with and after COVID-19, the J-Oil Mills Group will work together not only in the production and logistics departments, which are vital to deliver our products to customers, but also in our head office, sales, and other departments, taking all kinds of measures to reduce the risk of infection. At the same time, we will provide support for the Group's employees, who underpin the stable supply of products.

Business Results

Net sales

Based on the growth strategies of our Fifth Medium-Term Business Plan, we strove to further expand the sales of high-value-added products, strengthen the solution business in the B to B market, accelerate business expansion into Asia, and enhance the profitability of commodity oil products. We

Key Financial Indicators



also revised the prices of our oil and fat products against a backdrop of soaring logistics costs, and advanced a sales strategy that emphasizes the price of commodity oil products while the market price of oils and fats remains favorable.

In the fiscal year ended March 31, 2020, sales of high-value-added products increased, mainly in the oils and fats business, but meal sales decreased with a fall in sales prices, and there was a drop in the sales prices and a decrease in the sales volume of oils and fats. As a result, net sales were ¥178,196 million (down 4.6% year-on-year).

Cost of sales, and selling, general and administrative expenses

In the fiscal year ended March 31, 2020, the cost of sales was ¥141,762 million (down 6.7% year-on-year) as a result of a decrease in manufacturing costs in the oil and fats segment due to the effects of market prices. Selling, general and administrative expenses were ¥29,772 million (up 2.1% year-on-year). This was mainly attributable to ¥11,334 million in product shipment costs, which had increased due to the soaring logistics costs. Advertising expenses decreased on a rebound from active investment in the previous fiscal year, but we continued to invest in TV commercials pitching expanded use of olive oil, resulting in ¥1,782 million spent. Salaries and allowances were ¥4,784 million due to an increase in personnel.

Operating profit

Operating profit was ¥6,661 million (up 17.6% year-on-year) as a result of improvement in the profitability of our oils and fats business due to the fact that market prices for raw materials remained at a low level compared to the same period the previous year and our efforts to correct prices in consideration of an increase in infrastructure costs such as logistics expenses.

Ordinary profit

The financial account was on par with the previous year due to an increase in commission expenses despite an increase in dividend income and a decrease in interest expenses with a decrease in borrowings. We made Premium Vegetable Oils Sdn Bhd, a Malaysian oil and fat processed products company in which we acquired shares in December, into an entity accounted for using the equity method, but its impact on business results is minor. As their materiality has increased from the current consolidated fiscal year, rental income and rental costs (depreciation) related to assets lent to entities accounted for using the equity method are set down separately. As a result of the above, ordinary profit was ¥7,302 million (up 15.4% year-on-year).

Profit attributable to owners of parent

Extraordinary gain recorded included insurance claim income for typhoon damage incurred in the previous fiscal year and gain on sales of non-current assets with the transfer of the Sakaide Logistics Center's business. Extraordinary losses recorded included loss on product recall with the voluntary recall of the Company's products and impairment loss on business assets in the oil and fat processed products business. As a result of the above, profit attributable to owners of parent for the fiscal year ended March 31, 2020, was ¥5,203 million (up 9.6% 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, we have been steadily achieving 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, Liabilities and Equity

Assets

Current assets as of the end of the consolidated fiscal year under review increased by ¥3,025 million to ¥73,908 million. The major increase was cash and deposits of ¥6,004 million. The major decrease was notes and accounts receivable – trade of ¥2,998 million. Non-current assets decreased by ¥3,165 million to ¥73,579 million. The major decreases were property, plant and equipment of ¥2,525 million, including impairment loss in the oil and fat processed products business, and investment securities of ¥399 million. Deferred assets were ¥52 million, decreasing by ¥7 million due to amortization of bond issuance cost. As a result of the above, total assets were ¥147,541 million (down ¥147 million year on year).

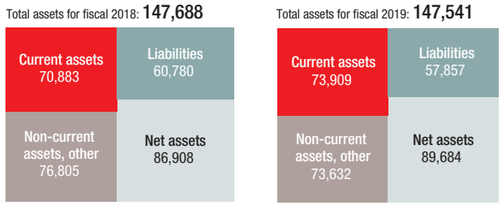
Liabilities

Current liabilities as of the end of the consolidated fiscal year under review decreased by ¥1,648 million to ¥30,205 million. The major increase was income taxes payable of ¥2,027 million. The major decreases were borrowings of ¥2,200 million, accrued consumption taxes of ¥1,068 million, and other current liabilities of ¥469 million, including accounts payable – other. Non-current liabilities decreased by ¥1,273 million to ¥27,651 million. The major decreases were long-term borrowings of ¥400 million and deferred tax liabilities of ¥982 million. As a result of the above, liabilities were ¥57,857 million (down ¥2,922 million year on year).

