



FUJI OIL CSR REPORT 2013



“Simply Unique” is reflected in our company name, “Fuji,” which consists of the kanji characters for “not” and “two.”

We debuted this motto on October 9, 2010 in commemoration of our 60th anniversary.

Fuji Oil operates its business in a spirit of innovation, never imitation, while we work closely

with our customers to develop products that utilize our oils and fats, ingredients for confectionary

and bakery, and soy protein products. Our “simply unique” technologies, experiences and ideas lead

to “simply unique” products and recommendations, which bring satisfaction and peace of mind to our customers.

Aspiring to be a one-of-a-kind company is rooted in our foundation and in our motto “simply unique.”

Fuji Oil takes pride in the technologies and products that we have developed since our founding 60 years ago.

With this spirit still strong today, we are determined to continue to better serve our customers with our one-of-a-kind products.

The words “simply unique” symbolize that determination.

At Fuji Oil, that is what each and every employee aspires to and is our pledge to society.

“Simply Unique” Fuji Oil



Photo: Soy Milk Cream

In 2013, Fuji Oil began selling low-fat soy milk and soy milk cream, soybean ingredients made for the first time ever using the USS production method, in which water is added to soybeans and isolation takes place.

These ingredients are expected to see widespread use in a range of food areas including sweets and food products.

Editorial policy

The Fuji Oil Group publishes this CSR report to help stakeholders gain a better understanding of our efforts to promote CSR.

This year, we strove to clarify the materiality (importance) of our CSR activities by focusing on materiality in the printed version of the report and by including all other aspects in a comprehensive CSR report on our website.

In the Special Section, we give a detailed report on our Soy Renaissance, a new soybean business strategy; and on the results of visit a palm plantation in Malaysia, one of our CSR procurement efforts. In reporting our activities, the focus is on visualizing our efforts to fulfill our CSR action plans. Some of the articles include comments by employees that help make the situation being described easier for readers to grasp. As well, executives clearly provide goals that the group should achieve by committing themselves to the responsibility assigned to each of them.

CSR site:
http://www.fujioil.co.jp/fujioil_e/approach/index.html

Reporting period

The report covers achievements in fiscal year 2012 (April 1, 2012 to March 31, 2013), but also includes some activities outside of that period.

Reporting scope

The report mainly covers non-consolidated activities of Fuji Oil Co., Ltd. As for environmental data, efforts by the following group companies in Japan are included: Toraku Foods Co., Ltd., Fuji Fresh Foods Co., Ltd., and F&F Co., Ltd. In cases where information on other companies is provided, the scope is described along with the data.

Month of issue

November 2013 (the next report is to be issued in November 2014)

Guidelines used for reference

The Japanese Ministry of the Environment's Environmental Reporting Guidelines 2012
GRI (Global Reporting Initiative)
“Sustainability Reporting Guideline Version 3.1”

CSR Vision

The CSR vision of Fuji Oil Group is to fulfill its corporate philosophy:

“Contributing to healthier and happier living through the creation of contemporary eating habits as well as fine foods.”

In the spirit of innovation, “never wanting to imitate,” our efforts are focused on offering valued products and services so as to build public trust and become “Simply Unique” Fuji Oil for which people hold high regard.

CSR Action Policy

I Efforts to create contemporary eating habits as well as fine foods

1. Creation of new value

To fulfill the corporate philosophy, our efforts are focused on developing new ingredients mainly from oils, fats, and soy proteins and providing new values of health and taste through the manufacture of products that meet the demands of customers around the world.

2. Safety, security and quality of foods

Our continuing efforts are centered on ensuring safety and improving quality and providing customers with reliability and satisfaction.

3. Sustainable procurement

We also focus on the research and development of sustainable food resources and sustainable procurement of raw materials throughout the supply chain to ensure a balance between the environment and stable supplies.

II Efforts regarding human rights and resources

1. Human rights

Fuji Oil Group, as a corporation engaged in international business, pays full consideration to human rights not only within the group companies but also across the supply chain, and complies with the international code of human rights.

2. Human resources

Human resources are essential for the development of Fuji Oil Group. Our emphasis is on improving the workplace environment so that employees with different value can fully demonstrate their abilities safely and effectively. We also provide full support to all employees so that they can grow to fulfill the corporate philosophy.

III Efforts regarding the environment

Fuji Oil Group, as a corporation that truly values the environment, places emphasis on the effective use of materials, water and energy; the prevention of global warming; the reduction of waste, and the procurement of raw materials that will not interfere with biodiversity and maintains harmony between the business and the environment.

IV Efforts regarding communities and society

Fuji Oil Group promotes social contributions centering on the three key components of the corporate philosophy: food, health and happiness. It also aims to enhance its connection with local communities as a good corporate citizen so it can contribute to a better society.

V Efforts regarding CSR

1. Corporate philosophy and group CSR management

While ensuring widespread recognition of the “FUJI WAY” throughout the group companies, we have implemented a system that helps promote CSR management from a global perspective, aiming at constant improvement.

2. Compliance and risk management

To achieve highly transparent and consistent management and continue to earn the public's trust, we promote compliance and enhance risk management to help promote sustainable business activities.

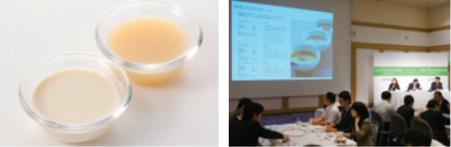
3. Communication with stakeholders

Emphasis is placed on building trust with all stakeholders through communications that meet their expectations. We also endeavor to reflect their opinions into CSR activities.

4. CSR supply chain management

Efforts are placed on ensuring fair and legal transactions with business partners, strengthening collaboration with them, and promoting procurement in line with our stance on CSR.

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Summary of the Fuji Oil Group

Using mainly vegetable-based raw materials, the Fuji Oil Group develops, produces and markets food ingredients that make the best use of what nature provides while at the same time delivering good health and good taste. With a primary focus on "oils & fats, and processed food products" and "processed foods using soy protein," the Fuji Oil Group also works to expand its business into global, niche, and specialty markets so as to meet diverse market needs.

Corporate profile

Corporate name: FUJI OIL CO., LTD.

Location of corporate Head Office:
1 Sumiyoshi-cho, Izumisano-shi, Osaka

Established: October 9, 1950

Capitalization:
13,208 million yen (as of end of March 2013)

Chairman: Yoshitaka Ebihara

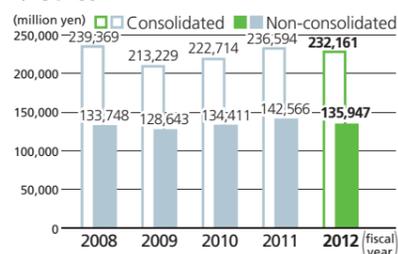
President & CEO: Hiroshi Shimizu

Number of employees:
1,162 (non-consolidated), 4,034 (consolidated) (as of end of March 2013)

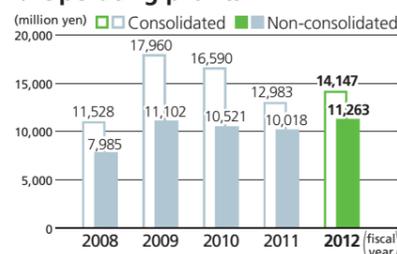
Subsidiaries/Associated companies:
27 consolidated subsidiaries, 4 associated companies accounted for under the equity method (as of end of March 2013)

Major management indices

▼ Sales



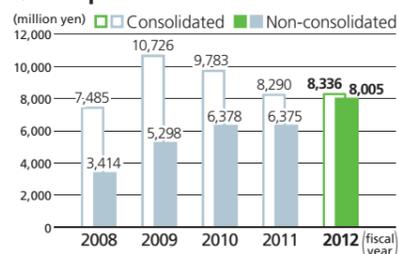
▼ Operating profits



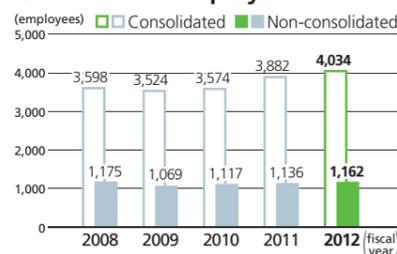
▼ Sales by business unit



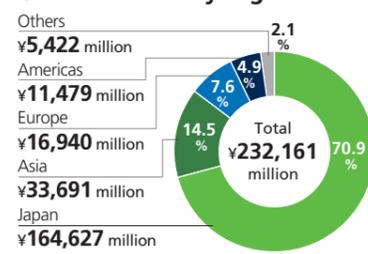
▼ Net profits



▼ Number of employees



▼ Global sales by region



Summary of business



Oils & fats business

Provides a variety of oils & fats, mainly specialty fats such as hard butters for chocolate, to enhance the functions of chocolate, frying oils & fats that excel in stability, and oils & fats with emulsifier for better flavors and textures.



Ingredients for confectionery and bakery business

Provides a wide variety of chocolates that meet the needs of professionals pursuing deliciousness and the ease of use, margarine produced through effective use of our own emulsification and fermentation techniques, different kinds of creams with excellent characteristics, ingredients for desserts that provide full flavor, and many other products essential for confectionery and bakery.

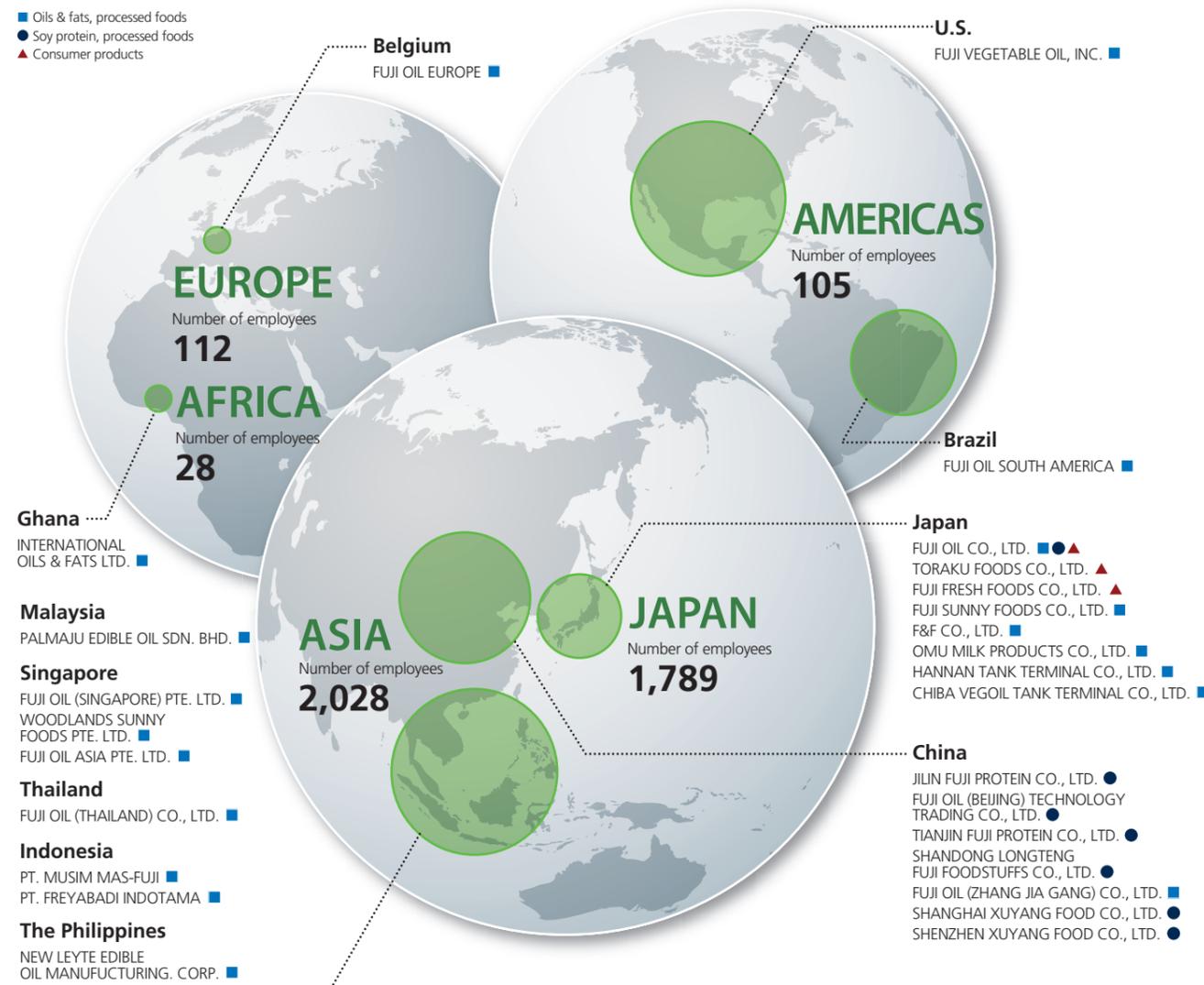


Soy protein products business

Produces high-performance ingredients such as highly purified isolated soy proteins, soy peptides and soluble soy polysaccharides. The Group also provides a wide variety of processed foods using soy protein that contribute to nutrition and health as well as food products for household use such as soymilk and soymilk yogurt.



Major Fuji Oil Group Companies



Map of Products of the Fuji Oil Group

— Find our products in your daily life! —

Fuji Oil Group's ingredients and products are used for various purposes.



Oils and fats

- 1 **Hard butter for chocolate**
With functions exceeding those of cacao butter
- 2 **Fats for frozen confectionery**
For adding flavor to ice cream
- 3 **Frying and spraying oils**
Used for frying and cooking instant noodles and fried confectionery
- 4 **Fats for whipping cream**
Used for whipping cream and coffee creamer
- 5 **Lubricating/releasing oils**
Used as lubricants for food manufacturing machinery and as demolding agents
- 6 **Miscellaneous oils and fats**
Used for infant formula, seeking nutritional superiority and stable quality

Chocolate

- 7 **Chocolate**
Chocolate using carefully selected cacao beans from various places around the world
- 8 **Coating chocolate for bakeries**
Chocolate used to coat cakes and bread to easily add gloss
- 9 **Molded chocolate**
Chocolate which keeps its shape even after being baked in dough
- 10 **Chocolate for ice cream coating**
Coating chocolate for ice cream

Emulsified and fermented foods

- 11 **Whipping cream**
Vegetable cream with a rich milky taste and refreshing after taste
- 12 **Soft-serve ice cream**
Liquid mixture for soft-serve ice cream with a smooth texture
- 13 **Custard cream**
Cream with a rich milky taste and egg flavor
- 14 **Margarine and shortening**
Provides a crispy texture to baked confectionery
- 15 **Ingredients with a fermented flavor**
Ingredients for desserts manufactured using emulsification and fermentation techniques

Food materials

- 16 **Béchamel sauce**
White sauce containing high levels of dairy products
- 17 **Frozen dough**
Used for pie crusts and cookie dough sheets

Soy protein

- 18 **Soy protein isolates**
Gelling and water retaining properties, improving texture
- 19 **Textured soy proteins**
Offering a juicy and meaty texture with high water retention

Soy protein ingredients

- 20 **Soy peptides**
Ingredients rich in essential amino acids and with high absorbability
- 21 **Soluble soy polysaccharides**
Used for stabilizing acidic lactic beverages and preventing cooked rice and noodles from becoming sticky

Processed foods using soy protein

- 22 **Flavored deep fried tofu**
Used for instant noodles (Udon)
- 23 **Ganmodoki**
(Bean curd mixed with thinly sliced vegetables and deep fried)
It is not necessary to run hot water over ganmodoki before cooking, and it will not break into pieces while cooking
- 24 **Frozen tofu**
It is possible to store this tofu frozen and use only the quantity needed

Soy milk

- 25 **Soy milk for industrial use**
Soy milk without the raw flavor of soy

Consumer products

- 26 **Soy milk**
Prepared soy milk designated as food for specified health uses
- 27 **Pudding**
Kobe Pudding
- 28 **Supplements**
Isofra-Balance by mail order
- 29 **Sports drinks**
Peptide-Athleta by mail order

We will create new values under our slogan; "Monozukuri" (creating products), "Kotozukuri" (creating movements), and "Hitozukuri" (fostering people).

On May 30, 2013 at the Fuji Oil headquarters, Fuji Oil President Hiroshi Shimizu met Mariko Kawaguchi, Chief Researcher of the Research Division of Daiwa Institute of Research Ltd. The two had a lively exchange of views regarding the Fuji Oil Group's CSR. This is a summary of their discussion.

New Value Through "Monozukuri" (Creating Products) and "Kotozukuri" (Creating Movements)

Ms. Kawaguchi Since assuming the position of President in April, you have advocated the idea of management based on "Monozukuri" (creating products), "Kotozukuri" (creating movements), and "Hitozukuri" (fostering people). Could you explain what these means?

Shimizu Japan has become a wealthy country. This is because the Japanese, homogenous people, worked together towards the same goal. The conformity that typifies Japanese society was instrumental for the high economic growth.

October 2013 marks 63 years since the establishment of Fuji Oil. Few companies in the oils and fats industry established mid-last century have achieved the significant growth that

we have. Like many other Japanese manufacturers, the engine of our growth was "Monozukuri" (creating products). Fuji Oil has continuously striven to develop new foods based on oils and fats and soy protein food ingredients since the foundation of our company. In doing so, Fuji Oil has secured its competitive advantages by utilizing its ability to create products and build a business model focused on technology in Japan and overseas countries. This is how Fuji Oil became what it is today, and we owe much to our predecessors for developing technological innovations and creating unique new products. Today, our competitive strength still rests on "Monozukuri" (creating products).

The business environment, however, has been changing dramatically. With the Japanese economy shrinking over the long term, we have to step up our global expansion more. We must create new value geared towards the various ways that people live around the world. As well, to create new value,

we should pay attention to the background; in other words, emphasize the narrative aspect. We must constantly be aware of, and clarify, who we are providing value to, and under what circumstances. I call this "Kotozukuri" (creating movements). Combined with the aforementioned "Monozukuri" (creating products), the concept of "Kotozukuri" can help us create values that are acknowledged by society.



Ms. Kawaguchi I understand you are saying about "Koto," or movements, that exists behind "Monozukuri" (creating product) and that serves as a narrative aspect, or story. Let's talk about "consumption," a concept that has only been around for a little over a century. Consumption as we know it today only appeared about 50 years ago and evolved from, barter that was evolved from self-sufficiency.

Shimizu Back in the era of self-sufficiency, people only had to think about themselves and their family. But once humans began bartering, they had to think about others; how could they make their own goods appear attractive so that other people would want to trade for them? Today, in an era of consumption when we can choose products freely, we have to think even more about other people.

"Kotozukuri" (creating movements) is essential if people want

to create value that others would find attractive. Business between two parties can take place only after the seller understands what the buyer wants and then expresses seller's desire in "Mono," or a product. "Kotozukuri" also requires diversity. In Japan, "diversity" still tends to mean mainly the difference in gender. Yet for "Kotozukuri" (creating movements), we must heed the wider meaning of "diversity," which is differences among individuals or groups.

Diversity—The Key to "Hitozukuri" (Fostering people)

Ms. Kawaguchi How do you plan to pursue "Hitozukuri" (fostering people) for the sake of "Kotozukuri" (creating movements) and future "Monozukuri" (creating products)?

Shimizu I want to cultivate employees who are capable of putting themselves in other people's shoes and imagining what consumers want. The power of imagination means the capability of human. I have told our employees to improve their human resource skills. Innovation is another factor which is crucial to a company's survival. Innovation requires you to listen to and accept various opinions. That's why I am trying to give a more active role in the company to women, whose approaches and opinions are different from those of men.

Ms. Kawaguchi Capability of human skills also encompass the ability to empathize with others. It is difficult to train capability of human today, because our educational system is not sufficiently fostering the ability to imagine or empathize.

Hiroshi Shimizu

President and CEO
Fuji Oil Co., Ltd.

Since joining Fuji Oil in 1977, Shimizu has held positions including General Manager of New Ingredients Sales Department, President of Fuji Oil (Zhang Jia Gang) Co., Ltd., and Managing Director of Soy Protein, Processed Foods Company. He assumed his current position in April 2013.

Mariko Kawaguchi

Chief Researcher
Research Division of Daiwa Institute of Research Ltd.

Ms. Kawaguchi joined Daiwa Securities Co. Ltd. after getting her MA in applied economics (environmental economics) from Hitotsubashi Graduate School. She then moved to Daiwa Institute of Research Ltd., where her positions have included Managing Director of Management Strategy Department. She then became Manager of the CSR Division, Daiwa Securities Group Inc. Her current areas of expertise are environmental management, CSR, and socially responsible investment. She also serves as Chief Executive & Secretary General of the Japan Sustainable Investment Forum.

Today's students need only memorize what they have been taught to get the correct answer.

Shimizu I am worried that as our company gets bigger, more and more employees are no longer thinking for themselves. In response to the demands of society, today we have a variety of rules and systems covering things like compliance and risk management. But these may be preventing employees from thinking for themselves since they erroneously believe that all needed is to abide by these rules and systems.

That is why I always tell employees to ask "why?." When they meet people outside the company, they can interact with them and grow personally by constantly questioning things, not simply sitting at their desks.

Ms. Kawaguchi People cannot understand diversity in the real world if all they do is go to their offices every morning, work in the same office with the same environment all day, go home, and then do it all again the next day.

