

Feature

Roundtable Discussion

Continuing to create new value by co-creating within and outside the Group as we seek to become a global top provider of oils and fats solutions

The Nisshin OilliO Group is proactively expanding overseas with the aim of becoming a global top provider of oils and fats solutions. In this roundtable discussion, the heads of ISF, Fine Chemical, North America Business Promotion, and R&D talk about their current efforts to expand into new markets and create more value, as well as the current status and future outlook of their respective divisions.



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What are the strengths of your business? Please let us know some of the points your business is well regarded for in the global market.

Ishigami ISF sells intermediate raw materials made primarily from palm oil to BtoC businesses, such as manufacturers of chocolate and confectionaries. We are well regarded in the industry for our ability to ensure a stable provision of high quality goods. We have built strong relationships of trust with customers in Europe in particular with whom we have been doing business for more than 30 years, and for whom ISF is regarded as a “Front runner in the industry in terms of the quality of its oils and fats, service, and know-how.”

Okano The Fine Chemical business (hereinafter, “FC business”) began exporting products overseas around 40 years ago and is currently developing cosmetic raw materials businesses in South Korea, the United States, Europe, China, and various countries in Southeast Asia. We have bases in China and Spain where we have built relationships of trust through direct technical exchange with our customers. Our functional ester oils, in particular, are regarded as world-class products for their quality and uniqueness, and have led to borderless expansion. It can take time for highly functional materials with unique characteristics to penetrate into markets, but, by making efforts to evaluate the raw materials used and develop new formulations from the customer perspective, we have been trying in recent times to shorten the time to their adoption. Through this, we have been able to realize a high rating from major global cosmetics companies.

Sato One of the greatest strengths of our research and development activities is that we have a variety of technologies for processing oils and fats and equipment for actual production. By leveraging these aspects, we have been able to realize a range of unique

products, such as *Nisshin MCT Healthy Resetta* and oils and fats for chocolate. Another of our strengths is that we possess technologies for manufacturing and quality control of a truly diverse variety of oils and fats. And our ability to continuously explore good flavors, lipid nutrition, and health functions originally produced by oils and fats, develop products, and provide information based on evidence are also our strengths. The areas where there is an affinity between the needs of the global market and the Group’s resources include foodservice, chocolate, confectionery/bakery, cosmetics, and health/nutritional products. We will maximize “The Natural Power of Plants” by further deepening our oils and fats processing technologies and lipid nutrition, and by further pursuing good flavors. We will develop applications and solutions that meet the needs of the global market in these fields through co-creation with our customers.

How do you feel about the recent changes affecting the global markets? And what is your response moving forward?

Nashinoki North America is a market in which we are making a full-scale entry and, just as Mr. Sato alluded to earlier, we will look to exploit those areas that have a high degree of affinity with the Company’s resources. North America is a region with both advanced food tech and a strong focus on health-oriented and organic food stuffs. A lot of these types of global food trends begin in North America, and so meeting the needs of the North American market might lead to meeting global trends.

Ishigami When it comes to sustainability, I think we should follow in the footsteps of the global trends originating in Europe. In future, the EUDR*1 will make it impossible to sell products in Europe unless the manufacturers can show that they are not involved in deforestation. We comply with global standards and regulations by working in

collaboration with other companies to secure a number of routes of procurement for our raw materials, with increased transparency, and to select superior raw materials by putting our technology to work. In order to maintain our strengths, we believe that it is important that we change the ways we do things in accordance with the surrounding environment and the people we are working with. Or, to put it another way, we need to change to sustain our business.

Okano We are seeing similar trends in cosmetics, primarily in Europe, where demand for “clean beauty” is increasing. In addition to requirements for “naturalness” (plant-based preferences and attention to environment), it is also essential that we respond to calls around sustainability, such as RSPO*2. This year, we will develop two new products that not only meet these needs, but also add functionality, a feature which is a strength of the Company. We have begun market research in preparation for the launch of these products, with the products being received well. Cosmetics are luxury goods, and while the need for safety and functionality is constant worldwide, there is also a growing interest in sustainability. In Japan and Asia, there is still a strong emphasis on cost compared to Europe and the United States, and I feel that the trend is only beginning to change now.