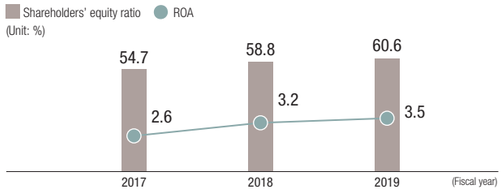
Net assets

Net assets as of the end of the consolidated fiscal year under review increased ¥2,775 million to ¥89,683 million. The major increase was retained earnings of ¥3,620 million. The major decrease was valuation difference on available-for-sale securities of ¥996 million.

Consolidated Balance Sheets (Overview)



Shareholders' equity ratio and ROA

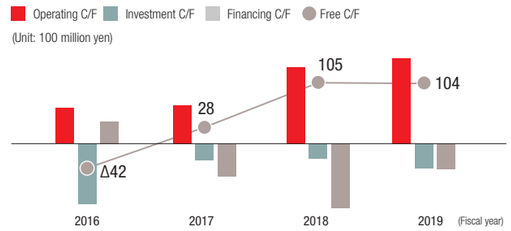


Overview of Cash Flows

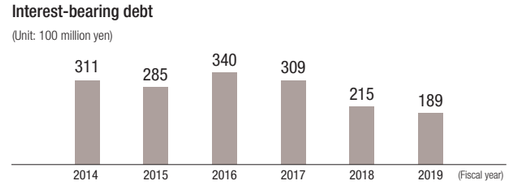
Net cash provided by operating activities for the fiscal year under review increased by ¥1,572 million from the previous fiscal year to ¥14,647 million. This was mainly due to an increase in profit before income taxes. Net cash used in investing activities for the fiscal year under review decreased by ¥1,611 million from the previous fiscal year to ¥4,235 million. This was mainly due to an increase in purchase of investment securities. Net cash used in financing activities for the fiscal year under review increased by ¥6,670 million from the previous fiscal year to ¥4,396 million. This was mainly due to a decrease in repayments of borrowings.

Since fiscal 2018, our operating cash flow has continued to improve, and as we proceed with structural reforms, our free cash flow has exceeded ¥10,000 million since the fiscal year before last.

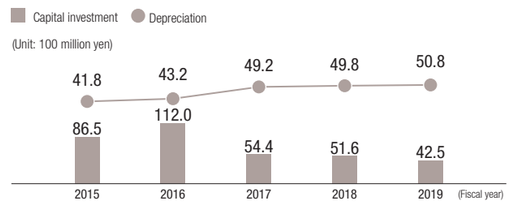
Cash flows



Interest-bearing debt



Capital investment



Analysis of capital resources and liquidity of funds

	2015	2016	2017	2018	2019
Shareholders' equity ratio (%)	51.9	50.6	54.7	58.8	60.6
Shareholders' equity ratio on a market value basis (%)	37.2	42.4	38.9	45.9	51.0
Ratio of cash flow to interest-bearing debt (years)	3.3	6.4	5.4	2.0	1.6
Interest coverage ratio (times)	64.4	46.6	50.4	127.5	172.7

ROE Management

Fiscal 2019 results



■ Increasing profitability

We will make our business leaner through structural reforms, focusing on improving oil extraction profitability and further expanding sales of high-value-added products such as olive oil, perilla oil, and flaxseed oil, the market for which is continuing to expand, with the aim of further improving profitability.

■ Improving efficiency

We will increase asset efficiency by selling assets, including investment securities, and maintaining appropriate inventory levels. We are also working to reduce our cross-shareholdings.

■ Utilizing financial leverage

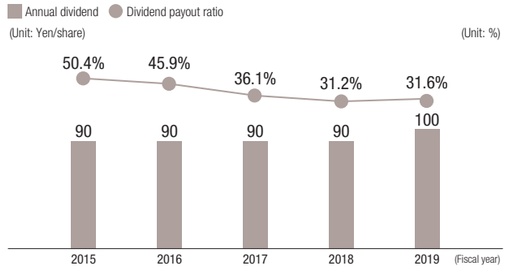
We will utilize financial leverage while ensuring financial soundness.