Shimizu One thing people can do to help them understand other industries is to meet people they used to study and do research together at university. An employee of our company who is meeting a range of people can better see how our technologies are positioned in the industry.

Ms. Kawaguchi Globalization of the economy requires that people accept a range of different values.

I often use the metaphor of salmon roe, which in Japanese goes by two names: "sujiko," which is a cluster of eggs, and "ikura," which refers to the individual salmon eggs. Japanese people can be likened to "sujiko" since they rely on their country or their company as a group. Outside Japan, however, people are often like the "ikura," individual eggs each with its own view. Japanese companies should try to transform their employees from "sujiko" to "ikura" so that they can each have their own identity.

Shimizu I agree. In the global society, everyone needs to be independent. Japanese can learn independence by working



outside of Japan and experiencing different cultures while they are young. I used to work at a Fuji Oil Group company in China. Because, in my experience, the scales of group companies are smaller than ones in Japan, those who go to such companies make and implement many decisions on their own. This help them to grow personally.

Society Let Us Live

Shimizu If people judge and value things based on only their own standards, they can tend to become self-righteous. That's why people should try to remember society's value standards. A company exists because society needs it. And society let us live.

Ms. Kawaguchi So, you are saying that a company should give back to society because it is society that let company exist. And of course, company has to earn profit for that. During the era of rapid economic growth, businesses focused on accumulating profits. But companies cannot grow sustainably in this manner. They must put some of their profits back into society.

Shimizu In our work, we should consider what kind of value we can provide to our customers and society, and what our place in society should be. This will help our company to earn profit and, at the same time, contribute to society. The result will be sustainability: a long life for both the company and society.

Sustainable Procurement, and Participation in the UN Global Compact

Ms. Kawaguchi Consumers are changing and nowadays are increasingly interested in the upper stream of the supply chain. Today's end consumers are taking a closer look at companies, like Fuji Oil, that serve the B to B market.

Shimizu I tell our employees that we must be a company, B to B for C. This doesn't just mean we should improve product quality for the sake of the end consumers served by our business customers. Rather, it means we must respond to the interest that consumers are taking in the upper stream of supply chain. Fuji Oil Group pays close attention to the environmental issues, labor issues, and human right issues in the places where the palm oil that we purchase is produced. For example, we joined the RSPO (Roundtable on Sustainable Palm Oil) in 2004 and the WCF (World Cocoa Foundation) in 2012. We have also started procuring the traceable cocoa. As such, we are trying to contribute to the society of the regions where our raw materials are produced although not directly.

Our mission: to provide new value to society through our business

Hiroshi Shimizu
President and CEO, Fuji Oil Co., Ltd.

CSR should mean the activities that a company conducts in order to build and maintain good relations with society

Ms. Mariko Kawaguchi

Chief Researcher, Research Division, Daiwa Institute of Research Ltd.



Activities like these are in support of my belief that a food manufacturer has a responsibility to procure safe, secure and sustainable raw materials that are produced under conditions that protect the environment, labor rights, and human rights.

Ms. Kawaguchi Speaking of the environment and labor and human rights, I understand that your company joined the United Nations Global Compact.

Shimizu Yes, we joined in January 2013. Our corporate philosophy is "Contributing to healthier and happier living through the creation of contemporary eating habits as well as fine foods." We put this philosophy into action by seeking "happier living" for not only our customers and consumers but also for the people who make up our supply chain; for example, people working at companies that produce our raw materials. That's why we joined the UN Global Compact and support its ten principles, which cover things such as human rights, labor rights, the environment, and anti-corruption.

The "Soy Renaissance"—An Ambitious Vision to Save the Earth

Ms. Kawaguchi In addition to your support of overseas raw material producers, I would like to suggest that Fuji Oil, as part of its contribution to society, support Japanese domestic soybean farmers.

Shimizu That is a good idea. Although Japanese domestic soy beans cannot compete with imported soy beans in terms of prices, it would be great if we could get together with these domestic producers in an effort to create value for society.

Ms. Kawaguchi Yes, it would be great. Fundamentally, CSR should mean the activities that a company conducts in order to build and maintain good relations with society. In other words, CSR should be more than just another company activity; CSR is after all, management itself. During the era of rapid economic growth, companies and society moved in the same direction. But times have changed and a number of social issues have come to the fore. Companies need to rethink how to relate to and communicate with society. It is crucial to the management of a company that it prioritize and take on these issues as it builds and maintains good relations with society.

Shimizu You are right. We believe, like you say, that "CSR is after all, management itself." For example, we started our soy protein business on the philosophy that business should

achieve sustainability for both the company and for society. Our late Chairman Emeritus, Masataro Nishimura, said the following: "You should think about our planet 50 years from now. That would help you understand the hope that the soybean business bring in the future era of our grandchildren, when increased human population will likely threaten us with food shortages." That era has arrived. That's why in October 2012 we announced the "Soy Renaissance," an expression of our desire to create new value for soybeans, by refocusing the inherent properties of soybeans.

Ms. Kawaguchi I believe that the soybean business can help solve the food crisis. Your company developed soy protein with the taste and texture of meat. Using it as a meat substitute would solve a number of problems.

Shimizu We have an ambitious vision: "to save the Earth through soybeans." However, you can not eat so many soybeans in their natural state. That's why we are using innovative manufacturing technologies to develop soy foods that are tastier than any preexisting soy foods. Renowned Japanese chefs have given top marks to our new products. We will combine "Monozukuri" (creating products) and "Kotozukuri" (creating movements) to create soy products that become ubiquitous—and loved—in food cultures around the world.

Our greatest mission is to provide new value to society through our business. We will also focus on "Hitozukuri" (fostering people) as the foundation for success in "Monozukuri" (creating products) and "Kotozukuri" (creating movements).

Ms. Kawaguchi I have high hopes that Fuji Oil's "Monozukuri" (creating products), "Kotozukuri" (creating movements), and Hitozukuri (fostering people) will combine to provide new value to society.

Shimizu Thank you.

(May 30, 2013)

The "Soy Renaissance"

In recent years, it is said that climate change and population growth would cause water/food shortages, which is a global wide issue. At the same time, the number of people suffering from food-related lifestyle diseases and allergies is on the rise, not just in industrialized countries but in emerging countries as well, which also is a social issue. In response to these issues, the Fuji Oil Group has launched our medium-and long-term business strategy, "Soy Renaissance," an initiative based on our desire to provide more people in more places around the world with healthy and environmentally friendly soybeans in the form of delicious food ingredients and processed foods.



Soybeans have a number of applications including processed foods and spices



Creating New Value with Bringing Out the True Tastiness of Soybeans

A Half Century of Soy Protein Business

Fuji Oil is the first company in Japan that could succeed in commercial production of soybean protein in 1967. This success was led by our strong wishes to enhance the great potential of soybeans. We already recognized that soybean should not be considered as a mere source of edible oil; rather, we saw them as a food resource or source of protein that is indispensable to maintain people's lives.

Soybeans contain higher rate of protein among plants. It comprises approximately 35% of its nutrient (anhydrous basis conversion). On that background, soybeans have historically been called "meat of the field."

Soy protein derived from soybeans has a plentiful balance of necessary amino acids that function to lower cholesterol. We use soy protein as a raw material to process soy peptides that helps absorb amino acids, and process soybean Beta-conglycinin, which lowers neutral fats in the blood. Soy isoflavone is extracted from by-products, which helps improve hormone balance in women.

Fuji Oil has long focused on the "power of soybeans to make people healthier." In so doing, we have developed and sold such foods as soy protein and soymilk, functional agents, soy peptides, and soy isoflavone. And through efforts such as using only non-GM

▼ Soy Protein Products

Soy Protein
Soy protein isolates, textured soy proteins, soymilk, soy peptides, soluble soy polysaccharides, isoflavone ingredients, saponin ingredients



Processed foods using soy protein
Ganmodoki, tofu, deep-fried tofu, tofu burgers, bean curd skin, Kinchaku/Shinoda products, series of soy fiber added products



Consumer products
Processed foods using soy protein, desserts, soymilk, health food (including specified health food), supplements

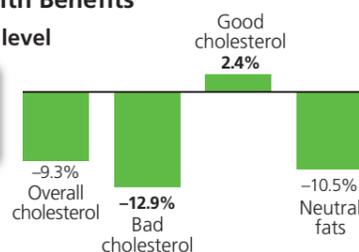


▼ Soy Protein's Health Benefits

● Lowers cholesterol level

Bad cholesterol **decreases**
Good cholesterol **increases**

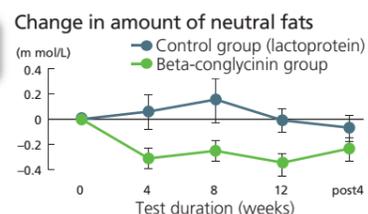
* Source: Anderson (1995) et al., NEJM 333:276-282, 1995



● Lowers neutral fats in the blood

Neutral fats in the blood **Decrease**

* Source: Kohno (2006) et al., Journal of Atherosclerosis and Thrombosis, 13 (5), 247-255, 2006



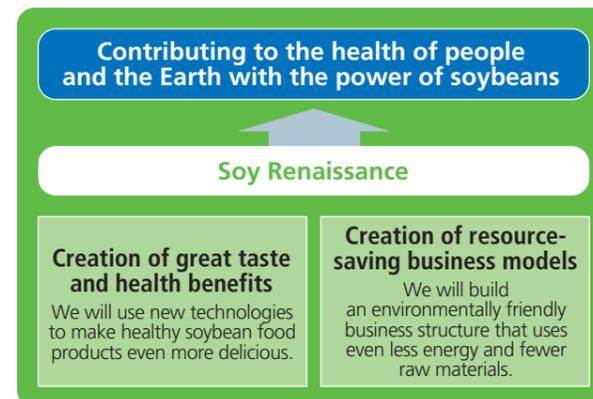
soybeans as raw materials, we have responded to the needs of consumers who seek safety and security of food.

Creating New Value for Soybeans, by Refocusing on the Inherent Properties of Soybeans: "Soy Renaissance"

Today we are witnessing global warming and the abnormal weather that it causes, as well as phenomena like desertification and decreasing acreage for agricultural land. World population is predicted to reach 9.1 billion in 2050, with forecasts for serious food and water shortages. Furthermore, both industrialized countries and emerging countries are pressed to take measures to deal with the increasing number of people suffering from food-related lifestyle diseases and allergies.

In response to the background stated above, we announced in 2012 our medium- and long-term business strategy, "Soy Renaissance." This strategy represents our proclamation to refocus on the inherent properties of soybeans to discover even greater possibilities for this food material, in the process creating new value that will contribute to the health of individual people and our planet Earth as a whole.

▼ "Soy Renaissance" Medium- and Long-Term Business Strategy



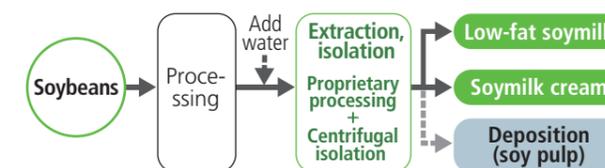
Development of USS Manufacturing Method: A World First for Bringing Out the Intrinsic Tastiness of Soybeans

In 2012, the Fuji Oil developed the "USS (Ultra Soy Separation) Manufacturing Method," which is similar to the one for isolation method of dairy milk and the manufacturing method that brings out the intrinsic tastiness of soybeans and allows even more people

than ever to receive the health benefits that soybeans offer. USS Manufacturing Method is the first production method in the world to allow the isolation from soybeans of soymilk cream and low-fat soymilk without losing any of the intrinsic tastiness.

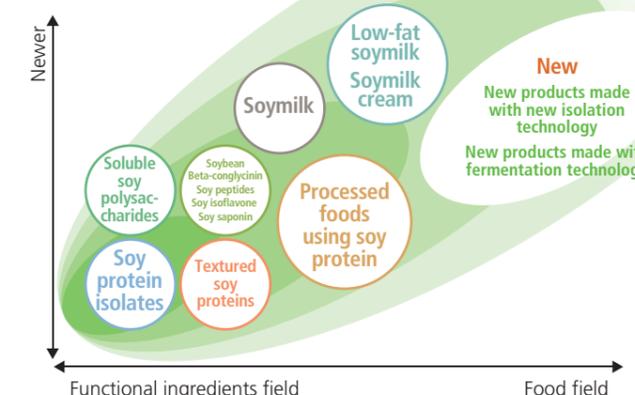
Our low-fat soymilk has fewer calories than current products on the market, and it can be enjoyed by people who normally do not like the taste of soymilk, people with high cholesterol, and those who have allergy to milk products. Low-fat soymilk can also be used as a broth in cooking to increase the umami of ingredients. Soymilk cream, meanwhile, has the same richness and umami of dairy cream, making it a candidate for widespread use in processed food and cooking.

▼ USS Manufacturing Method for Making Soymilk Cream and Low-Fat Soymilk



Soymilk cream (left) and low-fat soymilk (right)

▼ Development of Soy Products



Special Section 1 The "Soy Renaissance"



Soy Renaissance Press Conference

To get the word out to as many people as possible about our new products made using the USS Manufacturing Method, we have held two Soy Renaissance Press Conferences. At these events our customers have supported us by demonstrating to attendees examples of applications for our products. We got high evaluations from customers. Here are just a few of the comments: "The products add richness and umami, give a creamy feel to food, and bring out the tastiness of beans;" "they add richness to Japanese-style food;" "they enhance other ingredients" and "this new soymilk brings together good health and great taste."

We hope to work closely with our customers to bring Japanese food culture to more people around the world.



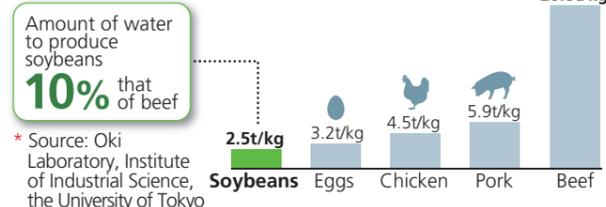
A Soy Renaissance press conference in October 2012. Attendees got to sample dishes made with our products and look at menu ideas

Good Health for the Earth Together: A Green Food Revolution

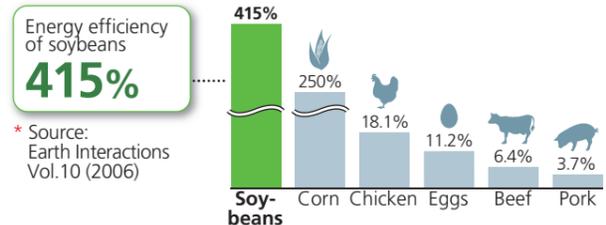
Soybeans can be grown over a wide latitude range: from cold regions at about 50° north all the way down to equatorial regions. They also yield large harvests with minimal use of fertilizer. And compared to animal meat, another source of protein, soybeans require only a fraction of the amount of water and energy to yield substantial harvests. The economic advancement of emerging countries in recent years has been pushing up consumption of meat, particularly pork and chicken, putting a dangerous strain on the supply of feed grains and agricultural water. We believe that by spreading consumption of soy food products, we can contribute to the alleviation of problems like these.

Resource Usage Efficiency of Soybeans

High water resource usage efficiency



High energy efficiency



Loved by People of All Ages, and Now Tastier Soy Protein Cooking Ingredient: "Mame Plus"

In 2012, Fuji Oil released the Mame Plus series of soy protein cooking ingredients. High in protein and low in fat, this ingredient is easier to use and tastier than previous similar ingredients, making it suitable for use in a wider range of recipes. It's currently being used in elementary school lunches. In March 2013, we released



Meat-sauce-type spaghetti made using Mame Plus

VOICE A Word from Our Partner at the Soy Renaissance Press Conference



Mr. Ichiro Yonezu
Marketing Director,
Cold Stone Creamery
Japan

Soymilk Cream Helped Us Create Delicious Soy Ice Cream

Our company serves ice cream at a shop, and has a basic policy of "to make our customer happy as much as possible through their visit to us" to develop products and welcome customers. A crucial factor to realize our policy is not just good-tasting products but also healthy-feeling ones. We had been looking into using soy ingredients for quite a while, but we weren't able to adopt it as an ingredient because the peculiar flavor of soybeans made it difficult to mix with other ingredients, as well as lack of soy ingredients that are tasty. But Fuji Oil's soymilk cream solved these problems for us, and in June 2013 we added a healthy fruit-flavored, acai-flavored ice cream to our menu.

I hope that this revolutionary soymilk cream can further be improved to be more delicious and functional, despite the limitation imposed by cost. And I think Fuji Oil should claim its superiority in nutrition more aggressively.

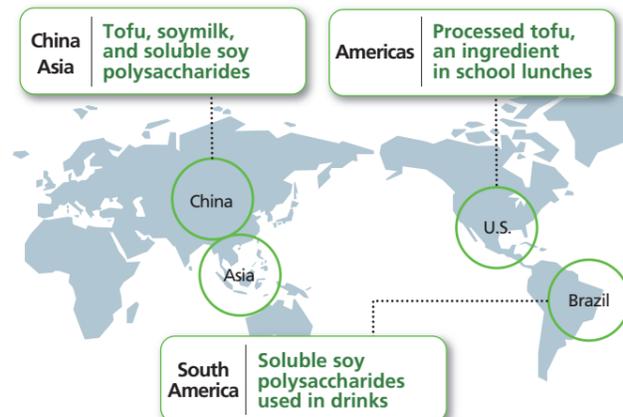
Veggie Plus 2900, a soy protein product that, thanks to our proprietary technology, has the taste and texture of sliced meat.

Soybeans have the amino acid balance that growing children need, and they contain no animal fat, a cause of lifestyle diseases. The Fuji Oil Group will continue to provide healthy foods to consumers of all ages, from children all the way up to senior citizens.

Soy Renaissance Goes Worldwide

In the United States, new standards for school lunches were set forth in 2012 and items like processed tofu foods are being introduced to school cafeterias. This is just one example of how soybeans are gaining social recognition as a helpful foodstuff to

Growing Demand for Soybeans Around the World



promote good health. In line with this background, the Fuji Oil Group is providing processed soybean products such as tofu nuggets to major supermarkets. In Asian countries like China where people have long been consuming tofu and soymilk, in response to rising demand, we are expanding sales channels for our soymilk desserts and our soluble soy polysaccharides (raw material for drinks).

By boosting our capabilities to supply products to more and more countries, the Fuji Oil Group is taking the Soy Renaissance around the world.

Pursuing a Sustainable Business Model

As part of its Soy Renaissance activities, Fuji Oil Group is promoting "sustainable production and material procurement."

Regarding production, as we embark on full-fledged production under the USS Manufacturing Method, we are reducing our environmental impact by introducing technologies and processes that reduce energy usage. Also, a few years ago, we began taking part in a project in support of farming in Mozambique in an effort to raise the standard of living in a soybean producing region. (See page 39 for details.)

We continue to move forward the Soy Renaissance, for the purpose to build a sustainable business model that will allow us to live in harmony with the Earth and our fellow human beings.

VOICE Executive Message

Contributing to the World's People Through Soybeans

As people everywhere become increasingly concerned about health, the benefits of soybeans are once again garnering attention.

In 2012, the Fuji Oil Group introduced its Soy Renaissance concept: "Refocusing on the inherent properties of soybeans to create new value, and contributing to the health of people and the Earth." Our goal is to provide soy food products that people everywhere find delicious.

We recently introduced two new ingredients that well represent the inherent tastiness of soybeans, which are produced through the USS (Ultra Soy Separation) Manufacturing Method, which made it possible for the first time anywhere to isolate low-fat soymilk and soymilk cream from soybeans. This method allowed us to maximize the deliciousness of soybeans through an isolation process. High praise for this accomplishment came from Mr. Yoshihiro Murata, head of the renowned Kikunoi restaurant in Kyoto, who has actively sought to include Japanese food to a World Heritage List: "These ingredients give richness to Japanese food without destroying the taste of the other ingredients. They are ideal for helping take Japanese food to people all over the world." You could say that these ingredients embody the philosophy of the Soy Renaissance by enhancing the deliciousness of food not just in Japan but all over the world.

We will continue to strive to promote the existing our soy protein products business while also contributing to the wider range of people around the world through soybeans.



Makoto Kobayashi
Director and Executive Officer
Deputy General Managing Officer
of Corporate Planning Division/
General Manager of New Business
Development Department

For Sustainable Procurement

Fuji Oil Group has the following Corporate Philosophy: "Contributing to healthier and happier living through the creation of contemporary eating habits as well as fine foods." We believe that we bear an important social responsibility to implement the philosophy. We wish through the letter of "healthier and happier living" that it will be enjoyed not only by customers/consumers but also our suppliers and those who are in upper commercial stream, such as farmers. We are willing to make efforts to achieve sustainable procurement as well as sustainable consumption.



Visit to a palm plantation



KL-Kepong (Sabah) Sdn. Bhd. staff (the three on the left) and our visit team (the two on the right)



To Promote CSR Procurement with Superior Business Partners

Launched the Study of "CSR Procurement Guideline"

Fuji Oil Group has been engaged in procurement activities with the cares to global environmental, labor and human rights issues, by reflecting our aim for a sustainable society. In 2012, we established the "CSR Procurement Guidelines" which set forth the efforts we should make together with our business partners in eight areas, such as compliance, environment, human rights and workplace safety/hygiene, which require coordinated efforts across the entire supply chain.

