

C“ESG”O SECTION

Embracing Our “Work for People” DNA

“Work for people,” a value ingrained in the Fuji Oil Group, incorporates our commitment to not only people as individuals but to society as a whole, which trusts us to contribute through our business. Palm oil and other key raw materials utilized by the Group are, in general, associated with a number of issues related to human rights and the environment. As such, we believe it is our responsibility to do whatever it takes to overcome these issues in order to ensure delivery to end-consumers through our sustainable supply chain.

Under the direct control of the Board of Directors, each year the ESG Committee decides on and pursues material ESG issues and activity themes. We are specifically focusing on issues concerning sustainable procurement and the environment and have announced concrete targets for KPIs to attain by 2030 as part of our sustainable procurement commitment.

In regard to procurement, we were quick to become a member of the Roundtable on Sustainable Palm Oil (RSPO) and formulated and promoted activities in accordance with our Human Rights Policy and Sustainable Procurement Policy. In fiscal 2020, we carried out our second human rights impact assessment as a part of human rights due diligence. We also implemented a grievance mechanism to address issues concerning human rights and the environment along our supply chain; however, we realize the need to strengthen our efforts in this area. In addition, from fiscal 2020 we began operating our Global Sustainable Sourcing Committee, which also consists of local staff, in an effort to speed up the development of our supply chain.

In terms of the environment, the raw materials and ingredients that are a major part of our business are estimated to have a roughly 30% impact on total GHG emissions generated throughout the life cycle of agri-food, and the significance of this cannot be ignored by the Group. Our reduction of CO₂ emissions in line with the standards defined by the Paris Agreement has been defined as a key performance indicator (KPI) and has been approved as a Science Based Target (SBT).^{*} With the aim of improving water use and the utilization of other resources, our waste-reduction standards have also been designated as a KPI. Our Group companies are proceeding with such measures as the establishment of a specialized division dedicated to the environment.

While such measures on our part will certainly add to our costs, they are instrumental to the realization of a sustainable society. Being late to react will only result in costs, and such one-time costs will be enormous and put pressure on our business. On the other hand, being quick to react will lead to the strong possibility of acquiring first-mover advantage and other assets. For instance, the Group vows to resolve social issues via plant-based food ingredients in line with its concept of plant-based food solutions (PBFS). By anticipating the needs of society arising out of the growing interest in sustainability, this is expected to yield significant returns in the long run. I truly believe that the initiatives we are undertaking will contribute greatly to both our corporate value and society in the years ahead.

^{*} SBT: A joint initiative designed to urge companies to set targets science-based for the reduction of greenhouse gas emissions



Takashi Kadota
Director and Senior Executive Officer
Chief “ESG” Officer (C“ESG”O)



Role of the C“ESG”O Section

As the secretariat of the ESG Committee, the C“ESG”O Section is in charge of being the first to identify the issues and needs of society, while promoting the sustainable development of society and continuous improvement of corporate value by uniting the relevant divisions and Group companies together. The C“ESG”O Section is also tasked with disclosing information to stakeholders and addressing material issues pertaining to safety, quality, and the environment.

As we proceed forward, we will actively incorporate our views on creating shared value to fulfill the expectations of stakeholders by providing greater value to society and the economy and continuing to maximize our corporate value.



Human Rights



Please refer to *Sustainability Report 2021* (scheduled to be issued in October 2021) for details on our human rights initiatives.

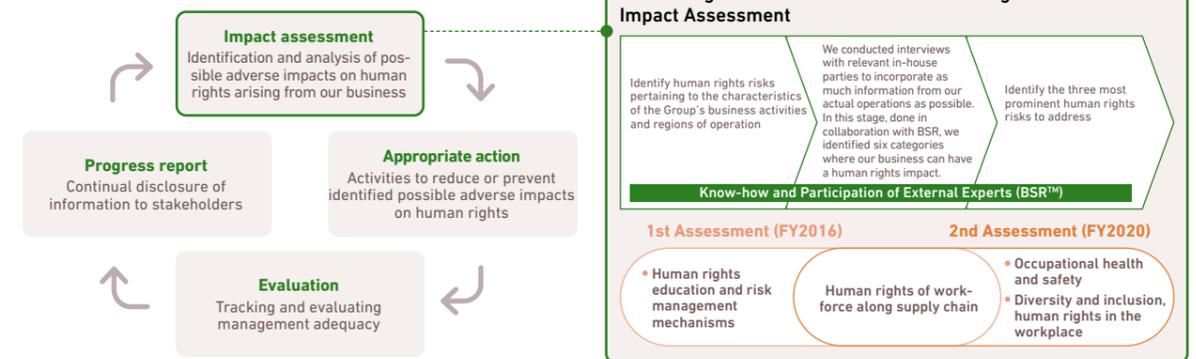
→ https://www.fujiioholdings.com/en/sustainability/social/human_rights/

“Work for people,” a value set forth in the Group’s Management Philosophy, forms the basis for our belief that we must respect the human rights of the individuals impacted by our business activities worldwide.