Shareholder Returns

The Company's basic policy is to endeavor to maintain a stable return of profits to shareholders, while also allocating profits in a stable, appropriate manner from a long-term perspective, including securing the necessary internal reserves for strengthening the Company's robustness and actively developing its businesses. Under the Fifth Medium-Term Business Plan launched in fiscal 2017, the Company is aiming to maintain a consolidated dividend payout ratio of 30% or more.

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 management foundations.

Shareholder returns



Fiscal 2020 Outlook

In the outlook for the future, there are concerns that the effects of the worldwide spread of COVID-19 will limit economic activity and cause a significant economic setback. It is expected that the harsher environment will continue due to concerns about the progress of deflation in addition to the rise in labor costs and logistics costs due to the labor shortage that we have faced so far.

From the viewpoint of preventing COVID-19, the J-Oil Mills Group has put in place a full system to respond to the implementation of remote work and the stable supply of food products, and has taken measures to prevent infection. Taking this environment into consideration, we will continue to focus on the priority issues in the basic policy of our Fifth Medium-Term Business Plan. Regarding the growth strategies of "expanding high-value-added products and accelerating the development of our solutions business," sales and profits have been growing steadily, and we will strengthen them further. As for "accelerating overseas expansion in Asia," we will work to create synergies with our alliance partners. In our efforts to "enhance the profitability of general-purpose oil and fat products," we will aim to improve profitability by implementing a sales strategy that emphasizes the price of oils and fats. Furthermore, as structural reforms, we will reduce costs by increasing the efficiency and sophistication of the entire value chain and reducing the number of items in our product mix. We will advance the strengthening of our management foundations and the development of human resources, which underpin these initiatives, and accelerate our efforts to achieve our targets for the next fiscal year.

As for the impact of COVID-19 on the Group, while demand for household-use products is increasing, demand for professional-use products, mainly for eating out, is expected to decline due to people staying home in Japan, restrictions on entry from overseas, and cancellation of large-scale events. Although it is difficult to present a highly accurate earnings forecast, due to the inability at this time to predict when COVID-19 will come to an end, we assume that the harsh business environment caused by the effects of COVID-19 will recover moderately from the second quarter of the fiscal year ending March 31, 2021. Based on this assumption, we have considered the expected impacts at this time, such as the situation of market prices for raw materials and foreign exchange rates, and the curbing of expenditures by strengthening expense control.

Based on the above, our outlook for consolidated business results in the next fiscal year is as follows: net sales of ¥160.0 billion, operating profit of ¥7.0 billion, ordinary profit of ¥7.4 billion, and profit attributable to owners of parent of ¥5.4 billion. The assumed full-year average exchange rate is ¥108 per U.S. dollar.

Consolidated Financial Statements

Consolidated Financial Statements

(Million yen)

Consolidated Balance Sheets

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	2,425	**8,429**
Notes and accounts receivable - trade	36,953	**33,954**
Merchandise and finished goods	13,156	**12,959**
Raw materials and supplies	15,614	**15,800**
Other	2,737	**2,765**
Allowance for doubtful accounts	(3)	**(1)**
Total current assets	70,883	**73,908**
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,237	**14,232**
Machinery, equipment and vehicles, net	20,716	**19,971**
Land	19,599	**19,250**
Leased assets, net	1,800	**1,704**
Construction in progress	2,308	**787**
Other, net	556	**746**
Total property, plant and equipment	59,217	**56,692**
Intangible assets	1,529	**1,467**
Investments and other assets		
Investment securities	14,544	**14,145**
Retirement benefit asset	627	**485**
Deferred tax assets	213	**195**
Other	737	**715**
Allowance for doubtful accounts	(125)	**(122)**
Total investments and other assets	15,998	**15,419**
Total non-current assets	76,745	**73,579**
Deferred assets		
Bond issuance cost	59	**52**
Total deferred assets	59	**52**
Total assets	147,688	**147,541**