As part of our communication for better understanding of our business partners, we sent "CSR Procurement Questionnaires" to our relevant business partners. In response, 396 business partners, both Japanese entities and foreign entities, reviewed their respective efforts for the 31 items in the Questionnaires, and the outcome generally appeared fine. Yet, the outcome also indicates that a considerable number of business partners have not

yet completed establishing "BCP (Business Continuity Plan) of their operation bases in emergencies"; "establishing systems to continue supplying materials to Fuji Oil in case of natural disaster or other crisis"; and/or "establishing policies for their CSR procurement."

In 2013, we will further discuss with our business partners based upon the outcome. Further, our group companies outside Japan will also start communication with their suppliers through the Questionnaires.

Our Visit to KLK Palm Plantation in Malaysia

Seeking Procurement with Face-to-Face Understanding of Farmers

We have pursued procurement with face-to-face understanding of farmers. As such, we have visited various places where our materials are produced.

In June 2013, we visited one of our business partners, Kuala Lumpur Kepong (KLK) in Sabah, Malaysia, at its palm oil plantation, (KL-Kepong (Sabah) Sdn. Bhd.), and oil refinery plant (KLK Premier Oils Sdn. Bhd.). KLK is a major palm oil producer which owns 250,000 hectares of plantations. KLK operates palm plantations in Malaysia and Indonesia and operates oil mills and refinery plants as well. We deal with the largest volume of palm oil in Japan and source it from multiple business partners. KLK is important among these business partners.

For Sustainable Palm Oil Procurement in Compliance with RSPO

Palm oil is widely used for such products as frying oil, margarine and shortening, and it is the vegetable oil with the largest volume of consumption on a global basis. As such, palm oil is essential for our daily life. On the other hand, it has been said that some palm oil plantations have involved in child labor and environmental destruction.

The Fuji Oil Group became a member of the Roundtable on Sustainable Palm Oil (RSPO) in 2004, when it was established. We respect the eight principles and 39 criteria and have made efforts to obtain Supply Chain Certifications (SCC). At present, we have obtained the SCCs for our bases in Belgium, US, Malaysia, Singapore, China and Japan (Hannan Factory).

KLK, which we visited, is a founding member of the RSPO. On Borneo Island, Sabah, KLK has obtained RSPO certifications for all its operations including plantation operations. KLK has the capacity to produce 5% of the world's RSPO-certified (SCC) palm oil. Mr. Eyu Teong Po, Regional Director of KL-Kepong (Sabah) Sdn. Bhd. comments as follows: "We respect the eight principles of the RSPO. We pay attention to social issues such as environmental issues and local community issues and have promoted occupational safety and health (OSH) compliance by workers. In Indonesia, we will

complete obtaining the certification of Indonesia Sustainable Palm Oil (ISPO) by 2015. We do business in a responsible manner in Indonesia as well where plantations will be developed further."

RSPO

RSPO is an acronym of "Roundtable on Sustainable Palm Oil," which is a non profit organization supported by palm oil businesses, oil mills, traders, consumer product manufacturers, retailers, banks/investors, environmental NGOs and social/development NGOs.



RSPO 8 Principles

1. Commitment to transparency
2. Compliance with applicable laws and regulations
3. Commitment to long-term economic and financial viability
4. Use of appropriate best practices by growers and millers
5. Environmental responsibility and conservation of natural resources and biodiversity
6. Responsible consideration of employees and of individuals and communities affected by growers and mills
7. Responsible development of new plantings
8. Commitment to continuous improvement in key areas of activity

SCC

SCC is an acronym of "Supply Chain Certificate," which certifies a supply chain where the palm oil products that are manufactured, by using palm oil made from palm fruit grown in a farm that meets certain criteria for sustainable agriculture practices; entered into a commercial flow; and reached to consumers.



Unique Efforts to Resolve the Educational, Environmental and Social Issues

Operating Schools for the Children of Overseas Workers

KLK operates palm plantations in the mountainous part of Borneo in Sabah. The palm oil plantations amount to 40,000ha in total

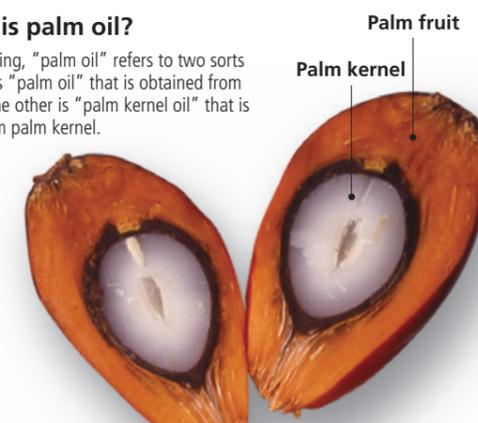


▼ CSR Procurement Questionnaires



▼ What is palm oil?

Strictly speaking, "palm oil" refers to two sorts of oils. One is "palm oil" that is obtained from palm fruit. The other is "palm kernel oil" that is obtained from palm kernel.



▼ Our Palm Oil Related Products

fats for frying and spraying



margarine and shortening



hard butters for chocolate





area, and 4,500 people work in the plantations in harvesting, weeding and so forth. Many of those people come from Indonesia on working visas and some of them come with their families.

KLK operates elementary schools*, nurseries and kindergartens to improve its workers' working environment and to provide education to their children.

We visited such an elementary school that KLK operates in coordination with Humana Child Aid Society (Humana), an NGO which provides teachers who are mainly Indonesian for the schools.

Mr. Torben Venning, Project Director of Humana states as follows: "Every child has the right to get an education, regardless of nationality, social status, and other background. We have a vision to provide good elementary education at our elementary schools for all children in Sabah who cannot go to a government school. KLK is a good company and accepts some 1,400 children in their five elementary schools, so that all of KLK's workers' children can get an education. Yet, since smallholders do not have schools, our challenge is how we can provide education for the children of those who work for smallholders. We hope that we can further discuss educational opportunities for children with Fuji Oil."



1. elementary school 2. nursery 3. kindergarten
4. discussion with "Humana," a NGO

* Learning centers operated under permits from Ministry of Education of Malaysia

Planting of Trees at Waterfronts, etc., for Preservation/Rehabilitation of Biodiversity

KLK has worked on various activities with the care to environmental issues. Such activities include preservation of forests in its plantations; planting on degraded areas; establish the "zero burning" policy and implementation thereof; reduction of the use of pesticides by using palm wood chips, owls, etc. to control pests; improvement of soil by planting trees and by using by-products of palm oil mills; and electricity by using bio-mass fuel such as palm husks.

During our visit, we saw the waterfront place between the plantation and river to check the status of biodiversity there. In the past, in Malaysia, palm trees were planted in waterfront area as well. However, a plantation firm now has a legal obligation to preserve and rehabilitate such an area to prevent the loss of soil and emission of fertilizer and pesticide into rivers, as well as the preservation of a corridor for wildlife.

Through our visit, we could confirm that the 20-meter wide area, which is subject to the legal obligation, is planted with *Heritiera littoralis* and other native trees. It was also explained to us that KLK tries to preserve a wider area than legally obligated where the river has is wider although KLK preserves a 20 meter area here according to the law because the river is narrow here. We inquired about the treatment of the fallow soil by specifically asking whether acacia or other non-native trees were planted. In response, we were advised that KLK is planting dipterocarpaceae and other



Rehabilitation planting at a riverbank Native trees used for the planting

native trees to preserve biological diversity, although there may have been some problems in this regard in the past.

Reduction of Workload and Improvement of Productivity

KLK has worked on the reduction of workload and improvement of productivity. Mechanized harvesting is an example of this, through which KLK could improve the productivity by 16%. Generally, palm fruits are harvested by a worker who uses a sickle with a long handle. Thus the workload is heavy. Yet, KLK has started to introduce mechanized sickles and completed so doing in 30% of mature fields. By so doing, KLK could reduce the workload and improve the productivity. Further, KLK employs a traceability system under which every worker's work can be recorded by barcodes. The system therefore can tell how many palm fruits a worker harvested on a particular day, etc., so that every worker can be rewarded fairly. The system also contributes to traceability under which the place and time/date of the harvest can be traced.

KLK operates medical facilities for its workers. Further, KLK provides various fringe benefits for them including free accommodation. We understand that KLK has made efforts to improve/maintain workplaces and workers' welfare to secure workers and work quality. The medical facilities are open to everyone in communities, not limited to KLK personnel.

We Will Find Out What We Can Do, and Pursue It

We believe that our visit to KLK was a good chance to further our understanding of our business partner's efforts at its palm oil plantation aimed at sustainable procurement. That now in turn leads us to consider

and find out what we can do for our business partners and places where the raw materials are produced. We are willing to do what we can.



Harvesting with a mechanized sickle

Harvesting with a manual sickle



Harvest administration using barcodes



Accommodation for plantation workers

Medical facilities in plantations

VOICE From a Business Partner



Mr. Eyu Teong Po
Regional Director
KL-Kepong (Sabah)

We Will Meet the Two Prongs of Needs: Sustainable Procurement and Cost Reduction

Nowadays palm plantation firms like us are required to take care for labor conditions of the workers, environmental preservation and so forth. On the other hand, we must respond to our customers' requests as to quality and cost. We have operated palm plantations by respecting the 8 principles of RSPO and have been engaged in business activities by paying attention to various stakeholders' interests.

For example, regarding pesticide, its use can be reduced. There exist certain time periods when non-use of pesticide has less negative impact on the production volume. Thus, we do not necessarily have to stick to the past spraying practice in terms of the frequency of spraying. And improvements thereof may result in the reduction of the workload and, at the same time, lessen the impact on the environment. That is, we can produce more cost effective and safer palm oil through such an improvement. As such, we believe that we can meet the two prongs of needs by further addressing the improvements of productivities and qualities.

VOICE From the Head of Relevant Department at Fuji Oil

We Will Promote CSR by the Coordination of Entire Supply Chain

Fuji Oil deals with the largest volume of palm oil in Japan. We therefore believe that we must meet our responsibilities for social issues as an essential part of our procurement activities. We believe that our business partners should also meet their social responsibility, so that the entire supply chain can act in a coordinated manner. We consider KLK as a partner for us to work alongside with, as a major supplier of palm oil, which is a key material for Fuji Oil.

We understand that KLK operates its palm plantations by taking sufficient care of labor and environmental issues. On that basis, we believe that KLK's activities are consistent with RSPO's certifications and our direction.

The Fuji Oil Group will further promote CSR procurement. In so doing, we would like to be an entity that can enjoy society's trust and confidence by seeking procurement with good quality, at a fair price and in a timely, sustainable, stable fashion.



Hitoshi Shindachi
General Manager,
Raw Materials Procurement
Department

CSR Commitments of the Heads of Our Overseas Group Companies

Fuji Oil is a global corporation that has seven group companies in Japan and 19 overseas group companies. Here we would like to introduce the CSR commitments of 10 by our major Group companies.

1 Striving to Preserve Water Resources for the Sustainability of not only Our Business but also Society

Fuji Oil Europe (Belgium) 

Preserving water resource is important for the sustainability of not only companies but also society in general. In Flanders, where Fuji Oil Europe is located, groundwater is the source of tap water. But groundwater levels have been dropping in recent years due to factors such as rising population and increased use of water for agriculture and industry. The Flanders government feels concerned about the situation and has been raising water fees annually.

This year, Fuji Oil Europe is undertaking a project to build water treatment facilities on its premises in cooperation with neighboring companies and a waterworks company. The facilities will purify water running through nearby canals and this purified water, instead of groundwater, will be used to cover all of our factory water and drinking water needs. This switch will protect groundwater resources and lower our own factory water costs.



Bernard Cleenewerck
Managing Director

2 Growing with Customers by Stressing Safety/Security of Food and Protecting the Environment

Fuji Oil (Thailand) Co., LTD. (Thailand) 



Kazutomo Sho
Managing Director

Thailand now experiences rapid economy growth and its unemployment has been less than 1%. People's incomes are rising year after year and they seek more delicious food. On the other hand they are also getting more demanding and are paying increasing attentions to safety / security of foods.

Fuji Oil (Thailand) has less than two years' history, but like other Group companies, we share the philosophy of "Contributing to healthier and happier living through the creation of contemporary eating habits as well as fine foods." Under the philosophy, we adhere to compliance, produce food with safety and security, be environmentally friendly in our production methods, and grow and prosper together with our customers.

3 Promoting CSR Activities in Every Aspect of Our Business in Southeast Asia, from Procurement to Local Social Contribution

Fuji Oil Asia Pte. Ltd. (Singapore) 

Our company oversees Fuji Oil Group's three group companies in Southeast Asia.

As part of our procurement efforts, we support sustainable palm oil production by such activities as assistance to NGO's study as to the financial performances of smallholders.

Regarding the safety/security of food, Woodland Sunny Foods Pte. Ltd., our subsidiary, recently received a Silver Award from the Agri-Food & Veterinary Authority of Singapore (AVA). As such, we are improving steadily.

We are also striving to reduce our environmental impact by being more energy efficient.

In Singapore and Malaysia, we have continued our assistance to education by accepting students as trainees to give them practical work experience.

In our role of overseeing the Fuji Oil Group's operations in the burgeoning region of Asia, we will continue to work with other Group companies in the region to carry out the "Fuji Way" and conduct CSR activities from a global perspective.



Tomoyuki Yoshida
President

5 Solid Business Foundation to Support Local Employment

New Leyte Edible Oil MFG. CORP. (Philippines) 



Masaya Hashimoto
President

The Philippines has enjoyed healthy economic growth in recent years and construction is booming in the cities. However, there is still a large wealth disparity, with some people struggling to get enough to eat. Our factory is located on Leyte Island, a mainly agricultural area where poverty remains common and typhoons and other natural disasters are frequent. For a number of years, we have been conducting a range of CSR activities here: making sandbags for flood protection, providing food relief to disaster victims, donating to sporting events, and hosting students from technical schools for on-the-job training.

These are just low-profile activities, but to continue them, we must at the very least continue to achieve stable business results and contribute to local employment. To this end, we hope that people of this region feel we are a worthy part of the local scene, and we hope that our own employees feel happy to work at New Leyte Edible Oil MFG.

4 Meeting Customer Demands with Safe Food at Fair Value

Pt. Freyabadi Indotama (Indonesia) 

In Indonesia where economic development is still in infancy and its people desire a better life, social responsibility to its people and environment is alive.

Whether it is economic, social or environmental, we as a company or individual has a responsibility to contribute to our earth and society. We have to work to make sure we have a sustainable future, whether it is in raw material, the supply chain and/or finished product. Traceability, offering a fair value to supply, food safety and security will always be part of our company's corporate social responsibility. We have to have these elements and ingredients in place because in the future, our customers will demand it!



William T. K. Chuang
President



10 Use Energy Efficiently to Help the Company and Society Grow Sustainably

Fuji Vegetable Oil, INC. (United States) 



Mikio Sakai
President

Recently, the Obama administration has stressed its attention to anti-warming measures and energy saving. Companies must respond to these changes if they hope to achieve growth.

For 2013, our company will respond by focusing on the energy problem, in accordance with Fuji Oil Group's CSR policy. We have set the target of reducing fuel gas consumption per unit of production by 1% compared to 2012. Specifically, we optimized operation of production facilities so that we could reduce the amount of steam we use to heat or maintain the temperature. This allowed us to lower the amount of fuel gas we require. Through such efforts to promote energy efficiencies, we will try to contribute to sustainable growth for our company and society.

9 Fuji Oil Group's CSR Vision as the Foundation for Providing Safe, Quality Food and Protecting the Environment

Jilin Fuji Protein Co., Ltd. (China) 

While there remain some uncertainties for the future Chinese economy, people's living environments are changing at a rapid speed. Attentions are given to such problems as environmental issues and quality/safety of food, that may have been aggravated while higher priority has been given to economic growth.

Awareness of CSR in China varies widely depending on the regions. Under such a situation, Fuji Oil Group's way of thinking, vision and action plan for CSR is of help to find out a clear path to go. Our company's goal for this year is to establish its own identity through the creation of contemporary eating habit as well as fine foods (distinguished quality, safety and security) and environmental protection (high energy efficiency, minimal environmental impact, and low waste emissions).



Toshiaki Saito
Chairman of the Board, General Manager

8 Working Even Harder to Produce Products of the Highest Safety and Quality

Shandong Longteng Fuji Foodstuffs Co., Ltd. (China) 



Kiyohito Suzuki
General Manager

Our company has strength of "products with dedications to quality and safety and control for the production thereof," that Fuji Oil Group has developed and maintained for many years. Chinese consumers are becoming increasingly conscious about the quality and safety of their food, and our company is willing to work even harder to utilize our inherent strengths to respond to these market needs.

Our company is located in a farming area in Shandong Province, and we recognize our social responsibility to work with other companies in the Longda Industrial Zone to conduct CSR activities relating to the environmental protection and providing employment. We therefore are willing to strengthen our efforts to save energy (electricity, gas, steam, water, and coal), reduce waste, and provide employment for local farmers.

6 Becoming the No. 1 Producer of Delicious, Safe Food in Shanghai through the Power of Soybeans

Shanghai Xuyang Food Co., Ltd. (China) 



Atsushi Osaka
Director, General Manager

Our company's responsibility to society is to produce food that our employees can explain to customers with confidence that Shanghai Xuyang Food makes Shanghai's No. 1 delicious, safe tofu and soymilk.

We are striving to produce more delicious, safe food products for the consumers of Shanghai, both new and existing products by using new technologies and new ideas to maximize the benefits of soybeans. Recently, diversifying eating habits are resulting in young people in Shanghai having fewer opportunities to eat soybean products. That's why we have recently begun going to events at kindergartens and universities where we introduce products like tofu and tofu desserts to let people see how delicious and healthy these are. China has a long history of consuming soybean products, and our goal now is to reacquire the country's young people with the benefits and tastiness of soybeans.

7 Becoming a Producer of High-Quality Oils and Fats Food Ingredients that Sincerely Seeks Food Safety

Fuji Oil (Zhang Jia Gang) Co., Ltd. (China) 



Ming Feng Chen
President

Recently, Chinese consumers are more conscious of food safety, and the government is strengthening regulations and obligating manufacturers to label products with information regarding health and nutrition. Our company carries out strict production control to ensure products contain no pesticides and other harmful substances, and we follow HACCP (hazard analysis and critical control points) and other relevant measures for food safety. And this year, we plan to obtain certification for FSSC (Food Safety System Certification) 22000.

In 2012, we completed obtaining permits to export all our products to other countries. We also plan to obtain relevant certifications as to sustainable oil from RSPO (SG and MB) to strengthen the relationships of trust we have with stakeholders. Further, in case of a disaster such as earthquake or flood in neighboring countries, we work with partners to provide relief supplies.

Our goal is to become the provider of oils and fats food ingredients with highest quality, safety and security in China.

Fuji Oil Group CSR

Fuji Oil Group believes that “CSR is, after all, management itself.” Under the belief, we are building systems and organizational structures that will allow us to fulfill our responsibility to society through our business activities.

Concept of Fuji Oil Group CSR

Fuji Oil Group recognizes that its CSR is to materialize its corporate philosophy and contribute to the solution of social issues through its business activities.

Based on our belief that “CSR is, after all, management itself,” we aim to contribute to sustainable growth of both our company and society. To this end, we will constantly provide new value by responding to society’s expectations and demands in our business activities. (See page 2 for more on the CSR Vision.)

CSR Management

Basic Policy and CSR Promoting System

Based on its CSR Action Policy (See page 2.), which is the basic policy for CSR activities for the entire Group, Fuji Oil has formulated the CSR-Related Mid-term Issues, which state concrete action targets. For the targets, the CSR Action Plans are set forth on yearly basis. These form the foundation for our Group’s CSR activities.

We are currently formulating new CSR-Related Mid-term Issues, which will be in place from fiscal 2014, which we will announce

soon. We also intend to revise our system for promoting CSR activities. We will continue our study to build a system that will allow us to use the PDCA cycle in carrying out effective CSR activities among our business activities.

In March 2013 we established the Risk Management Committee, of which the CSR Section serves as the secretariat, so that we can conduct risk management that contributes to greater corporate value. (See page 41 for more on this Committee and other parts of the governance system.)

Using External Initiatives

In promoting its CSR activities, Fuji Oil Group always bear in mind the international standards and strives to raise the quality of its activities by positively adopting internationally recognized CSR-related initiatives and management systems. Making use of third-party knowledge, we analyze and build the content, policies, and systems of our CSR activities, and when necessary, improve on these.

Participation in UN Global Compact

In January 2013, the Fuji Oil Group signed the United Nations Global Compact. The UN Global Compact is an initiative announced

in 1999 by the then UN Secretary-General. The Global Compact aims to create a global framework for a sustainable society by getting businesses and organizations to adopt and abide by the 10 principles in the four areas of human rights, labor standards, the environment, and anti-corruption. Fuji Oil Group will work to abide by these principles so that it can contribute to sustainability both within its Group companies and society as a whole.

Using Management Certification Systems

Fuji Oil Group makes it clear in its Management philosophy “To place top priority on safety, quality, and environmental integrity.” To ensure that activities related to these three aspects to the highest possible standards, we actively make use of management certification systems held by external organizations. As of March 2013, we have certification for standards including HACCP*1-related programs, ISO 9001*2, ISO 22000*3, and ISO 14001*4.