Identifying and Reducing Human Rights Risks

Utilizing the opportunity presented by its participation in the 2016 United Nations Forum on Business and Human Rights and its dialogues with stakeholders, the Fuji Oil Group reformulated its way of thinking about human rights and announced the Fuji Oil Group Human Rights Policy in April 2017. In addition, we carry out human rights due diligence in an effort to fulfill our responsibility of respecting human rights. In fiscal 2020, our second human rights impact assessment was held through which the most prominent human rights risks to address were identified. Looking ahead, we will pursue measures to mitigate the risks identified in the assessment over the medium term.

Overview of Human Rights Due Diligence



Human Rights Risk (1st Assessment)	Progress of Measures to Reduce Human Rights Risk		
Human rights education and risk management mechanisms	<ul style="list-style-type: none"> Conducted human rights education within the Group (held Human Rights Week, distributed educational videos) Explained human rights risks to Group companies Incorporated human rights risks into Group companies’ risk assessment process 		
Human rights of supply chain workers (focusing on working environment on plantations, occupational health and safety, non-discrimination and equal opportunity, forced and child labor, land rights)	<ul style="list-style-type: none"> Promoted sustainable procurement of palm oil Pursued sustainable procurement of cocoa Established and operated a grievance mechanism for palm oil 		
Human Rights Risk (2nd Assessment)	Relevant Stakeholder Group	Special Points to Confirm/Consider (Recommended by Experts)	Course of Action Going Forward
Occupational health and safety	Employees	<ul style="list-style-type: none"> Enactment of infection-control measures amid spread of COVID-19 Enhancement of management system through the participation of third parties 	<ul style="list-style-type: none"> Continuous adoption of strict infection-control measures in the workplace Further enhancement of occupational health and safety management system by incorporating third-party perspectives
Human rights of supply chain workers (focusing on working environment on plantations, occupational health and safety, non-discrimination and equal opportunity, forced and child labor, land rights)	Supply chain workers	<ul style="list-style-type: none"> General: Establish supplier code of conduct that applies to all suppliers and expand grievance mechanisms Palm oil and cocoa: Implement measures based on sourcing policies and medium-to-long-term targets Soy: Formulate sourcing policy and establish monitoring system 	<ul style="list-style-type: none"> Formulation of Supplier Code of Conduct and sourcing policies for soybeans and shea kernel and continuous promotion of awareness-raising activities and measures in line with medium- to long-term targets
Diversity and inclusion, human rights in the workplace (harassment, forced labor)	Employees	<ul style="list-style-type: none"> Strengthen system for promoting D&I globally Strengthen harassment prevention measures Identify and reduce forced labor risks 	<ul style="list-style-type: none"> Promote diversity, equity and inclusion (DE&I) globally Consider possible mechanisms/systems for identifying and addressing human rights issues in the workplace

Safety, Quality, and the Environment

In the Fuji Oil Group Management Philosophy, the Group has declared Safety, Quality, and the Environment as the values each and every employee must uphold when conducting business activities. These values stem from the organizational climate that has been established at the Fuji Oil Group based on our employees' awareness of the importance of and approach to establishing a culture and climate devoted to safety, quality, and the environment by adhering to rules and regulations and improving their daily habits.

The Fuji Oil Group Management Philosophy: "Safety, Quality, and the Environment"

The most important value that a food company must fulfill is food product safety. Assurance of quality is vital in maintaining safety, yet its prioritization must not exert negative impacts on the environment. Safety, quality, and the environment have always been, and must continue as, the highest-priority foundations of our management. Safety also encompasses labor safety. We lost precious lives in a past accident. For a company, employees are an irreplaceable asset. Ensuring workplace safety so that employees can work with peace of mind and can exert their individual capabilities is a basic requisite for a company.



An explosion occurred at an oil and fat extraction plant on December 22, 1991, in which eight precious lives were lost



December 22 has been designated as "Safety Pledge Day" to remember those who lost their lives in the accident

Occupational Health and Safety

The Fuji Oil Group Management Philosophy places "Safety, Quality, and the Environment" at the top of its values, among which "Safety" warrants the highest priority for our continued growth. We will do everything in our power to ensure the safety of our employees and of those working at our business sites, and prevent the occurrence of occupational accidents.

FY2020 Target	FY2020 Results	Next Step
<ul style="list-style-type: none"> Improve awareness of occupational safety among employees to completely eliminate the occurrence of serious accidents and serious property damage accidents 	<ul style="list-style-type: none"> Prepared and distributed materials on hazard-prediction and pointing and calling activities One case of serious accident Zero cases of serious property damaged accidents 	<ul style="list-style-type: none"> Continue to implement pointing and calling and awareness-raising activities Ensure greater safety awareness through adopting safety simulators using virtual reality (VR)

Category	2019 Results	2020 Results	
Fuji Oil Group Number of Lost-Time Injuries per Thousand Employees (4 Days or More)	2.9	4.7	
Fuji Oil Group occupational accidents	Frequency rate	Japan 2.89, Overseas 8.62	Japan 4.03, Overseas 9.00
	Severity rate	Japan 0.006, Overseas 0.07	Japan 0.004, Overseas 0.924

Please refer to *Sustainability Report 2021* (scheduled to be issued in October 2021) for details on our occupational health and safety initiatives.