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,654	**12,441**
Short-term borrowings	2,600	**-**
Current portion of long-term borrowings	200	**600**
Income taxes payable	392	**2,420**
Accrued consumption taxes	1,436	**368**
Provision for bonuses	1,012	**1,248**
Provision for bonuses for directors and other officers	34	**71**
Other	13,524	**13,054**
Total current liabilities	31,854	**30,205**
Non-current liabilities		
Bonds payable	12,000	**12,000**
Long-term borrowings	6,740	**6,340**
Lease obligations	1,597	**1,497**
Deferred tax liabilities	1,968	**986**
Provision for retirement benefits for directors and other officers	17	**17**
Provision for share-based remuneration for directors and other officers	131	**197**
Provision for environmental measures	78	**79**
Retirement benefit liability	3,328	**3,574**
Long-term leasehold and guarantee deposits received	2,344	**2,297**
Other	717	**660**
Total non-current liabilities	28,924	**27,651**
Total liabilities	60,779	**57,857**
Net assets		
Shareholders' equity		
Share capital	10,000	**10,000**
Capital surplus	31,633	**31,633**
Retained earnings	41,714	**45,335**
Treasury shares	(1,081)	**(1,085)**
Total shareholders' equity	82,266	**85,882**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,784	**3,787**
Deferred gains or losses on hedges	19	**93**
Foreign currency translation adjustment	69	**31**
Remeasurements of defined benefit plans	(299)	**(454)**
Total accumulated other comprehensive income	4,574	**3,458**
Non-controlling interests	67	**342**
Total net assets	86,908	**89,683**
Total liabilities and net assets	147,688	**147,541**

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Net sales	186,778	**178,196**
Cost of sales	151,959	**141,762**
Gross profit	34,819	**36,433**
Selling, general and administrative expenses	29,155	**29,772**
Operating profit	5,663	**6,661**
Non-operating income		
Interest income	0	**0**
Dividend income	441	**506**
Share of profit of entities accounted for using equity method	262	**210**
Rental income	26	**164**
Miscellaneous income	97	**107**
Total non-operating income	829	**989**
Non-operating expenses		
Interest expenses	102	**84**
Commission expenses	23	**95**
Depreciation	-	**109**
Miscellaneous expenses	40	**59**
Total non-operating expenses	166	**348**
Ordinary profit	6,326	**7,302**
Extraordinary gain		
Gain on sales of non-current assets	477	**1,325**
Gain on sales of investment securities	91	**30**
Gain on sales of memberships	0	-
Gain on sales of shares of subsidiaries and associates	-	**652**
Subsidy income	129	**74**
Total extraordinary gain	698	**2,084**
Extraordinary losses		
Loss on retirement of non-current assets	458	**349**
Impairment loss	4	**1,318**
Loss on valuation of investment securities	-	**46**
Loss on valuation of membership	0	-
Provision for environmental measures	-	**2**
Loss on cancellation of leases	1	**0**
Factory restructuring cost	32	-
A recall related loss	-	**143**
Loss on disaster	312	-
Total extraordinary losses	808	**1,861**
Profit before income taxes	6,215	**7,524**
Income taxes - current	1,361	**2,849**
Income taxes - deferred	93	**(535)**
Total income taxes	1,455	**2,313**
Profit	4,760	**5,210**
Profit attributable to non-controlling interests	11	**6**
Profit attributable to owners of parent	4,749	**5,203**

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Profit	4,760	**5,210**
Other comprehensive income		
Valuation difference on available-for-sale securities	(649)	**(996)**
Deferred gains or losses on hedges	140	**73**
Foreign currency translation adjustment	3	**(32)**
Remeasurements of defined benefit plans, net of tax	(36)	**(154)**
Share of other comprehensive income of entities accounted for using equity method	(62)	**(20)**
Total other comprehensive income	(605)	**(1,130)**
Comprehensive income	4,154	**4,080**
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,141	**4,088**
Comprehensive income attributable to noncontrolling interests	13	**(7)**