*1 Hazard analysis and critical control point: A control method for analyzing and identifying where quality and safety problems could occur at all points in the food production process, from raw material procurement to final product shipment.

*2 International quality management system standard.

*3 International food safety system standard.

*4 International environmental management system standard.

Management System Certifications Acquired (Outline)

Environmental management

ISO14001

- Fuji Oil Co., Ltd. 9 bases in Japan
- Group companies in Japan 1 company
- Overseas group companies 4 companies

Quality management

HACCP-related programs

- Overseas group companies 8 companies

ISO 9001

- Fuji Oil Co., Ltd. 15 bases in Japan
- Group companies in Japan 3 companies
- Overseas group companies 8 companies

ISO 22000

- Overseas group companies 11 companies

Halal certification (Page 29)

- Overseas group companies 10 companies

Kosher certification (Page 29)

- Overseas group companies 8 companies

Using the Sedex Database

While abiding by the 10 principles of the UN Global Compact, Fuji Oil and its Group companies started registering to Sedex (Supplier Ethical Data Exchange)*.

As of May 2013, three group companies in Japan and three overseas companies had registered to Sedex. More registration may be made in response to customer demands.

* A not-for-profit membership organization supporting the implementation of CSR in the supply chain. Member companies are supposed to study the status of their supply chain in regards to four key areas—labor standards, health and safety, the environment, and business ethics—and share this information with other companies on the database.

Awards, Commendations for Fuji Oil

Awards Received

Date	Award	Details	Recipient
July 2012	Silver Award from the Agri-Food & Veterinary Authority of Singapore (AVA)	Assessed as “Grade A” (given to companies practicing excellent hygiene and food safety management based on ISO and HACCP standards) at AVA’s annual audit for 10 consecutive years.	Woodlands Sunny Foods Pte. Ltd.
February 2013	Tamba area’s Outstanding Products Award (Daily Living category) from Hyogo Prefectural government	For development of outstanding product (Baked yam harvested in Tamba area) in cooperation with local farmers, factories and shops.	Fuji Fresh Foods Co., Ltd.; Kannan Isamu Shoten
February 2013	Fiscal 2012 Progressive Companies Award from Laiyang City Industrial Zone Management Committee	For good business performance and contribution to local employment.	Shandong Longteng Fuji Foodstuffs Co., Ltd. (China)
March 2013	Excellent Halal Certification Award from Halal Committee of Thailand	Halal Committee appreciated that excellent documentation & process controlling and Halal training are implemented, even though the production started only one year ago.	Fuji Oil (Thailand) Co., Ltd.
May 2013	Award for Cooperation in Consortium Business from Railway Freight Association	For outstanding shift of product deliveries to railway freight (from approx. 4,500 tons in 2006 to over 20,000 tons in 2012).	Logistics Department, Fuji Oil Co., Ltd.

Inclusion in SRI Index*

As of August 30, 2013, Fuji Oil is one of the 150 socially responsible companies in Japan in the Morningstar Socially Responsible Investment (MS-SRI) index, the first SRI index covering the Japanese-domestic, public-listed exclusively.

* The stock price index of prospective investment targets under the concept of SRI (investing to the company made higher contribution to the society).



About the Morningstar Socially Responsible Investment Index
This market index is not a guarantee of the future performance of the included companies. Nor of the accuracy, completeness or whatsoever in this nature of the data used to calculate and manage the index.
Without limiting anything foregoing, it should be noted that Morningstar Japan shall not bear any liability whatsoever for damages.
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Web Information • Using External Initiatives
Using Management Certification Systems
Table: Certification of Fuji Oil Group Companies

10 Principles of the United Nations Global Compact

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

Labour Standards

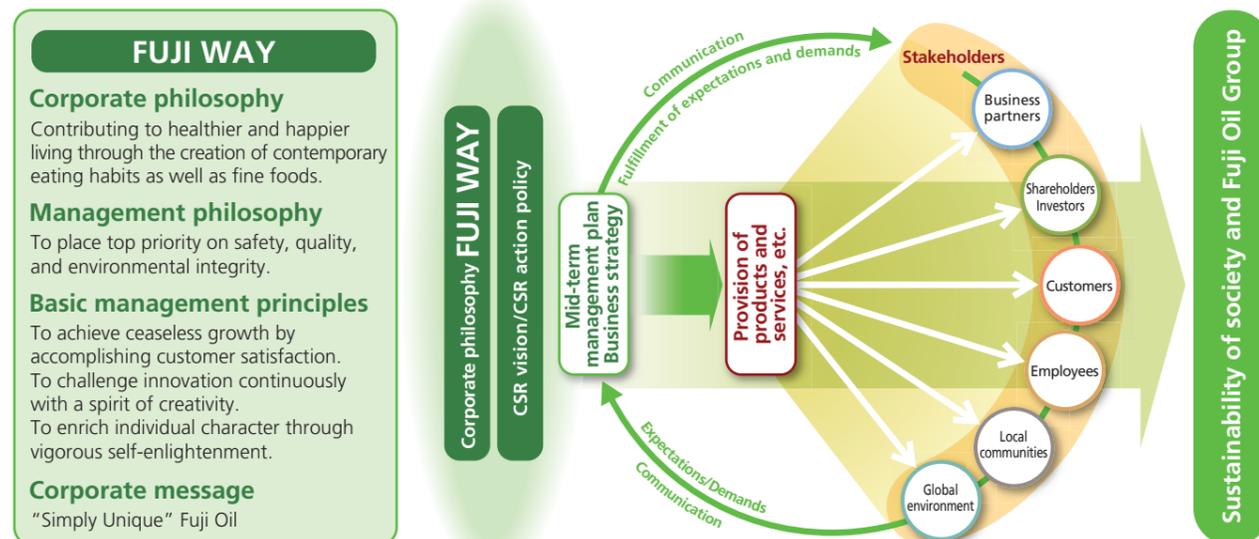
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.



CSR Issues and Efforts of Fuji Oil

The following table shows company-wide efforts and action plans designed to achieve sustainable management in line with the CSR action policy. We have summarized and assessed efforts to achieve the action plans for 2012 and set goals for the next fiscal year. The PDCA cycle is used to achieve these goals.

○: Progressed as planned △: Some delay ✕: No progress at all

Initiative	Focus	Priority theme	Mid-term issues	Action plans for 2012	Overview of efforts in 2012	Assessment	Action plans for 2013	Report page		
Creation of contemporary eating habits as well as fine foods	Creation of value	Solutions to food issues	Development of new technology and new products considering safety, security and health	Development of safe and secure, consumer oriented technology	<ul style="list-style-type: none"> Oils & fats with low trans fatty acids, low saturated fatty acid: Development and sales expansion of products meeting customer demands Enzymatic Inter-esterification oil: Development and sales of products and new oils & fats 	<ul style="list-style-type: none"> Oils & fats with low trans fatty acids: Proposed to customers. Commercialized in oil for chocolate and oil for margarine. Enzymatic Inter-esterification oil: Proposed to customers. Commercialized in oil for margarine. Considered for cream products. NSF*-registered spray oil: Commercialized. *NSF International is a global independent public health and environmental organization that conducts testing and certification. 	Enzymatic Inter-esterification oil: be used in creams and shortenings.	Page 28		
				Development of tasty and healthy products for seniors	<ul style="list-style-type: none"> Development of new business in the food market for healthy seniors Development of new oils with an enhanced taste component 	<ul style="list-style-type: none"> Commercialized cheese ingredients that are differentiated through taste and functionality. Worked towards commercialization of new oils with an enhanced taste component. 	<ul style="list-style-type: none"> Hold seminars for the seniors' market. Strive to improve oils & fats' taste through new technologies. Develop soy protein-based taste ingredients. Commercialize low-calorie healthy confectioneries and desserts. 	Page 27		
		Exploitation of nutrition and health markets and development of soybean based products, by creating new values	Promotion in development of technologies for the markets for at seniors and infants' market	<ul style="list-style-type: none"> Release of soy milk pudding with a yogurt taste in April. (For school lunches; contains no milk or eggs) Development and sale of high-protein nutritious foods for seniors 	Decided on policy of developing products for seniors food market, released Torotto-Mini Ganmo, certified for the UDF (universal design food) logo.	△	<ul style="list-style-type: none"> Acquire the UDF logo to expansion of seniors food market sales. Strengthen the development of high-protein products. Made more proposals of applications in the high-calorie drink field. Perfect new ingredients using technologies for processing soybeans and oil. 	Website		
			Promotion of consumer-oriented soybean based products	<ul style="list-style-type: none"> Establishment of new production methods and development and sales of innovative products Expansion of soybean-based products in food service chains 	Established USS Manufacturing Method.	△	<ul style="list-style-type: none"> Soy Renaissance: Hold press conferences to announce new products made with USS Manufacturing Method. Develop soybean-based products aimed at world markets. Develop soy ingredients for processed foods and animal-protein-based foods in Asia. 	Pages 12-13, 27		
	Safety, security and quality	No quality accidents No serious complaints	Improvement of Fuji Group's hazard analysis techniques	Development of analysis techniques to identify unexpected substances	Risk assessment of main raw materials using TOF-MS, ICP-MS, and other analysis techniques	Assessed risks of main raw materials using TOF-MS, ICP-MS, and other analysis techniques.	△	<ul style="list-style-type: none"> Complete risk assessment of main raw materials using TOF-MS, ICP-MS, and other analysis techniques. Establish and introduce analysis method (SFC-MS, etc.) to meet requirements of new standards for 3-MCPD and glycidol esters. 	Page 30	
				Establishment of techniques for trace metal analysis and rapid microorganism analysis	Risk assessment of main raw materials using TOF-MS, ICP-MS, and other analysis techniques	Assessed risks of main raw materials using TOF-MS, ICP-MS, and other analysis techniques.	△	<ul style="list-style-type: none"> Complete risk assessment of main raw materials using TOF-MS, ICP-MS, and other analysis techniques. Establish and introduce analysis method (SFC-MS, etc.) to meet requirements of new standards for 3-MCPD and glycidol esters. 	Page 30	
	Sustainable procurement	Sustainable, stable procurement		Strengthening of relationships with supply sources	Maintenance and strengthening of relationships with suppliers	<ul style="list-style-type: none"> Strengthening of relationships with suppliers on raw materials. Study of new raw material suppliers. Boosting of communication with material suppliers and continuation of quality improvement measures. 	<ul style="list-style-type: none"> Continued long-term supply agreement with Indonesian partner. Started palm oil supply agreement with Malaysian partner. Boosted communication with material suppliers and continue quality improvement measures. 	○	<ul style="list-style-type: none"> Strengthen relationships with suppliers on raw materials. Study of new raw material suppliers. Boost communication with material suppliers and continue quality improvement measures. 	Page 31
				Establishment of the supply chain for stable procurement, taking into account natural disasters such as earthquakes	Review of the current supply chain	Clarification of supply chain for all purchased goods	<ul style="list-style-type: none"> Created reform proposal (first draft of supply chain proposal) for suppliers of all purchased goods. Conducted questionnaire on Nankai Trough and are currently responding to results. Confirmed the status of BCPs (business continuity plans) of 300 suppliers. 	○	<ul style="list-style-type: none"> Revise the first draft of supply chain proposal for suppliers of all purchased goods. Set forth the countermeasures for disaster based on Nankai Trough survey results. 	Pages 15, 31
		Environmentally conscious CSR procurement	Establishment of the RSPO supply chain	Gathering information on supply chain accreditation schemes, and establishment of relationships with accredited farms	<ul style="list-style-type: none"> Continuation of procurement of certified palm oil for group companies. Gathering of information on supply chain certification of local refineries. 	<ul style="list-style-type: none"> Continued procurement of certified palm oil for group companies. Gathered information on supply chain certification of local refineries. 	○	<ul style="list-style-type: none"> Continue procurement of certified palm oil for group companies. Gather information on supply chain certification of local refineries. 	Pages 16, 31	
	Human rights	Understanding of human rights issues		Understanding of human rights issues on a global basis	A survey on the relation between our business activities and human rights issues	<ul style="list-style-type: none"> Questionnaire on CSR Procurement Guidelines. Visit to traceable cacao beans farmers and consideration of purchase. Joint promotion of CSR activities with Malaysian palm oil company. 	<ul style="list-style-type: none"> CSR Procurement Guidelines questionnaire was conducted by Fuji Oil Co., Ltd. and its group companies in Japan. Visit to a traceable cacao farms in Ghana and made purchase therefrom (550 tons). Looked into possible joint CSR activities with Malaysian palm oil company. 	○	<ul style="list-style-type: none"> Continue purchasing traceable cacao. Continue implementing of CSR Procurement Guidelines questionnaire by Fuji Oil Co., Ltd. and its group companies in Japan, commencement of same questionnaire by overseas group companies, and consider the measure for potential improvement using results thereof. Continue looking into possible joint CSR activities with Malaysian palm oil company. 	Pages 15-18, 31
Consideration of human rights in the supply chain				Consideration of whether or not to conduct a survey on the state of human rights of major suppliers	Possible creation of measures following analysis of results of CSR Procurement guidelines questionnaire.	<ul style="list-style-type: none"> Began conducting CSR Procurement guidelines questionnaire at suppliers of group companies in Japan (including overseas suppliers). 	○	Begin conducting CSR Procurement guidelines questionnaire at suppliers of overseas group companies.	Pages 15, 31	
Improvement in human rights awareness		Improvement of human rights awareness among employees	Discussion on measures to educate employees on human rights	Announcement of Global Code of Conduct, including human rights issues, at group companies; related educational activities as well.	<ul style="list-style-type: none"> Announced global Code of Conduct, including human rights issues, at Group companies. Conducted human rights awareness activities at training sessions to those who got promotions. Joined UN Global Compact. 	○	<ul style="list-style-type: none"> Look into expanding human rights awareness activities. Conduct awareness activities on UN Global Compact. 	Pages 21-22, 33-34		
Human rights-conscious labor management		Promotion of human rights-conscious labor management of Group companies	Surveys on the state of human rights and labor relations at overseas Group companies	<ul style="list-style-type: none"> Survey by Personnel Affairs Department and CSR Management Section. Promotion of the Sedex (labor standards, health and safety, business ethics, and environment in supply chain). 	<ul style="list-style-type: none"> Did not conduct survey or conduct human rights-related activities. Obtained Sedex as planned. 	△	Action plan remains under consideration	Page 22		
Human rights and resources	Strengthening of human resource development		Improvement of job training and assistance for career development	Improvement of training for the executives	Improvement and expansion of training content.	Held general manager training and training for personnel performance review.	○	<ul style="list-style-type: none"> General manager training: Revise and continue to hold in 2013. Training for personnel performance review: Intend to continue holding and consider who is eligible. 	Page 33	
			Assistance to develop a career plan	Improved usage of career advancement communication sheet.	Revised usage of career advancement communication sheet.	○	Continue using career advancement communication sheet.	Website		
	Development of globally competitive workforce		Development of globally competitive workforce and improvement of systems for overseas expatriates	Discussion and implementation of training programs for global HR	<ul style="list-style-type: none"> Continuation of Fuji Oil Co., Ltd.'s overseas trainee program. Fuji Oil Global Talent Workshop. 	<ul style="list-style-type: none"> Continued Fuji Oil Co., Ltd.'s Overseas trainee program. Interviewed expatriate employees. Held Fuji Oil Global Talent Workshop. 	○	<ul style="list-style-type: none"> Continue Fuji Oil Co., Ltd.'s Overseas trainee program. Continue interviewing expatriate employees. Continue holding Fuji Oil Global Talent Workshop. 	Page 32	
			Employment of foreign staff	<ul style="list-style-type: none"> April 2013: Consider employing several foreign staff members. 	<ul style="list-style-type: none"> Two foreign employees (from China and Thailand) were hired in April 2013. 	○	<ul style="list-style-type: none"> Actively consider hiring foreign staff in April 2014. 	Page 33		
	Promotion of diversity	Creation of a corporate culture that respects diversity	Review of policy for re-employment after retirement	<ul style="list-style-type: none"> Study of job areas for re-employed workers, review of policy 	Currently revising policy.	△	Re-employment system: Adopt interim measures.	Page 33		
			Expansion of opportunities for female employees	<ul style="list-style-type: none"> Active participation in outside seminars. Seeking the voluntary members of FAN (Fuji Active Network) and to facilitate the activities thereof. 	<ul style="list-style-type: none"> Actively participated in outside seminars. Conducted FAN's activities by its new voluntary members. Implemented active promotion of female to manager's positions (11 managers since 2005). Held nursing care seminars. 	△	Plan to select a woman for overseas trainee program.	Page 33		
	Promotion of better work-life balance	Establishment of systems to support better work-life balance	Improvement of efficiency both by employees and management	<ul style="list-style-type: none"> Continuation of no-overtime days to promote efficiency, study of creation of new measures. 	<ul style="list-style-type: none"> Continued no-overtime days. Set forth a policy for adopting flex-time system for sake of childcare, nursing care, and employee education. 	○	<ul style="list-style-type: none"> Continue no-overtime days. Flex-time system: Introduce it following to the signing of labor-management agreements at relevant bases. 	Page 33		
			Discussion on systems to support various working styles	<ul style="list-style-type: none"> Hiring of one employee under the re-employment system in April 2012. 	<ul style="list-style-type: none"> One employee hired under the re-employment system in April 2012. Nursing care questionnaire conducted under FAN and results put on company intranet. 	○	<ul style="list-style-type: none"> Re-employment system: Continue. Consider adopting flex-time system for sake of childcare, nursing care, and employee education. 	Page 33		
	Prevention of occupational hazards and accidents	Risk assessment	Establishment of a cross-organizational network for safety	<ul style="list-style-type: none"> Introduction and associated educational activities at three plants. Monitoring of its management progress at Hannan Business Operations Complex. 	<ul style="list-style-type: none"> Introduced at three plants, held education activities there. Monitored management progress and follow-ups at Hannan Business Operations Complex. 	○	Introduce at one group company where not yet so done.	Page 34		
			Adoption and regular implementation at all offices	Gathering of overseas information and periodic patrols	<ul style="list-style-type: none"> Compilation of environmental data and overseas safety information. Implementation of periodic patrols Provision of safety education and information. 	<ul style="list-style-type: none"> Gathered and compiled occupational hazard information for 2009-2011. Did on-site investigation of accidents resulted in lost time injuries at overseas group companies. Exchanged safety education information with national staff of two overseas group companies. Held meeting with Chinese group company plant managers (safety, quality, security). 	○	<ul style="list-style-type: none"> Continue gathering and compiling overseas safety information. Provide safety education and information. Hold safety meetings with Chinese and Southeast Asian group companies. 	Page 34	
Creation of healthy workplace environment	Support for employees with mental health issues to return to work	Improvement of the rate of employees receiving and improve the checkups and accurate follow-up	<ul style="list-style-type: none"> Aid and support for employees on leave due to physical or mental health issues, so as to return to work. Creation of formal policies and systems based on the aid and support, introduction of these to group companies. 	<ul style="list-style-type: none"> Revised policies related to aid and support for employees on leave due to physical or mental health issues, so as to return to work. Monitored and gave advice on implementation of aforementioned policies. 	○	Carry out integrated management of employees' health check-up data, the individual health advice to individual.	Page 34			
		Availability of counseling services at group companies in Japan	Collaboration with group companies in Japan	Hearings with employees at bases and group companies in Japan.	Held briefings and training sessions at group companies in Japan.	△	Visit overseas group companies to determine problems and take measures.	Page 34		