Sato Ever since the COVID-19 pandemic, there has been even more interest in matters of health maintenance, preventive medicine and sustainability of the environment. Research and development requires more global collaboration, a more flexible approach and greater innovation than ever before. Members of our R&D team in Malaysia are exposed to different cultures, approaches, and ideas on a daily basis. I believe that placing yourself in areas where issues exist and communicating with local researchers and business people provides the opportunity to see those issues as your own and to take the lead in formulating responses. Using the Group’s overseas bases as a foundation, we will expand our international network and build relationships of co-creation with our customers.

*1 EU Deforestation Regulation
*2 Roundtable on Sustainable Palm Oil

What are your strategies for developing new markets?

Nashinoki In order to realize Vision 2030, it is essential to develop the North American market where future market expansion can be expected for Nisshin OilliO. In North America, which is at the forefront of global food trends, we will develop a business based around finding solutions to common issues through market-focused efforts to grasp customer needs and through the “mastering oils and fats.” This expansion in the North American market is part of a Group-wide strategy we will implement using the “All Nisshin” system. In addition to leveraging the strengths of ISF, we will also demonstrate our Group’s strengths in areas relevant to the North American market by collaborating with our domestic technology divisions and by engaging in co-creation with our customers and partners, thereby building businesses in multiple areas. We will also proactively invest in M&A as a means to supplement production equipment, technology, and sales channels.

Ishigami As for ISF, while we will, as Mr. Nashinoki mentioned, broaden the scope of our activities further into the North American market, we will also look to expand sales in other regions, particularly Europe and Asia where we already have bases. When it comes to finding partners, we are considering palm oil plantations and businesses who handle refining on a consignment basis, with whom we can share a portion of the roles.

Okano In the FC business, we have been working together with local agents to further expand our sales in North American markets. In addition, IQL (Spain) opened a new distribution base in the United States to help develop new markets and to help expand sales of

lubricant raw materials. In future, we hope to see some synergy generated through this Group-wide expansion into the United States market. In terms of new markets, our focus is on developing and expanding the market for cosmetic raw materials in Southeast Asia; a region where we expect to see significant growth. We also have an eye on establishing a base in the region. In collaboration with local agents, we will hold regular seminars and invite customers and, as part of in-bound marketing efforts, invite local researchers to visit the Company for technical training.

What are your ambitions for the future?

Nashinoki By leveraging the Company’s strengths in the areas of health, good flavor, and functionality to develop businesses in response to the needs of the local market, we hope to realize a dramatic expansion of our North American business. First things first, we must sow the seeds we hope will yield the sprouts of new added value business during the implementation period of the Value Up+ plan. We will start from small beginnings, but by investing resources, we hope to push forward aggressively. We will also promote the provision of opportunities for employees who want to take on the challenge of overseas business.

Ishigami ISF will continue to expand its current global operations in greater depth, and at the same time, as the Group’s spearhead in global expansion, ISF will strive to accumulate diverse experience, information, and knowledge to help realize its goal of becoming a “global top-level oils and fats solutions company.”

Okano The FC business is the main producer of MCT (medium-chain triglycerides) and will continue to work with IQL (Spain) from securing raw materials to production to ensure a stable supply of high-quality products. In addition, the technology division of the FC business is scheduled to move to the Incubation Center (tentative name), which is due to be opened at the Yokohama Isogo Complex in 2024. This will lead to the creation of new value by promoting collaboration with other R&D divisions and sharing knowledge from different industry perspectives cultivated in cosmetics and chemicals, leading to the realization of our vision.

Sato The R&D department also hopes to make maximum use of the incubation center as a place to realize value creation. To compete at the global top level, it is necessary to accurately respond to market demands. Research and development is the heart and driver of this process, and we will continue to provide advanced solutions and products at the cutting edge of technology to secure a sustainable competitive advantage that is uniquely ours. The key to this is co-creation. We will play a central role in the transformation toward becoming a “global top-level oils and fats solutions company” by collaborating with companies, universities, and other organizations to create diverse perspectives and ideas, enhance the potential for solutions and innovation, form partnerships, and lead to the next level of collaboration.