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	6,215	**7,524**
Depreciation	4,976	**5,084**
Impairment loss	4	**1,318**
Amortization of goodwill	-	**2**
Increase (decrease) in allowance for doubtful accounts	(10)	**(5)**
Increase (decrease) in retirement benefit liability	52	**22**
Decrease (increase) in retirement benefit asset	24	**141**
Increase (decrease) in provision for share-based remuneration for directors and other officers	71	**65**
Increase (decrease) in provision for bonuses	55	**236**
Increase (decrease) in provision for bonuses for directors and other officers	34	**37**
Increase (decrease) in provision for environmental measures	(19)	**1**
Interest income and dividend income	(442)	**(506)**
Interest expenses	102	**84**
Share of loss (profit) of entities accounted for using equity method	(262)	**(210)**
Loss (gain) on sales of non-current assets	(477)	**(1,325)**
Loss (gain) on sales of investment securities	(91)	**(30)**
Loss (gain) on valuation of investment securities	-	**46**
Proceeds from insurance income	-	**(652)**
Subsidy income	(129)	**(74)**
Loss on retirement of non-current assets	458	**349**
Bond issuance cost	7	**7**
Factory restructuring cost	32	-
A recall related loss	-	**143**
Loss on disaster	312	-
Decrease (increase) in trade receivables	(2,959)	**3,007**
Decrease (increase) in inventories	5,696	**62**
Increase (decrease) in trade payables	(2,145)	**(239)**
Increase (decrease) in accounts payable - other, and accrued expenses	1,784	**385**
Increase (decrease) in accrued consumption taxes	2,072	**(1,155)**
Other, net	(395)	**307**
Subtotal	14,968	**14,628**
Interest and dividends received	469	**534**
Proceeds from insurance income	-	**652**
Subsidies received	74	**88**
Interest paid	(102)	**(84)**
Payments for factory restructuring	(29)	-
Payments for recall related loss	-	**(143)**
Payments associated with disaster loss	(123)	**(120)**
Income taxes (paid) refund	(2,181)	**(907)**
Net cash provided by (used in) operating activities	13,075	**14,647**
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,988)	**(4,450)**
Proceeds from sales of property, plant and equipment	2,027	**1,882**
Payments for retirement of property, plant and equipment	(241)	**(370)**
Purchase of intangible assets	(598)	**(470)**
Purchase of investment securities	(71)	**(1,022)**
Proceeds from sales of investment securities	115	**140**
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	**69**
Proceeds from capital reduction of subsidiaries and associates with consideration	135	-
Proceeds from sales of membership	0	-
Decrease (increase) in short-term loans receivable	(4)	**4**
Long-term loan advances	(0)	**(2)**
Collection of long-term loans receivable	3	**2**
Decrease (increase) in time deposits	-	**(17)**
Net cash provided by (used in) investing activities	(2,623)	**(4,235)**
Cash flow from financial activities		
Net increase (decrease) in short-term borrowings	(8,350)	**(2,600)**
Proceeds from long-term loans payable	-	**200**
Repayments of long-term borrowings	(1,000)	**(200)**
Repayments of lease obligations	(213)	**(207)**
Net decrease (increase) in treasury shares	(2)	**(3)**
Dividends paid	(1,500)	**(1,584)**
Net cash provided by (used in) financing activities	(11,066)	**(4,396)**
Effect of exchange rate change on cash and cash equivalents	2	**(28)**
Net increase (decrease) in cash and cash equivalents	(611)	**5,988**
Cash and cash equivalents at beginning of period	2,839	**2,407**
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	179	-
Cash and cash equivalents at end of period	2,407	**8,396**

Company Information (As of September 30, 2020)

Company Overview

Name	J-OIL MILLS, Inc.
Head office	St. Luke's Tower, 8-1 Akashi-cho, Chuo-ku, Tokyo, 104-0044, Japan TEL: +81-3-5148-7100 (Front desk)
Established	July 1, 2004
Common stock	10 billion yen
Securities code number	2613
Business	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

Network

J-Oil Mills is headquartered in Tokyo, and has branch offices and sales offices as well as factories and plants nationwide. From July 1, 2019, the Nagoya Branch became the Nagoya Office. In addition, from August 20 in the same year, the Chushikoku Branch was relocated to Okayama City.



Head Offices, Branch Offices, and Sales Offices

❶Head Office/ Tokyo Office
❷Osaka Office
❸Nagoya Office
❹Hokkaido Branch
❺Tohoku Branch
❻Kanto Shinetsu Branch
❼Hokuriku Branch
❽Chushikoku Branch
❾Kyushu Branch
❿Niigata Sales Office
⓫Nagano Sales Office
⓬Shizuoka Sales Office
⓭Shikoku Sales Office

Factories and Plants

❶Chiba Factory
❷Yokohama Factory
❸Shizuoka Plant
❹Asaba Factory
❺Kobe Factory
❻Kurashiki Factory
❼Wakamatsu Factory