CSR Issues and Efforts of Fuji Oil

○: Progressed as planned △: Some delay ✕: No progress at all

Initiative	Focus	Priority theme	Mid-term issues	Action plans for 2012	Overview of efforts in 2012	Assessment	Action plans for 2013	Report page	
Environment	Prevention of global warming	CO ₂ emissions: 20% reduction in 2020 (over the reference year)	Reduction of electricity consumption by 2,500kL/year in Japan (crude oil conversion)	<ul style="list-style-type: none"> Greater use of by-product oil boilers (Hannan Business Operations Complex, Ishikawa Plant). Investment in energy efficiency. Improvements in electricity savings. 	<ul style="list-style-type: none"> Reduced electricity consumption by 3,000kL/year (96% over 2011) over previous year together by all group companies in Japan (production volume: 96.1% (crude oil conversion)). 	○	Reduce CO ₂ emissions by 6% over 2010 together by all group companies in Japan.	Page 36	
			Promotion of reform of logistics to make it more environmental friendly	Use of "transportable flexible tank" and expansion of "modal shift"	<ul style="list-style-type: none"> Use of transportable flexible tank: Rethinking of numerical targets, and continuing expanding use. Modal shift: Currently studying continuation and numerical targets. Continuation of communications with JRF and awareness raising among partners. 	<ul style="list-style-type: none"> Continued studying expanded use of transportable flexible tanks. Modal shift: Increased JR freight volume by 2,000 tons (over 2011). 	○	<ul style="list-style-type: none"> Expanded use of transportable flexible tanks: There are many problems with bulk shipping, will expand use of round-trip deliveries. Modal shift target: Increase volume by 2,000 tons over 2012. 	Pages 36-37
			Introduction of energy-saving technology	Introduction of energy-efficient technology and reduction of electricity use, Target: by 2,190kL/year (crude oil conversion)	Approx. 2,000kL reduction	Reduced electricity by approx. 1,100kL (excluding approx. 400kL carry-over amount) by using eight technologies (crude oil conversion).	△	Reduce electricity consumption by 1,300kL (excluding approx. 400kL carry-over amount) by using four technologies (crude oil conversion).	Page 36
	Conservation of water resources	20% reduction in 2020 (over reference year)	Reduction of water supply and discharge in Japan by 30,000m ³ /year	<ul style="list-style-type: none"> Use of VRC drain. Separation of rainwater drainage to continue reducing discharged amount (Hannan Business Operations Complex). Promotion of the efforts to reduce the water usage in other bases. 	<ul style="list-style-type: none"> Following reductions achieved together by all group companies in Japan: Supplied water: Approx. 800,000 m³ reduction over previous year (95% of 2011) Discharged water: Approx. 60,000 m³ reduction over previous year (96% of 2011) 	○	Reduce water supply and discharge by 6% over 2010 together by all Group companies in Japan.	Page 37	
			Resource recycling (Reduction in wastes)	Achievement of a recycling rate of 99.8% in 2013	Promotion of recycling and achievement of the rate of ≥ 99.7% Promotion of recycling of disposed products at group companies. Reduction of waste <ul style="list-style-type: none"> Study to reduce discharged water scum. Reduction of waste by promoting the sales of plant and animal residue. 	Achieved recycling rate of 99.9% for disposed products at group companies in Japan. Reduced total waste by 900 tons together by all group companies in Japan.	○	Continue to maintain a recycling rate of at least 99.8% at group companies in Japan. <ul style="list-style-type: none"> Study the potential sale of white clay waste (as construction material), implementation thereof. Study use of biogas from fermenting of methane in discharged water scum. 	Pages 37-38 Pages 37-38
	Global greening Biodiversity conservation	Formulation of an action policy on biodiversity and achievement of the policy	Continuing greening activities and spread of these activities to other offices	Continuation of Osaka Adopt-Forest activity at Hannan no Mori.	Continued Osaka Adopt-Forest activity at "Hannan no Mori."	○	Continue Osaka Adopt-Forest activity at Hannan no Mori.	Page 38	
			A survey on the relationship between business activities and biodiversity	Meetings with experts.	Gathered information through methods such as RSPO monitoring.	△	Visit palm plantations.	Pages 17-18	
			Identification of important issues on diversity and selection of measurement for the issues	Ongoing support for WWF-sponsored activities.	Continued donations to WWF.	○	Continue donations to WWF.	—	
	Communities and society	Organizational promotion of social contribution initiatives	Development of global activities according to the social contribution policy	Planning of a policy for social contribution and establishment of the promotion system	Implementation of organizational promotion measures in collaboration with other relevant departments	<ul style="list-style-type: none"> General Affairs, the CSR Management Section, and Fuji Foundation for Protein Research worked together to study measures. CSR Management Section gathered information from society at large. 	△	<ul style="list-style-type: none"> Set forth company-wide social contribution policy. Provide information to Fuji Oil Group and society at large through intranet and internet. Gather information from society at large. Look into social contribution activities related to our business. 	Pages 39-40
	Basis for CSR	CSR management	Spread of the principles throughout Fuji Oil Group	Implementation of the "FUJI WAY Meeting with President" throughout Japan	Continuation of educational activities on Global Code of Conduct and "Fuji Way."	Used intranet and other media to give employees messages from company executives.	○	Continue to use intranet and other media to give employees messages from company executives.	—
Creation of ways to spread of "FUJI WAY"				—	Held CSR briefings for five Group companies in Japan and distributed concept books and credo cards.	△	Intend to hold briefings on 2013 report after its release at each base.	—	
Wide spread of CSR		Education on CSR	Sequential provision of training on CSR in department training programs	<ul style="list-style-type: none"> Continuation of training for newly hired employees, newly promoted employees and department training programs. Fuji Oil Global Talent Workshops (English and Chinese) 	<ul style="list-style-type: none"> Held training for newly hired employees, newly promoted employees, Fuji Oil Global Talent Workshops, department training programs. Held CSR briefings at five bases and group companies in Japan. 	○	<ul style="list-style-type: none"> Continue to hold training for newly hired employees and newly promoted employees. Hold department training programs when requested. Hold CSR briefings for overseas group companies. 	—	
			Distribution of the CSR report to Group companies' employees	<ul style="list-style-type: none"> Distribution of CSR report to all employees of group companies in Japan and overseas. Gathering of opinions of national staff through questionnaires in English and Chinese. 	<ul style="list-style-type: none"> Distributed CSR report to all employees of group companies in Japan and overseas. Gathered opinions of national staff through questionnaires in English and Chinese. 	○	<ul style="list-style-type: none"> Distribute CSR report to all employees of Group companies in Japan and overseas. Gather opinions of national staff through questionnaires in English and Chinese. Outline the report at CSR briefings for overseas group companies. 	—	
			Posting "CSR Newsletter" on the intranet on a regular basis	Improvement of content of "top message" and "CSR Newsletter."	Continued posting "top message" where executives other than President may also write messages, and "CSR Newsletter" by increasing the frequency from once to twice a month.	○	Arrangement so that group companies in Japan and overseas can receive the "top message" and the "CSR Newsletter."	—	
Improvement and implementation of systems for CSR promotion		Formulation of CSR visions and action policies and establishment of a CSR management system	Launch of the CSR Committee and regular organization of Committee meetings	Re-thinking of number of meetings and meeting content; holding the meeting on a periodical basis.	Established four new committees: Risk Management, Compliance, Safety Quality Environment, and Corporate Culture.	○	Through the four committees, report to company management on key issues, and deliberations and decisions on important issues.	Pages 21, 41-42	
			Implementation of third party dialogue	Continuation of third-party dialogue with Prof. Mishina of Kobe University	Held third-party dialogue with Prof. Mishina of Kobe University.	○	Actively hold third-party dialogues and in-house round-table talks.	—	
			Reviewing the progress of action plans	<ul style="list-style-type: none"> Incorporating CSR-related Mid-term Issues in the report for the visualization of relevant activities. Continuation of interim and final reports at CSR Task Force. 	<ul style="list-style-type: none"> Incorporated CSR-related Mid-term Issues in the report. Made a table of CSR-related Mid-term Issues that helps understand ongoing progress. 	○	Review and revise current CSR-related Mid-term Issues and set forth new action plans that is consistent with the new Mid-Term Management Plan.	Page 21	
Compliance		Improvement of awareness of compliance and the enhancement among Group companies	Restructuring and strict implementation of the compliance promotion system	Establishment of the global code of conduct	<ul style="list-style-type: none"> Release of Fuji Oil Group Global Code of Conduct. Set forth Fuji Oil Group Business Conduct Guidelines. 	<ul style="list-style-type: none"> Set forth Fuji Oil Group Global Code of Conduct and released it in group companies in Japan and overseas. Drafted Fuji Oil Group Business Conduct Guidelines (universal version). 	○	Produce and disseminate a brochure in major languages; Also prepare PDF files to post on intranet.	Website
			Establishment of global compliance system	A survey of the extent of compliance by Group companies in Japan and abroad	<ul style="list-style-type: none"> Briefings on Code of Conduct for Group companies. Determination of risks in each region and country to be reflected in Business Conduct Guidelines. 	<ul style="list-style-type: none"> Began training to explain compliance and Code of Conduct. Set forth anti-bribery compliance guidelines for China and gave to group companies in China. 	○	Set forth guidelines on possible violation of foreign laws and regulations and put these in intra-group bulletin.	Pages 41-42
Risk management	Enhancement of risk management	Restructuring of risk management	Gathering and understanding of information on Group risk	Promotion of Group global risk management based on results of CSR questionnaire.	<ul style="list-style-type: none"> Looked into risk management methods along with consultants. Inquired to executives on risk, Held hearings with department that may highly be vulnerable to risk. Reported at Management Strategy Council. 	○	Build PDCA procedures by setting forth policy and reviewing governance systems.	Pages 41-42	
		Company-wide promotion of BCM	Development of the BCP for earthquake safety	<ul style="list-style-type: none"> Setting forth main points of earthquake measures at bases, revision thereof. Setting forth advanced preparation measures in each department. Study of the countermeasure for the revised estimates of earthquake damage. 	<ul style="list-style-type: none"> Setting forth main points of earthquake measures at bases, revision thereof. Set forth the first draft for alternate production functions. 	○	<ul style="list-style-type: none"> Develop a BCP for alternate production and information channels at all bases in Japan. Implement specific preparation earthquake measure at bases in Japan. 	Page 42	
CSR supply chain management	CSR procurement management	Strengthening of CSR procurement	Formulation of guidelines for supply chain CSR procurement	<ul style="list-style-type: none"> Provision of guidelines to suppliers for their implementation. Setting forth and implementation of questionnaire that was prepared based on CSR Procurement Guidelines. 	<ul style="list-style-type: none"> Revised CSR Guidelines (to include human rights items). Set forth CSR Guidelines Questionnaire. Questionnaire taken place by in divisions and group companies in Japan. 	○	<ul style="list-style-type: none"> Analyze CSR Procurement Guidelines questionnaire. Start questionnaire at overseas group companies. Revise CSR Procurement Guidelines questionnaire. 	Pages 15, 31	

Efforts to “Create Contemporary Eating Habits as Well as Fine Foods”

Fuji Oil Group strives to develop “Simply Unique” products together with its customers as a company capable of offering total solutions towards the creation of “new kinds of deliciousness.”

As well, the entire Group works on the safety/security of food and sustainable procurement of therefor.

Striving for Creation of New Value

Fuji Oil Product Development

Product Development that Creates New Value

The Fuji Oil Group is trying to create “new value” based on its basic stance for product development: providing added value such as deliciousness and health. As to all of our businesses, we will share all the challenges that our customers face and will propose some total solutions which would contribute to resolve the challenges.

▼ Fuji Oil Group’s Basic Stance for Product Development



Health, Deliciousness

Developing Low-Calorie—Yet Keeping Its Deliciousness —Products

Fuji Oil has strength on its virtical integrated business model where it produces both oils & fats and food ingredients that use oils & fats. By utilizing the strength, since 2007, Fuji Oil has worked on the development of “low-fat products.” It should be noted that deliciousness and functionalities of ingredients will be sacrificed if you simply reduce fat. Accordingly, we have worked on to create some new processing technologies to prevent such problem.

Today, we sell a range of low-fat products in the confectionery ingredients field, such as whipped cream and chocolate. We plan to develop and introduce relevant ingredients in other fields by, for example, appealing health effects.



Whipped cream

Contributing to Low-Salt Products

People must reduce their salt intake to cure or prevent food-related lifestyle diseases. Many people in developed countries today are concerned about the amount of salt in their food, but simply reducing the salt amount would diminish the satisfaction of eating.



Spicy shrimp dish using oils with an enhanced taste component

In 2011, we developed oils

with an enhanced taste component, which function to enhance a range of tastes such as saltiness, sweetness, and acidity. One of these oils, for example, allows a product to retain its salty taste yet with approximately 20% less salt content. These oils with an enhanced taste component are now used in a variety of spicy foods such as crunchy snacks, soups, and emulsified foods for the reduction of the salt thereof.

We aim to boost taste-enhancing functions so that salt can be reduced as much as 40%. We are also working to improve the taste of these oils themselves.

Reducing Saturated Fatty Acids and Trans Fatty Acids

Saturated fatty acids and trans fatty acids have been used to adjust the hardness and melting point, and to improve functionality of oils & fats. But more and more customers are demanding a reduction in the content of these.

Fuji Oil Group has been responding to these demands around the world by developing and releasing products that are low in saturated fatty acids and trans fatty acids. Fuji Oil Europe sells a range of filling and cream fats called Redusat with reduced levels of saturated fatty acids and trans fatty acids.



Croissant made with oil that is low in saturated fatty acids and trans fatty acids

Resources, Environment

Reducing Environmental Impact Through Products

Fuji Oil strives to be environmental friendly in all processes from raw material procurement to product development to manufacture.

We have worked particularly hard to develop and utilize technologies that exert minimal environmental impact in the raw material processing stage. For example, SUPER TOUGH LONG frying oil



we use enzymatic Inter-esterification technology in the processing of oils and fats, which allows us to use fewer chemicals and water.

We also conduct product development with the goal of generating as little waste as possible. Our SUPER TOUGH LONG frying oil can be used more times than previous frying oils yet retains its deliciousness, which means it has to be disposed of less frequently.

Providing the Market with Information

Fuji Oil Product Presentations

In 2012, we held the “Fuji Oil Product Presentation” for our existing customers and for potential customers in the food service industry so that our products can be recognized as many people as possible.

At the Presentation, we explained our attentions to the environment and health, our way of thinking and our business visions. Then we offered taste samplings of foods. The Presentation earned high marks from attendees and proved a superb opportunity for them to gain a better understanding of Fuji Oil.

In 2013, we plan to hold seminars for companies relating to the seniors market, where demand is expected to further increase. We will continue to communicate closely with customers to create new and better foods together.



The Fuji Oil Product Presentation in October 2012

Web Information

- Developing Products
- Developing Enzymatic Inter-esterification Oil
- Developing Nursing Care Foods for Seniors
- Developing Environmentally Friendly and Keeping Its Deliciousness Products

VOICE Executive Message

Step Up Sales Efforts to Bring Our Products to More People Around the World

The Fuji Oil Group strives to provide total solutions to customers by sharing their challenges. The key words in this regard are as follows: the “environment,” “safety and security of food,” and “health and deliciousness.” In fiscal 2012 we held the “product presentation” at which we promoted our products to many companies in the food service industry. Japanese society is changing dramatically, with a decreasing birthrate and increasing aging population. In 2013, the Marketing & Sales Division plans to explore the market for seniors, a new volume zone, by establishing “one-stop sales system”*.

Outside Japan, we will properly understand regional needs, and expand into new markets. Further, we will pay attention to the places of productions, in terms of whether the place is suitable for the production of the particular product, and manner of procurement, in terms of sustainability. In so doing, we will spread our messages regarding our food culture, where Japan has its strength.

* One-stop sales system: A system under which customers can purchase any the Fuji Oil products they need from a single sales representative.



Osamu Nakamura

Director, Senior Managing Executive Officer Marketing & Sales and International Business, Chief Operating Officer of Tokyo office

VOICE Executive Message

Use All Our Knowledge and Technology to Develop Products that Meet the World Needs

We will seek full integration of our R&D sections so that our Group’s collective strength can well be utilized to develop products that worldwide customers want.

Until last year, our R&D system had operated separately depending upon the business sectors. But starting from this year, the Research & Development Division serves as the integrated R&D body that is made up of the Basic Research Institute, Development Laboratories for Food Materials, Development Laboratories for Food Application, Research Strategy Department, and the Intellectual Property Department. Regarding the Laboratories/Institute, each of them is supposed to utilize all of the Group’s technologies and is staffed by employees capable of the ongoing creation of new products and new businesses.

The newly created Research Strategy Department works together with outside R&D institutions around the world. And we are willing to establish a global development system capable of quickly coming out with products that meet the needs of various world markets.



Hirokazu Maeda

Director, Managing Executive Officer Research & Development Chief Operating Officer of Tsukuba Research & Development Center

Quality Assurance System

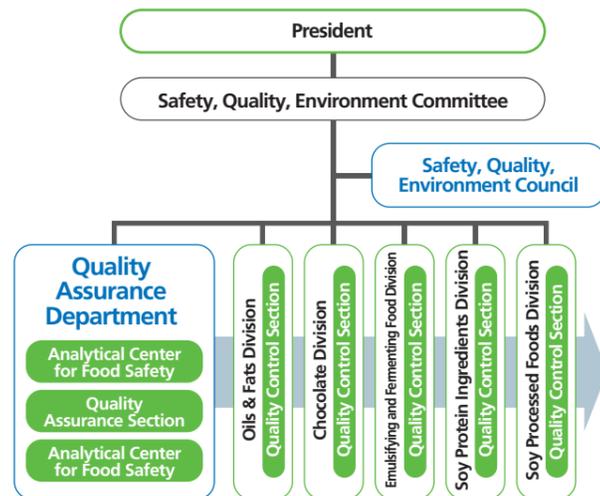
Customer-Oriented Quality Assurance System

Fuji Oil has a Quality Control Section in each Division under Operation Division that ensures that every product and production processes thereof comply with our criteria and standards. In addition, the Quality Assurance Department acts independently to make sure that products comply with relevant laws and regulations and that the products are of high reliability and safety: of high quality from the viewpoints of customers. This Quality Assurance Department oversees all products and processes on whole Fuji Oil basis.

Basically every year, "quality inspections" are conducted at Fuji Oil's own factories and its subcontractors' factories to audit the status of production control. As well, on the monthly basis, Safety, Quality and Environment Council takes place at the presence of all related divisions to share the problems and issues and how to prevent and deal with these on whole Fuji Oil basis.

Fuji Oil overseas group companies are seeking to obtain outside certifications regarding quality, consistent with equivalent efforts in Japan. Quality inspections also take place every two years to ensure their control systems are up to Fuji Oil global standards.

Quality Assurance System



Ensuring Safety/Security in Food

Using Quality Management Certifications

The Fuji Oil Group strives for reliable, high-level quality management that will satisfy customers by promoting to obtain certifications from outside institutions as to quality management system.

ISO and HACCP Certification and System Implementation

Fuji Oil's group companies, especially those in Japan, actively work on to obtain the ISO 9000 series, internationally recognized quality management systems. Fuji Oil's overseas group companies have been working in recent years to obtain HACCP (hazard analysis and critical control points) certification, consistent with the global trend of food industry where certifications on "food sanitation management" have actively been sought. As to those bases which have not yet been certified for the ISO 9000 series, they are also working on to obtain some food safety certifications such as ISO 22000 as well. Fuji Oil and its group companies in Japan incorporate the principles of HACCP into their quality control systems.

Certifications for Halal and Other Religious Food Certifications

There are numerous religions in the areas where the Fuji Oil Group does business. And to do business, we must respect those who believe in the various religions.

Fuji Oil Group has promoted to obtain religious-based food certifications such as Halal and Kosher, so that we can deliver our foods to customers and consumers who believe various religions. These certifications show that the food is produced by using raw materials and production process that meet the dietary rules put forth by religions such as Islam (Halal) and Judaism (Kosher). We will continue to seek such certifications.

Analyzing Raw Materials

Analytical Center for Food Safety

The Analytical Center for Food Safety is a department that analyzes raw materials to ensure the safety/security of our products.



Tetsuya Uchiyama
Director, Managing Executive Officer Business Operation
Chief Operating Officer of Oils & Fats Operation

The Center conducts highly precise analysis and detection by using state-of-the-art equipment and advanced technologies to detect the presence of allergens, pathogens, food additives, and agricultural chemical residue, as well as ensure that raw materials have not been genetically modified. We pay particular attention to ensure that key raw materials from overseas are completely safe and of the good quality.

Developing Technologies to Analyze Unforeseen Substances

Developing Technology for Prompt, Accurate Testing

In the Quality Assurance Department of Fuji Oil, we place special emphasis on analyzing for the presence of dangerous substances in raw materials, and we strive to develop technologies that allow for prompt and accurate testing. By 2012, we had established microorganism detection technology, agrochemical analysis technology using TOF-MS*1 for detecting unforeseen agrochemicals, and trace metal analysis methods using ICP-MS*2.

In 2012, we introduced MALDI-TOF/MS*3 equipment for simultaneous analysis of multiple microorganisms in raw materials. We plan to facilitate the use of this by boosting the processing speed thereof.



Analyzing raw materials

- *1 Time of Flight Mass Spectrometer: Device for identifying the type and amount of elements contained in proteins and other high-polymer compounds.
- *2 ICP-Mass Spectrometry: Device for identifying the type and amount of elements contained in test materials.
- *3 Matrix-Assisted Laser Desorption-Ionization Mass Spectrometry: Device that improves the efficiency of a TOF-MS through the addition of a glycerol and cobalt compound into the test material during analysis.

VOICE Risk Analysis Manager Message



Continuously Ensuring Food Safety and Security

Shinichi Tsuzaki
Analytical Center for Food Safety, Quality Assurance Department

Advances in scientific technology, in particular analysis technology, have made it possible to detect dangerous substances in food that could not have been detected with conventional technologies. Some well-known recent examples include the detection of acrylamide in potato chips and glycidol esters in the edible oil in specified health foods. To avoid cases like these by promptly confirming the safety of Fuji Oil products, we are constantly gathering information on the latest analysis technologies.

By developing and adopting analysis methods in the development of safe new foods and in the quality risk assessment of raw materials, we hope to contribute to the safety/security of products from Fuji Oil Group.

Collective Assessment of Quality Risk in Raw Materials

In 2012, we began collective assessments of risk for those main raw materials that present a particularly high level of risk: cacao and soybeans, by every sort of material/purchase route thereof

basis. There were three types of confirmed risk: the presence of agricultural chemical residue, the presence of trace heavy metals, and the detection and characteristic confirmation of attached microorganisms. By March 2013, we had completed analysis of 80% of the relevant cases, and we plan to complete the remaining 20% by the end of March 2014.

These assessment results will be used to prevent the occurrence of defective and sub-standard products that result from raw material problems. For example, in the management of raw materials in the production departments, we will tell them how specifically to maintain quality, and recommend the relevant departments that, if there are high-risk raw materials, they should stop using these or find safe substitutes for them.

We hope that through these activities we will earn even greater trust from our customers.



Analyzing raw materials

Providing Product Information

Call Center for Consumers

Fuji Oil has set up Customer Service Section to which consumers of household foods can call toll-free with inquiries.