⇒ <https://www.fujioilholdings.com/en/sustainability/social/safety/>

Fatal Accident at Unifuji Sdn. Bhd.

For serious accidents, one person had a fatal accident at Unifuji in Malaysia.*1 In response, overseas Group companies conducted comprehensive safety inspections of all work requiring work permits*2 and worked to prevent the recurrence of similar accidents in Group companies.

*1 Equity-method affiliate
*2 Work requiring work permits: Hazardous work such as hot work and work in oxygen-deficient environments

Assurance of Product Quality and Safety

The Fuji Oil Group conducts its business activities by always bearing in mind the importance of providing safe and reliable products to society. The Group has established the Basic Policy of Quality in order to provide safe products, which customers can use with peace of mind. In accordance with this policy, we produce products by adopting a customer-oriented approach in all processes from product design through to delivery of the product to customers.

FY2020 Targets	FY2020 Results	Next Step
<ul style="list-style-type: none"> Heighten awareness of the importance of quality among employees to ensure that we do not become a recipient of serious quality-related complaints Proceed with the development of a quality-improvement network 	<ul style="list-style-type: none"> Zero cases of serious quality-related complaints Created a platform for sharing quality-related information 	<ul style="list-style-type: none"> Increase quality awareness of employees Strengthen cooperation between quality assurance managers by encouraging use of the quality-related information platform

Please refer to *Sustainability Report 2021* (scheduled to be issued in October 2021) for details on our initiatives pertaining to Product Quality and Safety.

⇒ https://www.fujioilholdings.com/en/sustainability/social/food_quality/

Environment



Please refer to *Sustainability Report 2021* (scheduled to be issued in October 2021) for details on our environmental initiatives under Environmental Vision 2030.

⇒ <https://www.fujioilholdings.com/en/sustainability/environment/management/#/vision2030>

Targets and Progress of Environmental Vision 2030

Category	2030 Targets	FY2020 Results*1	Rate of Achievement (under New Environmental Vision 2030)
CO ₂ emissions (All Group companies)	Scopes 1 & 2: 40% reduction in total CO ₂ emissions*1	19% reduction	48%
	Scope 3 (Category 1): 18% reduction in total CO ₂ emissions*2 (All Group companies)	6% increase	0%
Water usage (All Group companies)	20% reduction in water intensity	22% reduction	100%
Waste (All Group companies)	10% reduction in waste intensity	1% increase	0%
Resource recycling (All Group companies in Japan)	Maintain a recycling rate of at least 99.8%	99.37%	Not achieved

*1 Base year: FY2016
*2 Scope 3 (Category 1) data excludes one production site in Australia.
*3 Waste data excludes one production site in Australia.

Initiatives Pursued under Environmental Vision 2030

Reduction of CO₂ emissions

- Implement and promote the use of solar energy
- Enhance energy efficiency through operation of new cogeneration system
- Upgrade through the use of high-efficiency boilers and convert fuel
- Utilize waste heat generated from oil and fat refining and cooling processes

Reduction of water use

- Reuse treated water as cleaning water and other purposes
- Convert from water-cooled air-conditioning system to air-cooled system
- Promote measures to reduce steam consumption, in addition to water-saving efforts
- Strengthen management structure and implement measures in areas with low water efficiency

Reduction of waste

- Promote pallet recycling
- Reduce product disposals stemming from thorough implementation of build-to-order production and inventory management systems
- Remove moisture in sludge

Recycling of resources

- Reuse disposed of cocoa shells
- Ensure thorough allocation of waste
- Increase recycling of steel scrap and wasted clay

Activities of Group Companies

Launch of Cogeneration System (Japan)

In an effort to reduce the level of CO₂ emissions, we implemented a cogeneration system that forms steam through the exhaust heat of electricity generated by city gas at Fuji Oil Hannan Business Operations Complex in August 2020. While this was our first time to install a domestically produced system, it operated in a highly efficient and stable manner, which came as a great relief. As a result, we were also able to introduce new operating methods, which led to drastic reductions in CO₂ emissions in fiscal 2020. Moving forward, we will proceed with our next step in a bid to make further strides toward our goal of realizing Environmental Vision 2030.

Takahiro Nakai (left) and Katsutoshi Kodai (right) of the Production Technology Division Maintenance Department of Fuji Oil Co., Ltd.

Establishment of Solar Power Generators (Singapore)

In September 2020, Woodlands Sunny Foods Pte. Ltd. (Singapore) installed solar power generators, maximizing the use of its extensive rooftop. We have reaped the benefits of these generators as well as Singapore's eternal summer climate through highly efficient operations, cost reductions, and reduced impact on the environment. Our power generation is monitored at our office lobby, which is viewable by our employees, thereby helping to further raise their awareness of the importance of conserving energy.

Solar panels installed on rooftop