Research and Development Centers / Application Organizations

❶Food Design Centers (Tokyo, Yokohama, Shizuoka, Kobe)

Overseas

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

Stock Data

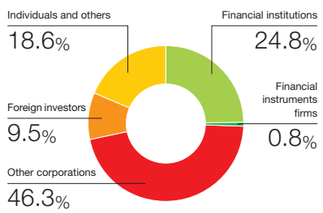
Number of authorized shares	54,000,000
Number of issued shares	16,754,223
Number of shareholders	18,605

Major shareholders

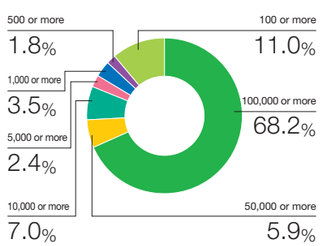
Name	Number of shares held (Thousand shares)
Ajinomoto Co., Inc.	4,526
Mitsui & Co., Ltd.	2,087
The Master Trust Bank of Japan, Ltd. (Trust account)	831
Custody Bank of Japan, Ltd. (Trust account)	554
Tokio Marine & Nichido Fire Insurance Co., Ltd.	414
Customers Fund for J-Oil Mills Shares	332
Mizuho Bank, Ltd.	271
The Norinchukin Bank	270
DFA INTL SMALL CAP VALUE PORTFOLIO	244
Custody Bank of Japan, Ltd. (Trust account 9)	227

Breakdown of Shareholders

Types of Shareholders



Number of shares



Third-Party Opinion

COVID-19 is sure to make 2020 a memorable year. There have been a wide range of environmental changes surrounding corporate management, such as changes in business practices, the working environment, and even values. How J-Oil Mills adapted to this situation is a focal point of the 2020 report. The report describes the impact on financial results in the President and CEO's Message and also introduces initiatives for customers and employees. Other sections mention the impact of rapid changes in the business environment on value creation. While the end of the pandemic is unpredictable, in the next report, I would like to see a high-level picture of value creation that takes into account the paradigm shift caused by the new normal as well as the SDGs and the Paris Agreement.

The point I most appreciated in this report was that the goal image for 2030 was clarified with quantitative targets in the Company's three materiality areas. In addition, backcasting from 2030, targets were given for 2023 and 2020 as well. Japanese companies have tended to show only what is certain and to set targets by forecasting, but this report has broken this convention. I guess that 2030 was made the goal out of awareness of the SDGs, but please create a long-term vision with a 2050 goal image and quantitative targets through discussions involving the younger generation. This is because 2050 is when members of the current younger generation will be in their prime.

The next thing I appreciated was the "risks and our responses" sections. In today's era of variability, uncertainty, complexity, and ambiguity (VUCA), it is increasingly important to properly recognize and respond to risks. The World Economic Forum publishes a Global Risk Report every year, and discussions at Davos are likely about the evidence for it. Last year's report did no more than state that the Company "responds mainly to risks in 12 categories," but this report provides a rich description of "risk awareness – responses to risks" based on the establishment of a Management Risk Committee.

With 10 years to go to the target year for the SDGs, there is a need to move to the next stage. This report made progress from last year's mapping with materialities by looking in a special feature at how concrete business



NPO
Junkan Workers Club
Director
Tamio Yamaguchi

development (Cases 1-4) will contribute to the Company's goals. In addition, in an exchange of opinions with me, there was a response that "employees in the field are also becoming aware of the SDGs and sustainability." It is clear that progress is being made with initiatives, but they need to go deeper and faster. Fourteen goals were set out in the section on "Contributing to the SDGs," but how about you illustrate an SDGs domino effect, using the goals you can contribute to the most as leverage points to have a positive effect on related goals? I think you can work on the SDGs as your own challenges. Also, the report stated that, "In fiscal 2020, we also conducted training in which participants analyzed the challenges of the SDGs and proposed growth opportunities for our company until 2030." So, I look forward to a report on new business creation.

Several outside directors commented on purpose in the sense of significance and purpose of existence. The International Integrated Reporting Council published a report titled Purpose Beyond Profit in which it demonstrated that companies with purpose are more profitable and have a greater market capitalization. Please show your purpose, based on the "fundamental discussions" mentioned by Ms. Koide, to stakeholders in and outside the Company.

Junkan Workers Club:
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
http://junkanken.com/