The Customer Service Section will deal sincerely and promptly with all calls, and specific explanations may be given to callers by representatives of the sales and development departments, depending upon the contents of the call. Opinions from consumers are relayed to the relevant departments to be used for improving our products and services.

To ensure that we continuously raise the quality of our contact with customers, we have adopted the philosophy of ISO 10002, an international standard for customer satisfaction and complaints handling.

Because we are getting a greater diversity of calls in recent years, we constantly revise our system so as to deal promptly and properly with consumers.

Web Information

- **Quality Assurance System**
– Customer-Oriented Quality Assurance System
Table: Quality Inspections Conducted (Internal Quality Audits) (2012)
- **Ensuring Safety/Security in Food**
– Using Quality Management Certifications
• ISO Certification/Certification and Conformity with, HACCP, Others
Table: Companies Certified for HACCP, ISO 9001, ISO 22000
• Conformity with GFSI Standards
Table: GFSI Recognized Schemes (as of March 2013)
• Use of Certification for Halal and Other Religious Food Certifications
Table: Companies Certified for Halal and Kosher
Topics: Fuji Oil (Thailand) Co., Ltd. Receives Excellent Halal Certification Award from Halal Committee of Thailand
- **Building a Proprietary Quality Information Management System**
- **Providing Product Information**
Illustration: Handling and Follow-Up for Consumer Inquiries
– Proper and Complete Product Labeling

VOICE Executive Message

Contributing to Better Eating Habits Around the World

The mission of our Operation Division is to deliver safe, secure and delicious foods. Using various experiences so far, we will develop and produce new products that contribute to innovative food products for our customers.

As a manufacturer of intermediate materials for the food industry, we have established a strong presence not only in Japan but also around the world. In addition to our existing products areas such as oils & fats, margarine, chocolate, non-dairy cream, and soy protein products, we aim to move into and pioneer new markets as well.

We will do all we can to contribute to improving the world's eating habits under our motto of "Purity, Fairness, and Beauty (which means deliciousness in the case of food)."

Striving to Implement Sustainable Procurement

CSR Procurement

To Ensure Stable Procurement

It is a very important issue for us to facilitate the system to be able to continue business at all supply chain even when a massive earthquake or natural disaster occurs. We address the issue with collecting the information of risk of the delay in raw material delivery by natural disasters from each supplier. In August 2012, the Japanese Prime Minister's Office has announced the damage assumption of prospective massive earthquake; "Nankai Trough Earth Quake." We implement the questionnaire based on the information which was told by each supplier, to ascertain the manufacturing system and management system in emergency case. We could get the result that 86% of suppliers can restart the business such as providing raw materials in two weeks after the massive earthquake. On the contrary, only 40% of suppliers have developed or under consideration as to BCP; Business Continuity Plan.

In keeping with the results, we are going to reconsider our supply chain management and suggest the development of BCP from now on. And we are going to continually implement questionnaire and ascertain the status of our supply chain.

Promoting Respects of Human Rights and Environment in Our Procurement System

Fuji Oil Group strives to create procurement system that we can ascertain that manufacturers arrange proper workplace environment, produce products without giving negative influence to neighborhood environment, and put product into the commercial flow. For example, regarding palm oil, we procure palm oil only from companies belong to the RSPO (Roundtable on Sustainable Palm Oil) (see page 16).

And regarding cocoa



beans, we agree to the measures of World Cocoa Foundation (WCF) which promotes a sustainable cocoa economy through offering technical supports and so on to cacao farmers. On that ground, we joined the Foundation in 2012. WCF has its Commitment that outlines its philosophy. Moreover, we have started to procure Traceable Cocoa as part of our raw materials from 2012. Generally, "Traceable" only means that you can find out the place of origin and the distribution channel. But the "Traceable" Cocoa here also means to support infrastructure development and improvement of education in the production area of cocoa beans with the part of purchased amount.

In addition to the foregoing, Fuji Oil Europe obtained relevant certificates by the Fair Trade and produces and delivers the Fair Trade products in response to customers' requests.



A traceable cacao management system is inspected

WCF's Commitment

- Profit** Ensuring a sustainable supply of quality cocoa that benefits both growers and users.
- People** Empowering farmers to make choices that help develop strong, prosperous cocoa communities.
- Planet** Promoting sustainable production practices that maintain and increase biodiversity and crop diversification.

Web Information

- Just and Fair Business Dealings
 - Basic Philosophy
 - Illustration: Basic Purchasing Policy (CSR Procurement)
 - Compliance with Japan's Subcontract Act
- CSR Procurement
 - Studying How to Make Procurement Withstand a Disaster
 - Formulation and Implementation of CSR Procurement Guidelines
 - Table: Bases that got Supply Chain Certificates

VOICE Executive Message

Boosting Supply Chain Management Based on the CSR Procurement Guidelines

In 2012 we made our efforts with large emphasis upon supply chain management. In the area of procurement, we have signed long-term supply agreements for tropical oils & fats with our business partner, whose affiliate operates plantations. The agreement would give us a stronger business relationship and more stable procurement. We have set forth our CSR Procurement Guidelines for suppliers and we have them fill out questionnaires as part of our efforts to ensure just and fair business dealings.

Our logistics departments are switching product shipments to more environmentally friendly modes of transport, and for this, we were commended by Japan's Railway Freight Association.

We will continue so seek good relations with all stakeholders as we strengthen our supply chain management.



Susumu Teranishi
Director,
Managing Executive Officer
Procurement and Logistics

Efforts to Address Issues Related to "Human Resources and Human Rights"

As a global company doing business in 11 countries, Fuji Oil Group respects fundamental human rights and strives to accept and assist a range of working styles with the aim of the company prosper and the growth of its personnel.

Human Resources Policy

Basic Philosophy

Based on the belief that human resources are a company's most valuable asset, in 2012 Fuji Oil Group formulated its Human Resources Policy and its Human Rights Policy. Under these Policies, we are committed to assist those who are ambitious, in terms of education and a workplace environment, so that they can play an active role in Japan and overseas. Building a workplace that allows employees to use their talents to the fullest leads to improved quality of product and service and, by extension, advancement for the company. Through this, we aim to be a corporate group that continues to earn the trust of the society.

Human Resources Policy

1. Providing highly motivated employees with a workplace where they are encouraged to make the most of their abilities
2. As a global company, providing a working environment where a diverse range of employees are encouraged to play an active role
3. Establishing and operating a fair and equitable personnel system (appraisal/benefits/training)
4. Providing well-structured educational and training programs and creating a corporate culture that supports self-development
5. Supporting diversified working styles and providing a safe workplace that is comfortable to work in

Human Rights Policy

1. As a global company, respecting basic human rights and international codes of human rights
2. Avoiding unfair discrimination based on nationality, race, gender, age, religion, disability or any other basis
3. Preventing child, forced, and unfair low-wage labor
4. Promoting equal opportunity in employment

Establishment of Corporate Culture Committee

As Fuji Oil accelerates its expansion into the global business arena, we need to create a corporate culture so that we can increase our competitive strengths by facilitating a diverse range of employees' playing their respective active roles. This is why in March 2013 we established the Corporate Culture Committee, which is chaired by the Fuji Oil President. The Committee leads activities aimed at "Hitozukuri" (fostering people), for the people with cheerfulness and activities, by assisting the growth of personality. In the area of governance, the Committee also contributes to the building of a foundation for an environment in which internal control is carried out by fostering and promoting corporate culture.

Development of Human Resource

Development of a Globally Competitive Workforce Implementation of Overseas Trainee Program

In June 2011, Fuji Oil established the Overseas Trainee Program, a six-month overseas training program for young employees aimed at fostering employees capable of taking an active role in our global operations.

In 2012, we sent 12 employees, five more than the previous year,

to China, Singapore, and other countries for language training and workplace experience in R&D, marketing, and production at regional Fuji Oil Group companies. As in previous year, after returning to Japan, these employees took part in the Overseas Trainee Debriefing Session where they gave presentations on what they gained during their time overseas. The discussions at these Session help share the fruits of the training and lead to improvement in subsequent training programs.

The Overseas Trainee Program will be continued in 2013 in ongoing efforts to develop a globally competitive workforce.



Friends at language school in the United States

Development of National Staff (Local Human Resources)

Fuji Oil Group believes that developing national staff is crucial to accelerating its expansion into overseas markets. That is why we strive to ensure that global staff understand the FUJI WAY and put it into practice in their daily work.

In 2012, we started the Fuji Oil Global Talent Workshops for national staff at overseas group companies. At these Workshops, a total of 16 participants from bases in Europe, the United States, Southeast Asia, and China learned about businesses of Fuji Oil Group by sectors, toured R&D facilities and factories, and took part in small group discussions. It ended with reports on the experience by participants to exchange their respective cultures and share the Fuji Oil Group philosophy.

Also in 2012, a human resources manager from the head office

VOICE Message from Fuji Oil Global Talent Workshops Participant



Thankful to the Valuable Learning Opportunities

Hans Bostyn

Project Manager Instrumentation
Fuji Oil Europe

This training gave me a chance to meet colleagues from all over the world. Learning about their problems and how they solved these was really interesting. Also the multicultural session with Japanese colleagues was really helpful in understanding communication with Japanese staff.

On the training we learnt about the long term and medium term strategic plan for the Fuji Oil Group. We focused on some management principles like 3S*1 and PIC*2 and learned about CSR with attention for Safety, Quality and Environment. The training was concluded with the Fuji Oil Group Code of Conduct. We have also visited production plants in Kobe where we learned that hygiene is really important.

On my job I still use the principles of 3S. I try to have more attention for Safety. Communication with Japanese staff has also improved thanks to this training.

*1 3S: Principles for improving the work environment. Stands for "Seiri, Seiton, Seiso" in Japanese (meaning: arranging, organizing, and cleaning).

*2 PIC: Name for small group activities in Fuji Oil's manufacturing and development workplaces.

toured overseas group companies, where the manager held lively discussions with managers thereof about the corporate philosophy and management policy.

In 2013, we will continue to strive to disseminate the "FUJI WAY" throughout the entire Group.

In addition, some employees from overseas group companies also take part in annual "Productivity Improvement and Challenge Presentation Gathering" and "Challenge Innovation Presentation Gathering" at the head office and sometimes got awards. These events serve in part to help develop national staff at Fuji Oil overseas group companies.

Training System Up to the Hierarchies

At Fuji Oil, we believe that company development begins with employee development. That's why we have a training system up to the hierarchies, so that we can help employees advance their respective careers. In recent years, as we accelerate our expansion overseas, we have focused on training the managers who are expected to be future executives.

In 2005, we began "General Manager Training" in which we aim to train participants to take part in future corporate management by giving them practical tasks such as presenting

some proposal on our challenges to the President. In 2008 and onward, those who participate in the "General Manager Training" must also participate in the "Business Skill Improvement Training," which provide for the basic skills needed for company management. In 2012, 15 participants joined the General Manager Training.

Promotion of Better Work-life Balance

Supporting Development of the Next Generation

Fuji Oil Group emphasizes employees' work-life balance, in particular with regards to taking care of their children or elderly family members (nursing care) by striving to improve the workplace to allow a diversity of work style. We therefore try to create a workplace conducive to a range of working styles.

In 2012, nine employees (including one male) of Fuji Oil took childcare leave. In 2011, we started our re-employment system for ex-employees who had to leave Fuji Oil due to such reasons as giving birth and taking care of children or elderly family members.



In 2010, Fuji Oil has acquired "Kurumin" certification from Japan's Minister of Health, Labour and Welfare as a company that supports employees' child-rearing activities

Promotion of Diversity

Fuji Oil strives to realize diversity in its workforce so that it can become a highly competitive company capable of keeping up with today's rapidly changing society.

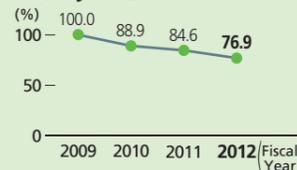
Diverse Range of Employees

As part of efforts to step up business overseas, Fuji Oil has hired people, regardless of their nationality, whose abilities match its needs. In 2012, we hired two non-Japanese nationals.

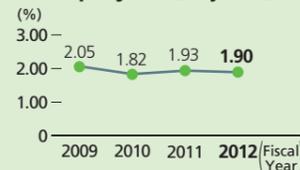
To meet the demands of Japan's amended Law Concerning Stabilization of Employment of Older Persons, we established a system for re-hiring retired employees until they are 65 years old. Before re-hiring these people, we talk with them about their specific needs and wants regarding working conditions. In 2012, 13 employees reached retirement age and all of 10 of these who asked to be re-hired under this system are back working with us.

We also strive to hire people with disabilities by, for example, taking part in job fairs. Disabled employees accounted for 1.9% of all Fuji Oil employees in 2012, above the 1.8% required by law.

Percentage of Retired Workers Re-Hired (Fuji Oil)



Disabled Employees as Percentage of All Employees (Fuji Oil)



Helping Women Play an Active Role

In 1998, Fuji Oil established the Fuji Active Network in an effort to create a working environment in which both men and women can use their capabilities to the fullest.

The Fuji Active Network has mainly striven to help female

employees' balanced work and child-rearing and raise awareness of work equality issues. In 2012, it began efforts to help employees improve the balance of their work with nursing care (taking care of elderly family members). A survey was conducted to grasp employees' current understanding as to nursing care, and an intranet newsletter was created to provide information on both internal and external systems for nursing care assistance. The survey revealed that many employees want to know how to take advantage of various nursing care support systems, so in 2013 seminars will be held to offer guidance in this area.

TOPICS

Instructor Invited to Executive Training and Round-Table Talk on Diversity

To promote a common understanding of diversity within Fuji Oil, we invited Ms. Joanna Sook Ja Park, a consultant specializing in diversity and work-life balance, to the Executive Training and a round-table talk in November 2012.

Ms. Park gave a lecture to all executives under the President on a strategy of raising corporate competitiveness by utilizing a diverse range of human resources. This was followed by a round-table talk of about 10 participants, including officers in charge of human resources and management planning, as well as members of the Fuji Active Network. All engaged in frank discussions on the status of diversity issues at Fuji Oil and how to improve it. The issues identified at the round-table talk will be taken up with the studies for concrete measures in 2013.



Ms. Joanna Sook Ja Park (back row, left)

In 2012, one ex-employee was re-employed under this system.

Some Fuji Oil bases have a flex time system and we plan to expand this to all bases in 2013.

Respect for Human Rights

Our Human Resources Policy and Fuji Oil Group Code of Conduct apply to Fuji Oil Group globally and state that we do not discriminate anyone based on nationality, race, gender, age, religion, disability or any other reason that are not justifiable. Since January 2013, we have participated in the UN Global Compact, an initiative to create a global framework for a sustainable society through the adoption of principles such as human rights (see page 21).

Based on these codes and frameworks, Fuji Oil Group has strived to conduct training that would disseminate the Code of Conduct. Fuji Oil Group also is engaged in such activities as posting relevant articles in an intragroup newsletter to raise awareness of human rights. In addition, we have been preparing to plan and implement human-rights-themed training programs, and for that purpose, in 2012 we trained certain employees for the instructors of the programs.

In 2013, these instructors will lead the trainings, while human rights study on the intranet will also be available.



Poster of the Fuji Oil Group Code of Conduct

Helpline and Consultation Center Established

The Fuji Oil Group has an internal and external helplines through which all employees, even temporary workers, of Fuji Oil and its group companies in Japan can report and receive consultation on questions and problems related to human rights, labor, and other aspects of compliance.

The internal helpline is staffed by the officer for compliance and the General Manager of the Legal Affairs Department, while the external

helpline is staffed by an outside law firm. On both of these helplines, we ensure that no prejudicial action can be taken against whistleblowers in accordance with Japan's Whistleblower Protection Act. These helplines are publicized through in-house training, the intranet and posters.

There were four calls to the helplines in 2012 and all were settled appropriately.

Occupational Safety and Health

Improving Occupational Safety and Health

Fuji Oil Group believes it is crucial to prevent workplace injuries at production sites and creates and implements measures to this end. A particular focus has been set on the ongoing efforts to train employees to be constantly aware of potential dangers, since past accidents have often resulted from carelessness in daily work.

In 2012, there were 24 workplace injuries at Fuji Oil Group in Japan. Although the number of injuries resulting in time losses were four, down from the previous year, there has been an increase overall in workplace injuries over the past four years. We will therefore continue our focus on preventing workplace injuries.

Keeping Employees Healthy

Long-term healthcare assistance is crucial to secure employees' physical and mental health. To this end, Fuji Oil is constantly offering a range of support, such as mental health counseling, health counseling, and prompt information sharing on current contagious diseases. Efforts have continuously been made to upgrade these supports. Japan's Minister of Health, Labour and Welfare calls on industry to help prevent lifestyle diseases, and we do our part by offering personalized employee health guidance for all employees during periodic company health check-ups.

In 2012, we strengthen health management assistance for expatriate employees, and we expanded the follow-up measures as well. In 2013, we aim to get a higher percentage of employees taking follow-up health check-ups.

Web Information

- Human Resources Training – Training System – Development of a Globally Competitive Workforce
Table: Training for Managers (General Manager Training, Newly Promoted Manager Training, Training for Evaluations) (2012)
- Promotion of Better Work-Life Balance – Development of the Next Generation
Table: Main Support Systems for Development of the Next Generation (2012)
- Just and Fair Evaluations – Labor-Management Relations – Promoting Non-Full-Time Workers to Full-Time – Employee Data
- Workplace Safety and Health – Periodic Safety Patrols at Overseas Group Companies

VOICE Executive Message

Training Employees to Respond Promptly and Positively to a Request from Outside

We placed special emphasis on trainings to foster globally competitive workforce in 2012. Under our Overseas Trainee Program (in which young employees spend six months overseas), 19 employees had a valuable experience immersed in foreign culture. I hope that the participants can use the knowledge they gained as soon as possible at global business fields. As well, employees from overseas Fuji Oil group companies came to Japan to attend a training course where they learned the culture that Fuji Oil long has been fostered. Among them, female employees were particularly outstanding in the roles they played in 2012. All of these efforts will continue in 2013. We continue seeking "Hitozukuri" (fostering people) so that our people can "act with purity, fairness, cheerfulness and activeness," and thereby maintain and further improve our corporate culture. Our goal is to be an agile company that can respond to promptly and positively to a request from outside.



Kazumi Okamoto

Director, Senior Managing Executive Officer HR, Administration and Compliance Chief Operating Officer of Kumatori Training Center Compliance Officer

Efforts for "the Environment"

Under the "Fuji Group Environmental Vision 2020," the Group's long-term vision, we continually strive to prevent global warming and to use resources effectively, and in doing so contribute to the realization of a sustainable society.

Environmental Management

Environmental Protection Efforts Aim to Achieve Key Targets

In June 2011, Fuji Oil Group began environmental efforts based on its "Fuji Group Environmental Vision 2020," which specifies environmental protection activities that we pursue with priorities. The "Fuji Group Environmental Vision 2020" also sets the targets of the respective activities.

Fuji Oil Group in Japan has set target figures for indices related to CO₂ emissions, amount of water supplied and discharged, and

recycling rate in efforts towards global warming prevention, water resources conservation, and resource recycling. Especially as to global warming prevention and water resource conservation, to make them as effective as possible, we have set target by absolute values: "20% decrease over the reference year." The "Fuji Group Environmental Vision 2020" also states that we will actively promote greening and other acts for biodiversity protection.

Safety, Quality, Environment Committee Established

In March 2013, Fuji Oil Group established the Safety, Quality, Environment Committee. We view that safety, quality and environment are fundamentals to our management and this view is incorporated in our Management philosophy. This Committee strives to strengthen the foundation of group management by proposing measures for preventing harm to people and property from business activities, preventing suffering to customers from products, and reducing the environmental impact of manufacturing activities. These measures are submitted to the President and to Management Council. (See page 41.)

Fuji Group Environmental Vision 2020

Global warming prevention
CO₂ emissions: 20% reduction by 2020 (in comparison with the reference year*)

Water resources conservation
Amount of water supplied and discharged: 20% reduction by 2020 (in comparison with the reference year*)

Resource recycling
Recycling rate: ≥ 99.8% by 2020

Active engagement in global greening and biodiversity conservation
* Reference year: Mean value of the period from '03 to '05.

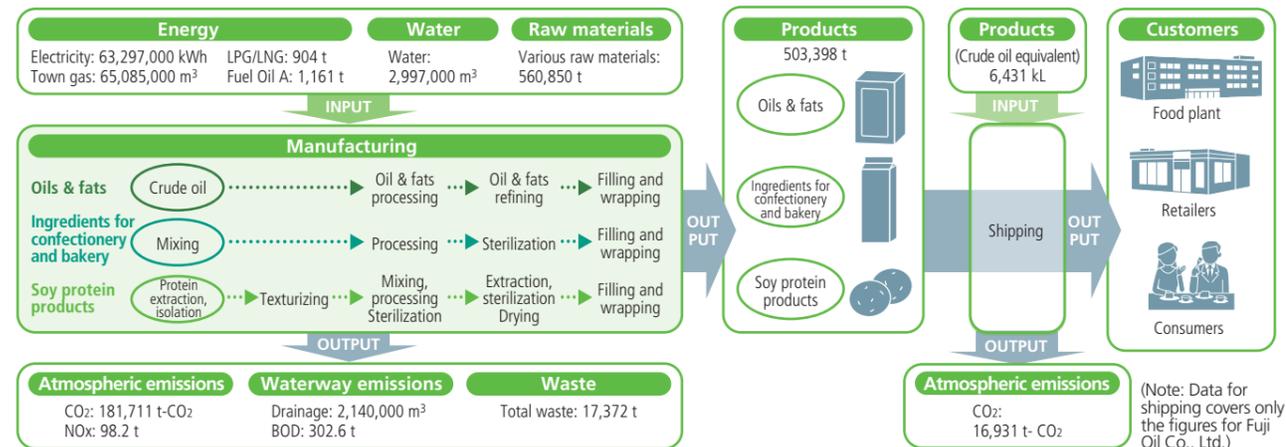
Domestic Group
CO₂ emissions: 20% reduction by 2020 (in comparison with 2006)

Overseas Group
CO₂ emissions: 20% reduction by 2020 (in comparison with 2006)

Environmental Activity Targets and Achievements (2012)

Target	Details	Achievements in 2012	Assessment	Targets for 2013	
1	Promotion of energy saving	Reduction in CO ₂ emissions	3.6% reduction over 2010 levels	△	6% reduction in CO ₂ emissions over 2010 levels (group companies in Japan)
2	Reduction in water supplied and discharged	Reduction in the amount of water supplied	5.1% reduction over 2010 levels	○	6% reduction over 2010 levels (group companies in Japan)
	Reduction in the amount of water discharged	0.02% reduction over 2010 levels	3.0% reduction over 2010 levels	△	
3	Reduction in waste	Reduction in waste discharged	Recycling rate 99.94%	○	Recycling rate ≥ 99.8% (group companies in Japan)
4	Promotion of energy saving (Overseas Group)	Reduction in CO ₂ emissions	5.1% reduction over 2010 levels	○	Maintenance of CO ₂ emission levels in 2010 (group companies in Japan)

Overview of Environmental Impact



Web Information

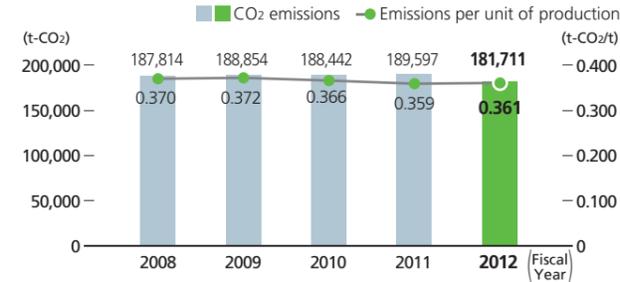
- Environmental Management**
 - Basic Philosophy
 - Strengthening Environmental Management Systems
 - ISO 14001 Certification and Environmental Audits
- Reducing Environmental Impact of Business Activities (Input/Output)**
 - Environmental Accounting
 - Efforts to Prevent Global Warming
 - Efforts to Save Electricity
- Using Resources Effectively**
 - Reducing Paper Use in Offices
- Preventing Pollution**
 - Environmentally Friendly Products
- Illustration: Product Development Examples**
 - TOPICS: Release More Environmentally Friendly Products to Help Save the World's Resources
 - 2012 Environmental Data for Overseas Group Companies

Efforts to Prevent Global Warming

In 2012, we worked on fuel switchovers* and others by entire group in Japan. Due partly to decreased production volume as a result of economy slowdown, CO₂ emissions at Fuji Oil and its group companies in Japan totaled 181,711 t-CO₂, down 4.2% over the previous year. Emissions per unit of production increased 0.6%, about the same level as the previous year.

* Fuel switchovers: Switching to fuels that emit relatively low amounts of greenhouse gases.

CO₂ Emissions and CO₂ Emissions per Unit of Production



Introducing Energy-Efficient Technologies

Efforts at Group in Japan

Fuji Oil and its group companies in Japan strive to introduce highly energy-efficient equipment and technologies so as to reduce CO₂ emissions from business activities. Our target for 2012 was to reduce energy usage (in crude oil conversion) for the year by 2,000 kL. We were able to achieve a 700-kL reduction by changing the treatment method of residue generated during the production of soy protein products. As well, we refurbished equipment, recovered and reused the heat given off by dryers, washers, and other equipment, and inspected all related equipment to ensure there were no energy losses through steam leaks. The result was a total energy usage reduction of 2,118kL (crude oil conversion) for the year.

In 2013, we are targeting energy usage reduction of 1,700kL (crude oil conversion) through equipment refurbishing to recover

VOICE Message from a Manager of Relevant Workplace

Energy Efficiency Achieved with Thorough Improvement Efforts



Osami Sato
Manager, Oils & Fats /Section,
Maintenance Department

In 2012, the Sakai Plant strived to find out the ways to improve the energy efficiency of all production processes.

Several methods of analysis were used to go over every corner of the site and eliminate wasted energy. As a result, a 4% improvement in energy efficiency (285 kL: crude oil conversion) was achieved as of the end of April 2013. The Sakai Plant has set a 10% improvement target (630 kL: crude oil conversion) by the end of 2014 that it is pursuing through the formulation and implementation of various measures.

This will be used as a model for energy efficiency improvement throughout the entire Fuji Oil Group.

heat and periodic equipment inspections to reduce energy losses.



Equipment for treating residue from soy protein production

Efforts at Overseas Group Companies

Fuji Oil overseas group companies also strive to reduce CO₂ emissions. Especially in Europe where environmental issues are of importance, a range of measures are actively studied and implemented.

Fuji Oil Europe in Belgium renewed the cooling equipment attached to the deodorizing tower using in the refining of vegetable-based oils & fats. This renewal will reduce energy usage by 20%, or 873 kL (crude oil conversion), a year. The new equipment uses a method different from that of conventional equipment to prevent odor leaks to outside of the plant, as well.

Using By-Product Oil (Biofuel)

In January 2010, Fuji Oil began using a by-product oil boiler, which creates energy by burning by-product oil.

By-product oil is a type of biofuel: it is the oil contained in the by-products and waste generated during production processes that use vegetable raw materials. Using by-product oil is carbon neutral. While CO₂ is released when it is burned, the release is offset by the CO₂ that was absorbed by the plant, the source of the biofuel, when they were growing. So far by-product boilers have been used at the Hannan Business Operations Complex and the Ishikawa Plant, with these two locations using a total of 1,592 kL in 2012, 16.7% more than in 2011. This resulted in 3,080 tons less CO₂ than if fossil fuels had been used. Fuji Oil Group will strive to use more by-product oil in future.



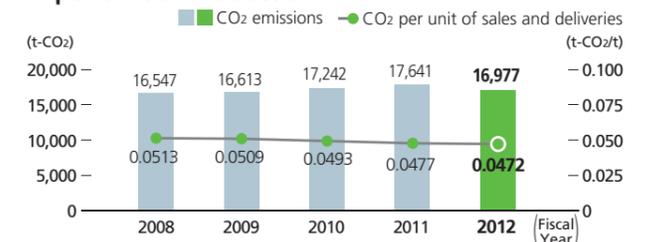
By-product oil boiler

Reducing CO₂ Emissions from Transport

Of the CO₂ emissions from Fuji Oil and its group companies in Japan in 2012, 16,977 t-CO₂ was the result of transport. This was 3.8% less than the previous year. This was mainly due to modal shifts (switching to more environmentally friendly modes of transport) and the shortening of delivery routes. Emissions per unit of sales and deliveries* were down 1.2%.

* Emissions per unit of production: CO₂ emissions/Volume of products sold and shipped in Japan

CO₂ Emissions from Transport and CO₂ Emissions per Unit of Production



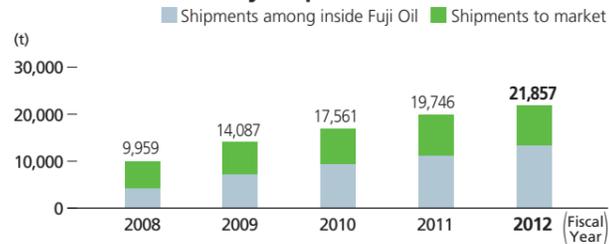
Modal Shifts

Fuji Oil is actively promoting modal shift: gradually switching the mode of transport for product deliveries from trucks and airplanes to railways in order to reduce CO₂ emissions from shipping. We are working with shipping partners to discover what hurdles we face and are one by one overcoming these as we increase the volume we deliver by railway.

In 2012, we shipped 21,857 tons by railway, up 2,111 tons from the previous year. For increasing the volume of deliveries by railway from approximately 4,500 tons in 2006 to over 20,000 tons in 2012, we received the Award for Cooperation in Consortium Business from the Railway Freight Association*.

* Railway Freight Association: An industry association that supports stable cargo shipment and environmentally friendly shipping.

Volume of Railway Shipments

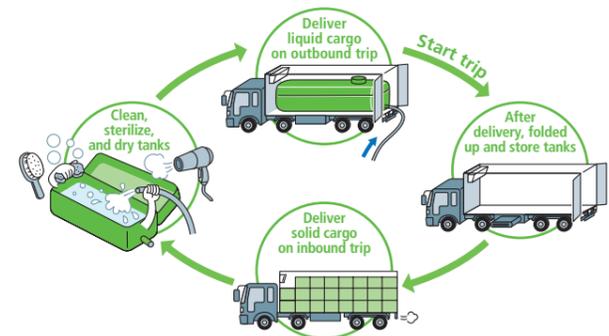


Using Transportable Flexible Tanks

Fuji Oil is conducting round-trip deliveries by using transportable flexible tanks* to ship evaporated milk, a raw material for making cream. In round-trip deliveries, rather than trucks just coming back empty after making a delivery, they make a shipment of different products on the return trip as well, which is a much more efficient and environmentally friendly way to conduct transport activities.

In 2012, we expanded round-trip deliveries to the Kanto (Tokyo) region, adding to round-trip routes we had already been conducting between the Hannan Plant and Hokkaido. This worked out to a decrease per shipment of 390 t-CO₂, more than three times better than the 115 t-CO₂ of the previous year. We will include more products in these round-trip deliveries as we seek ways to make our transport activities even more efficient.

Round-Trip Deliveries Using Transportable Flexible Tanks



* Transportable flexible tanks: Used to transport liquids, they are made of a soft material and can be folded up and stored when they are not used.

Protecting Water Resources

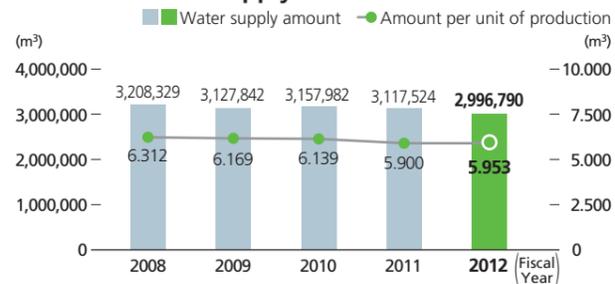
Reducing Water Supply and Discharge

In 2012, Fuji Oil and its group companies in Japan got 2,996,790

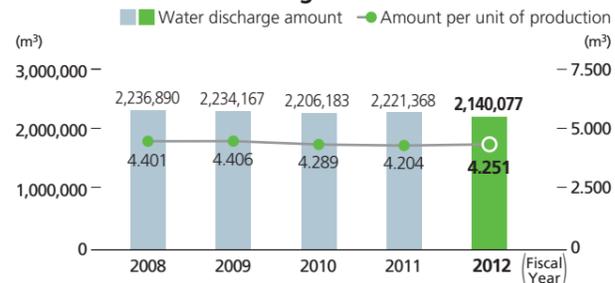
m³ of water supply, 3.9% less than the previous year. This was due to efforts to save water in small ways at factories, and to a decrease in the Fuji Oil Group's production volume in Japan. Water usage per unit of production increased by 0.9%.

The total amount of discharged water was down 3.7% over 2011 and the amount per unit of production was up 1.1%.

Annual Water Supply



Annual Water Discharge



Effective Use of Resources

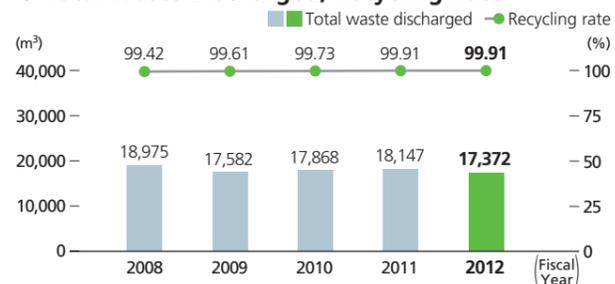
Reducing and Recycling Waste

Unified Effort to Reduce Waste in Japan

In 2012, waste discharged at Fuji Oil and its group companies in Japan was 17,372 tons, 4.3% less than the previous year. Besides the decrease in production volume, this reduction in product waste was achieved through efforts on everyone's part as the production and marketing sides cooperated to improve inventory management.

In 2011, we studied the possibility of recycling combustion residue and ashes for use as cement raw material and we put this into practice in 2012. We were able to maintain our recycling rate at the high level of 99.91% at Fuji Oil Group in Japan.

Total Waste Discharged, Recycling Rate

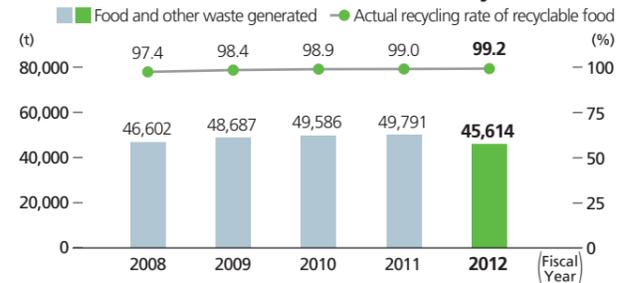


Efforts to Recycle Food

As of 2012, Fuji Oil had generated approximately 45,000 tons of "food and other waste" as under Japan's amended Food Recycling Law. Much of this waste was effectively reused as resources thanks to a 99.2% recycling rate.

The amended Food Recycling Law sets a target for the food industry at least an 85% actual rate of recycling for recyclable food (food recycling). When the law was enacted in 2007, Fuji Oil had a 97.3% recycling rate. It has maintained this high level ever since and we will continue so doing.

Total Food Waste Generated and Recycled



Environmentally Friendly Products

The Research and Development Division of Fuji Oil looks into ways to use less energy for production processes and to decrease processed residue and other waste. Besides constantly studying ways to improve existing production processes, the Division sets research themes each year with the goal of developing new products and technologies that contribute to protecting the environment. Indices are used as the basis for numerical targets, and setting improvement targets each year allows us to evaluate the progress of the researches.

We have come out with a number of environmentally friendly



products over the years. These include MCM, a feedstuff for poultry, etc., rich in mannobiose*¹, which is made by processing the copra meal remaining after extracting coconut oil; and SUPER TOUGH LONG, a frying oil that retains foods' flavor and can be used for long periods, thus reducing waste.

In 2012, we worked on to improve the energy efficiency and reduction of processed residue and desolvent as to production process of soy processed foods under our recently announced USS Manufacturing Method*². We will further work on such future R&D efforts as introducing biofuels to production processes and developing more efficient ways to extract oils and fats from raw material vegetables. We also plan to develop products based on the philosophy of food mileage*³.

*¹ Mannobiose: A polysaccharide used in feed additives, it is made from vegetable-based fats.

*² USS production method: See page 12.

*³ Food mileage: An indicator for assessing the impact that transporting food has on the environment; it is calculated by multiplying the weight of the food cargo by the distance traveled.

Protecting Biodiversity

"Hannan-no-Mori Project" Continues

Under Osaka Prefecture's Adopt Forest program*, Fuji Oil's Hannan Business Operations Complex opened the Hannan no Mori Project in November 2010 under which it protects a local forest in Kamino-go, Izumi-Sano City.

To protect the ecosystem of the local forest, Fuji Oil employees periodically cut down overgrown bamboo and conduct other trimming work. They also do work such as path maintenance so that people can easily access and enjoy the forest. In 2012, there were nine sessions held at Hannan-no-Mori; these included completion of a hiking trail to the top of the mountain and the first tree-planting activity since the project began.

* Adopt Forest program: The Osaka Prefectural Government introduces corporations to land owners so that these companies can contribute to forest restoration.



VOICE Executive Message

Know-How of Fuji Oil Group in Japan Helps Advance Environmental Protection Activities Overseas

In 2012, production volume was down at the Fuji Oil Group in Japan. While that is part of the reason for the 4% drop in CO₂ emissions over the previous year, we can perceive various efforts for emission reductions. For example, once again we achieved a greater-than 10% reduction in electricity usage of offices, etc. over 2010. And we keep and expend the efforts to entire group. Water supply and discharge, and waste discharge were both down. The new isolation technology for soybeans allowed us produce an environmentally friendly product that does not use solvent. We will continue and strengthen our environmentally friendly business activities.

In the Fuji Oil Group overseas, due partly to the startup of the plant at a new company, we saw a 2% increase in CO₂ emissions. The Fuji Oil Group in Japan provides support to overseas companies in reducing their energy use and CO₂ emissions.



Shigeru Takagi

Director,
Managing Executive Officer
Production Control and Safety
Chief Operating Officer
of Hannan Complex

Efforts Regarding “the Community and Society”

The Fuji Oil Group plans and implements social contribution activities based on our three key themes of “food”, “health” and “happiness” as a member of local communities, for the purpose to realize an even happier society.

Activities of Fuji Oil

Grants Through the Fuji Foundation for Protein Research

Fuji Oil established the “Research Committee of Soy Protein Nutrition, Japan” in 1979 for the purpose of supporting the advancement of scientific research into soy protein. Over the years, the Committee continued to assist many researchers, and it turned to a foundation that were supervised by the Ministry of Education, Science, Sports and Culture in 1997. Then it was authorized as a public interest incorporated foundation by the Cabinet Office in April 2012. In fiscal 2012, the Foundation awarded 33 research grants, and in December of that year, a public appeal for research themes for fiscal 2013 yielded 100 candidates from which 34 were selected for grants.

In any given year, the foundation holds briefings on research results given by researchers involved in funded research. The Foundation focuses its efforts on stimulating research into soy protein and disseminating the results. This includes running public lectures on soybeans and soy protein featuring speakers who are active in diverse fields.

In fiscal 2012, the Foundation held a research briefing at the end of May, which it combined with a display of its history and achievements to mark its transition to a public interest foundation. The Foundation also held a public lecture in Osaka in October where specialists from three fields, food, resource and health, gave presentations on the history and importance of soybeans and soy protein with more than 400 people, including local residents, in attendance.



Public lecture

Sales of “Eco Tawashi” to Support Disaster Recovery Efforts

With the intention of supporting people affected by the Great East Japan Earthquake, Fuji Oil conducted in-house sales of “Eco Tawashi” (crocheted acrylic cleaning cloths) and all 365 of the cloths sold out in a limited time period. The “Eco Tawashi” were handmade pieces by people who got together at “Minna-no-ie” public facilities built to provide places to relax, for people who lost their homes in the earthquake and who wanted to do something, however small, to be of use to society. Going forward, Fuji Oil will consider and continuously try to initiate efforts in various ways to help people affected by the earthquake even in small ways.



Eco Tawashi

Tsukuba Research and Development Center Donates a Tree to a Municipal Park

The Tsukuba Research and Development Center decided to donate a tree to Mirai-no-Mori Park, which was under construction in Tsukubamirai City, as part of community contribution activities to mark the 20th

anniversary of the establishment of the Center in 2010. The token of the tree was presented to the mayor of the city. The park opened in April 2013, creating a place for local children to come and play.

The development of the Tsukubamirai area, including the park, was completed in 2013, and an opening ceremony was held in July. A letter of appreciation was presented to the Chief Operating Officer of Fuji Oil’s Tsukuba Research and Development Center from the city’s mayor on the day.



Donation of a Japanese zelkova tree

Participation in a Project to Support Agricultural Development in the Nacala Corridor, Mozambique

Since 2011, Fuji Oil has been participating in Pro SAVANA-JBM, which is a program to support agricultural development in Mozambique, Africa being jointly implemented by Japan International Cooperation Agency (JICA) and private companies.

Based on collaborative efforts between Japan, Brazil and Mozambique, the project provides knowledge and technical support to impoverished small-scale farmers in the Nacala Corridor. And it is trying to increase productivity for traditional crops such as corn and cassava as well as introducing high value added crops like soybeans. The project is also promoting the growth of agriculture, which is the main business in the area, by acting as an intermediary between investors and farmers.

Fuji Oil has been providing technical support related to the introduction of soybeans to the area led by JICA, and we carried out a on site review in May 2013. We supplied the Mozambique office of the International Institute of Tropical Agriculture (IITA) with data that provides points to consider in the selection of soybean varieties to be introduced and selective breeding and conducted an exchange of views. We are also considering ways to foster new business through local procuring and processing of soybeans grown in Mozambique. Efforts are underway to formulate a business model that will both eliminate poverty in the region and develop the company.



The Nacala Corridor is a region composed of five provinces along the railroad and road that links Nacala Port in northern Mozambique to neighboring Malawi.

Establishment of Awards for Soybean Research in Thailand

In 2012 in Thailand, Fuji Oil established the TDA Soybean Study Awards, which are awards for research into soybeans. TDA is an acronym for the Thai Dietetic Association, and virtually all of Thailand’s approximately 600 dietitians are members of the association. The award is named after the association that cosponsors it.

Professional education in dietetics and training of dietitians in Thailand is advanced in Southeast Asia, and Thailand is expected to lead the field of dietetics in Southeast Asia in the future. Moreover, awareness of health issues and demand for healthy foods are rising. And Fuji Oil, which is advocating the “Soy Renaissance,” aims to contribute to the proposal and popularization of new soy processed foods for Thai people by Thai people.

At the Annual Conference of the Thai Dietetic Association held in Bangkok in May 2013, Fuji Oil held an award ceremony for the six research projects into soy food processing and nutrition that were selected last year. There was also a lecture on soybeans given by a Fuji Oil researcher, which was enthusiastically attended by many dietitians. We expect that a number of research projects will be submitted for this award in 2013 as well.



Award ceremony

Group Company Activities

Supporting the Local Women’s Soccer Team: Toraku Foods Co., Ltd.

Toraku Foods supports local Kobe women’s soccer team INAC Kobe Leonessa as the team’s official sponsor.

In fiscal 2012, in addition to this, the company supported and provided funds for the construction of the Kobe Ladies’ Football Center, which combines the team’s home ground with a training facility exclusively for female soccer teams, and a clubhouse within the center. The company has also been assisting with a soccer school for junior players run by the team since February.

Going forward, Toraku Foods will continue to support INAC Kobe Leonessa, contributing to the invigoration of the local community through the promotion of sport.



INAC Kobe Leonessa players

Collaborating in Social Studies for Elementary School Students: OMU Milk Products Co., Ltd.

OMU Milk Products hosts field trips from local elementary schools in an effort to make use of the company’s plant in the children’s social studies. In fiscal 2012, the company hosted 1,672 children from a total of 33 schools.

During the field trips, company employees act as instructors, providing explanations in a lecture format and plant tours. The children

watch the milk they drink at school lunch every day coming off the production line with shining eyes and asked employees with a succession of questions after the tours. The employees serving as instructors have reported their impressions, making comments such as, “I had not expected some of the questions, so I indeed was the one who learnt something” and “I felt really proud about the children saying that they would enjoy their milk even more from now on.” Thus, the field trips are also a good opportunity for employees to reaffirm the enjoyment and responsibility of work in supplying food and to increase motivation.



A lecture by an instructor

Visiting a Child Welfare Center: Fuji Oil (Thailand) Co., Ltd.

In June 2012, nine employees of the development department and quality control and assurance department at Fuji Oil (Thailand) visited a local child welfare center in Thailand and shared good time with the children. The employees donated rice, edible oil and other food products on the day, and the children performed dances and songs as well as presenting the employees with ornaments made by hand from coconut wood in an expression of their appreciation.



Visit to the child welfare center

Work Experience in Oils & Fats Business for University and Technical School Students: Palmaju Edible Oil Sdn. Bhd.

Malaysia’s Palmaju Edible Oil hosts interns from local universities and technical schools in order to partner in the training of the next generation of engineers. Those who aspire mechanical engineers stay in the maintenance department and who aspire chemical engineers stay in the quality control department, and they all get interns experience working alongside employees in a plant that manufactures oils & fats.

In fiscal 2012, the company hosted three university students for two months and two technical school students for about five months. Malaysia’s Palmaju Edible Oil will continue to run the program going forward.

Providing On-the-Job Training for University Students: New Leyte Edible Oil MFG Corp.

New Leyte Edible Oil is supporting next-generation education.

In fiscal 2012, the company hosted 17 students with the aim of educating local university students about plant technology through on-the-job training. By working in the plant for between one and three months, the students experienced the fascination of technology and work. New Leyte Edible Oil will continue this activity.



On site employee-assisted learning

Web Information

• Activities of the Fuji Oil – Grants from the Fuji Foundation for Protein Research
Table: List of Grant Recipients (Fiscal 2011 and 2012)

• Human Resource Development – Establishment of Awards for Soybean Research in Thailand
Table: Outline of Awards (Fiscal 2012)

Efforts Regarding “CSR”

Fuji Oil Group makes constant efforts to strengthen corporate governance, which is the foundation of its business activities, in order to create and maintain a solid platform for CSR activities.

Corporate Governance

Corporate Governance Promotion Structure

Fuji Oil has established its organizational structure as a “Company with a Board of Statutory Auditors” based on the Companies Act, with the Board of Directors and the Board of Statutory Auditors positioned below the General Meeting of Shareholders.

In March 2013, Fuji Oil established the Safety, Quality, Environment Committee, the Risk Management Committee and the Corporate Culture Committee as new committees to serve as advisory bodies to the President and the Management Council. The then existing Code of Conduct Committee was renamed as the Compliance Committee, establishing a new advisory structure made up of four committees.

As the specialist committees in their respective areas of responsibility for company as a whole, the Safety, Quality, Environment Committee, the Compliance Committee and the Corporate Culture Committee work to prevent the impairment of corporate value in each of the areas and to take prompt countermeasures in the event of a crisis. The missions and activities of Risk Management Committee are outlined in the “Risk Management Structure” below.

Compliance

Establishing Specialist Committees to Enhance the Governance System

Fuji Oil changed the name of the Code of Conduct Committee, a permanent body, to the Compliance Committee in April 2013. The committee deliberates on important issues on group-wide basis in

relation to standards of conduct, based on the Fuji Oil Group Code of Conduct. It also provides advice to the President and Board of Directors to ensure rigorous legal compliance and to instill the Fuji Oil Group Code of Conduct among employees. The Committee’s activities are reported regularly to the President and the Management Council.

In addition, to monitor events related to compliance in all departments, including group companies’, Compliance Promotion Committee has been organized and holds a quarterly Compliance Promotion Committee meeting. As a substructure of the Compliance Committee, the Compliance Promotion Committee checks whether there are no compliance infringements and identifies potential infringement risks. Where an infringement has taken place, Compliance Promotion Committee formulates corrective measures. Compliance Promotion Committee reports on progress in implementation the corrective measures as well.

Compliance Education

Fuji Oil runs compliance training seminar every year for each of the Fuji Oil’s departments and group companies in Japan and overseas. We provide hierarchy- and department-specific training after selecting appropriate themes, and approximately 400 employees took part in a total of 20 training sessions in fiscal 2012.

We also run seminars inviting instructors from outside such as lawyers. These seminars are for the study of laws and regulations that are closely related to our business and cover such diverse topics as compliance, standards of conduct, information security, the Unfair Competition Prevention Act, contract law and credit management. Approximately 350 employees from relevant departments took part in the seminars in fiscal 2012.

In fiscal 2013, in addition to these activities, we intend to implement new measures such as the regular dissemination of information through the company newsletter.

Risk Management

Risk Management Structure

Fuji Oil interprets risk as ranging from the impairment of corporate value and the occurrence of a crisis such as a natural disaster through a future decrease in opportunities. In addition to visualizing risks, Fuji Oil formulates and implements countermeasures as necessary and works to enhance corporate value.

On one hand, the Safety, Quality, Environment Committee, the Corporate Culture Committee and the Compliance Committee all look into and report on risks and countermeasures thereof in each of their areas of responsibility. On the other hand, the Risk Management Committee serves to follow up and to be engaged in coordination and adjustment among these activities as well as by itself to address the risks that are beyond the scope of responsibility of the other three committees, by considering and formulating measures to such risks. It reports the results to the President and the Management Council.

Formulation of Business Continuity Plans for a Major Disaster Scenario

Fuji Oil formulated the “Earthquake Business Continuity Plan” and the “Policy for Disaster Response Headquarters of Fuji Oil” some time ago to provide for the procedures for the continuation or the prompt resumption of business operations to prepare for major disaster.

In addition, we prepared an initial simulation for production substitution assuming a huge Nankai Trough earthquake in fiscal 2012. In fiscal 2013, we will work on to formulate a policy and draft countermeasures that address the issues identified by the initial simulation.

Respect for Intellectual Property Rights Structures to Prevent Infringement of Rights

Consistent with the Fuji Oil Group Code of Conduct, the Fuji Oil Group provides for issues such as the treatment of intellectual property rights in its “Policy on Inventions, etc. Made by Fuji Oil Personnel,” and “Fuji Oil Group Intellectual Property Management Policy.” By instilling these rules in our employees, we ensure the protection of our own rights as well as making sure that we do not infringe the rights of third parties.

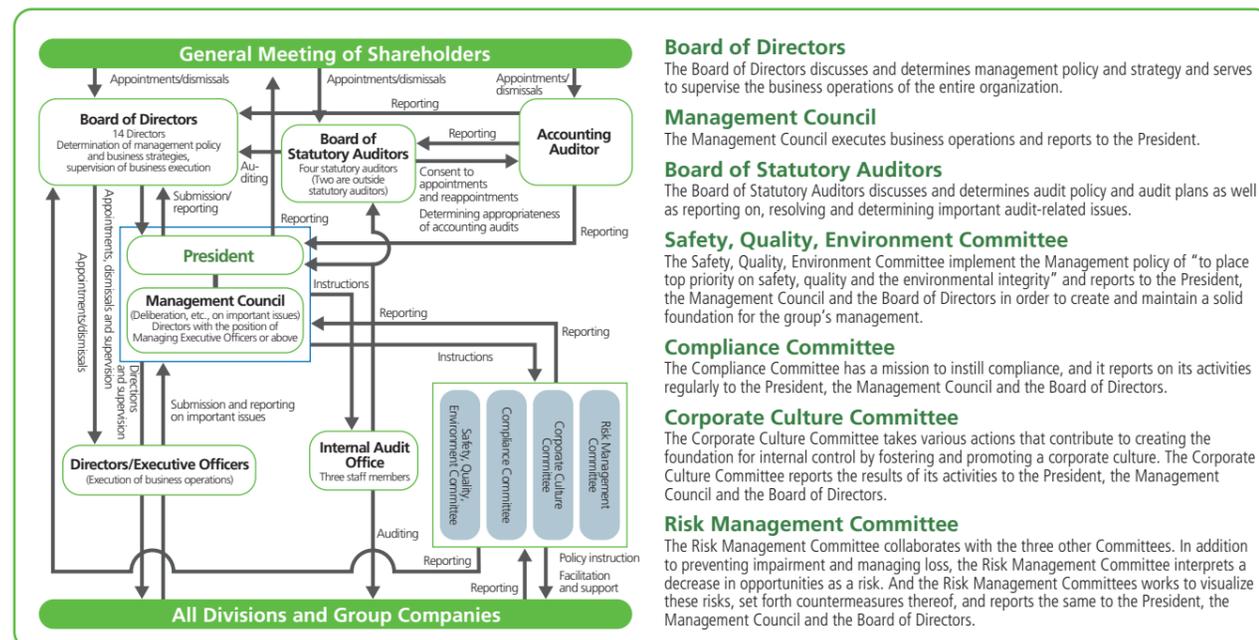
Further, these Policies provide for fair compensation in relation to invention, etc., such as the payment of a compensation to an employee, where the employee made an invention that is useful to Fuji Oil, whereas Fuji Oil can claim the ownership of the rights arising from the invention.

Intellectual Property Rights Education

Fuji Oil provides training and seminars as necessary for the purpose of providing employees in research and development positions with the correct knowledge concerning intellectual property.

We run a training session for new employees in research and development positions every year about six months after they join Fuji Oil. In fiscal 2012, we held the session in October to explain an overview of intellectual property rights and their significance and the Policy on Inventions, etc. Made by Fuji Oil Personnel. We also hold training on the preparation of patent descriptions every year for employees in research and development and technical development positions in their second or third year at Fuji Oil. The training provides a briefing on intellectual property rights followed by actual preparation of patent descriptions. In addition, we hold bimonthly consultation sessions related to intellectual property rights for development departments. And in September 2012, we provided workshops on the intellectual property rights system for leading personnel in development sectors. As such we are making continuous efforts for the educations in relation to intellectual property rights.

Corporate Governance Structure



Board of Directors

The Board of Directors discusses and determines management policy and strategy and serves to supervise the business operations of the entire organization.

Management Council

The Management Council executes business operations and reports to the President.

Board of Statutory Auditors

The Board of Statutory Auditors discusses and determines audit policy and audit plans as well as reporting on, resolving and determining important audit-related issues.

Safety, Quality, Environment Committee

The Safety, Quality, Environment Committee implement the Management policy of “to place top priority on safety, quality and the environmental integrity” and reports to the President, the Management Council and the Board of Directors in order to create and maintain a solid foundation for the group’s management.

Compliance Committee

The Compliance Committee has a mission to instill compliance, and it reports on its activities regularly to the President, the Management Council and the Board of Directors.

Corporate Culture Committee

The Corporate Culture Committee takes various actions that contribute to creating the foundation for internal control by fostering and promoting a corporate culture. The Corporate Culture Committee reports the results of its activities to the President, the Management Council and the Board of Directors.

Risk Management Committee

The Risk Management Committee collaborates with the three other Committees. In addition to preventing impairment and managing loss, the Risk Management Committee interprets a decrease in opportunities as a risk. And the Risk Management Committees works to visualize these risks, set forth countermeasures thereof, and reports the same to the President, the Management Council and the Board of Directors.

VOICE From an Outside Director

Until last year, I had contributed the third party opinion to Fuji Oil’s CSR Report. However, I was elected as an outside director at this company’s 85th Annual General Meeting of Shareholders and took the responsibilities of an independent director. I have only attended one meeting of the Board of Directors so far. Accordingly, here, I just would like to express my initial aim.

Fuji Oil is a company that has constantly taken the position of a backstage assistant for the food industry. As a result, it is a company that is not generally familiar to consumers. However, many of the chocolates, sweets and hamburgers that everyone buys are supported by Fuji Oil behind the scenes. Because the final products that the company supports are so diverse, the role it plays in society is actually much greater than it appears.

In the world of this backstage assistant, outstanding technological capability is the most important. It is not easy to make products available at times and places when/where consumers decide to buy them. When that is combined with “deliciousness” as well as creating constant “surprises,” we can only guess the tremendous efforts made by food manufacturers. The foregoing is the very reason of Fuji Oil’s presence as a backstage assistant capable of supporting such manufacturers from behind the scenes, and there are not many such companies in the world.

Marketing capabilities are also essential for a backstage assistant. This is because such an assistant must continuously propose new recipes based on a profound understanding of the challenges confronting the food manufacturers who have contact with consumers, including those manufacturers which do not conduct business with Fuji Oil. If this is performed in a haphazard fashion, business efficiency will not increase.

I hope to enhance this company’s diversity by bringing a management strategy and CSR perspective to meetings of the internal directors who possess these outstanding technical and marketing capabilities, with common understanding on business and business usages. I look forward to providing follow up reports later on.



Kazuhiro Mishina
Professor,
Graduate School of Business
Administration
Kobe University

Information Security

Promoting Technical Support

Fuji Oil constantly works on technical measures aimed at ensuring information security. In addition to establishing restrictions so that external memory media such as USB memories brought in from outside the company cannot be connected without permission, we are improving information security through such measures as the introduction of a log monitoring system.

Formulation of Rules and Thorough Employee Education

It is essential to formulate relevant rules and to rigorously implement the same in order to improve information security. Fuji Oil has established Policy on the Implementation of Information System Security and conducts education on information management based on the Policy.

In fiscal 2012, staff from our Information System Department rendered educations on information security in conjunction with some training sessions that the departments run. We also held seminars on information management by featuring outside experts as instructors. We will continue with these efforts to provide employee education.

Furthermore, we monitor the status of compliance with our information security rules during Internal Auditing of Internal Control in order to check on the effectiveness of our initiatives.

In fiscal 2013, we plan to revise the Policy on the Implementation of Information System Security to incorporate countermeasures to threats anticipated while using SNSs as well as rules for the use of mobile devices. We will also undergo regular external audits conducted by an auditing firm. To further strengthen security, we will consider receiving a security risk assessment from a third-party institution.

Communication with Shareholders and Investors

General Meetings of Shareholders and Briefings That Make Easier to Follow

Fuji Oil held its 85th Annual General Meeting of Shareholders in June 2013 attended by 642 shareholders.

At the Meeting, we took measures to make the content of presentations easier to follow including the installation of a number of screens at the venue for projecting explanatory materials. We also projected some films that explain our corporate philosophy and business prior to the Meeting. At the same time, we have also been making efforts to establish an environment that enables all shareholders to exercise their voting rights smoothly. As part of these efforts, we joined the Electronic Voting Platform in fiscal 2012, facilitating the exercise of voting rights by making it possible to vote using the Internet.

We hold financial results briefings for food industry publication journalists and securities analysts twice a year with the President in attendance. We post the explanatory materials used at these briefing on our website promptly so that those who were unable to attend can view them.



General Meeting of Shareholders

Web Information

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 - Remuneration of Directors and Others
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 - Basic Approach
 - Active Communication with Shareholders
 - Preparation of Annual Report and Interim Report
 - Return of Profit

VOICE Executive Message

We Will Promote CSR Management Based on the New Structure

“CSR is, after all, management itself.” This is the philosophy of the Fuji Oil Group on CSR. As part of this, the Corporate Planning Division gives embodies management policy to various plans based on the “FUJI WAY,” which represents the ideal that the Fuji Oil Group strives for. It also works to create and strengthen the foundation for CSR with the aim of gaining the confidence of society and enhancing corporate value by making the company attractive.

In fiscal 2012, Fuji Oil declared its support for and joined the United Nations Global Compact made up of ten principles advocated by the UN in the areas of human rights, labor, the environment and anti-corruption. In the area of governance, we decided to establish the Safety, Quality Environment Committee, Compliance Committee, Risk Management Committee and Corporate Culture Committee as four advisory bodies for the Board of Directors and Management Council during fiscal 2012.

In fiscal 2013, we will work to enhance the establishment of the structures and the activities of these committees, including at Group companies, as we promote CSR management further.



Mitsugu Kuno

Director, Managing Executive Officer
Corporate Planning and Risk Management

Third-Party Opinion



Susumu Ogawa

Professor,
Graduate School of Business Administration
Kobe University

1989: Mater of Business Administration, Graduate School of Business Administration, Kobe University
1998: Ph.D. in Business Administration, Massachusetts Institute of Technology
2000: Ph.D. in Business Administration, Graduate School of Business Administration, Kobe University
2003 - : Current position
Areas of expertise: marketing, innovation management and business system theory.
Numerous publications including *Demand Chain Management* and *Kasegu Shikumi (Earning Mechanisms)*, (Nikkei Inc.)

Commendable Areas

I have been asked to provide the third-party opinion for the Fuji Oil CSR report from this fiscal year. First, I would like to comment on the appearance of the report, which features a colorful and clean design that entices readers to open it and begin reading. Simply by looking at the presence I can get a good sense of the efforts that Fuji Oil Group puts into its pursuit of CSR activities.

Next, I found that the report has an excellent Editorial Policy, which is written in small print on the inside of the cover. The fact that information on important activities is included in the published report, while other information is published on the company's website, clearly shows that Fuji Oil Group wants to enable stakeholders to be able to choose what information they would like to obtain. Fuji Oil Group also uses different font sizes to emphasize topics of interest in the Index. I feel this design helps guide readers on how to read the report.

The contents of the report demonstrate that Fuji Oil Group has made continual improvements each year based on the comments made in the third-party opinion. The illustrated map of Fuji Oil products first used in fiscal 2011 is very easy to understand and it has been revised since then to provide even more detailed information about the company. The CSR issues and efforts section from page 23 to page 26, which was commended in last year's third-party opinion, was also prepared carefully in a similar fashion as last year.

Points for Future Improvement

While Fuji Oil Group has done excellent work outlined above, I did notice several points where I believe Fuji Oil Group can make improvements going forward. First, the Editorial Policy, which I commended as excellent above, appears in one corner of the report in small letters, meaning many readers may never notice it was there. I believe that the font size should be increased and that the location should be changed to a more identifiable part of the report. Readers also must wait until page 21 for an explanation of CSR, or the theme of the report. This should appear

somewhere early in the first half of the report because of the importance it plays in gaining the understanding of stakeholders toward Fuji Oil Group's CSR activities.

Last year's third-party opinion commended that the report described officers so vividly that readers can feel very familiar, but I feel that this aspect appears to have been muted compared to last year's. I would like to have seen an explanation about the progress, results, and challenges pertaining to the commitments noted in last year's report, in the words of the officers themselves. In conjunction with this, the table summarizing CSR issues and efforts depicts assessments with the symbols “○”(progressed as planned) and “△”(some delay) I feel that it is better to have additional explanations of what was achieved for an assessment of “○.” And why the “△” was given should have been noted, even if it was on a separate page. Also, it perhaps would have been better if progress was depicted with using some additional symbols, such as “◎”(excellently progressed) and “×,” (no progressed at all) in addition to “○” and “△.” I believe doing so will bring with it greater recognition of Fuji Oil Group's sincere CSR initiatives from outside.

Finally, above I wrote favorably about how information is split between the published report and the company's website depending on its importance and relevance. After reading the report, I found that a lot of the content should have been published on the website instead of the written report. Often times members of a new organization set up for a certain task will create work for themselves to maintain the organization, even if such work is not necessarily required. This phenomenon also tends to happen when creating reports that are published on an ongoing basis. This includes adding new content on top of existing content, which gradually over time results in a lengthier report. In this respect, I agree that information should be published on the website, but the content of the written report should be more concise and pared down to absolutely essential information that is of high quality. In this regard, as to next year's report, even if appears to be thinner, I still hope as an evaluator that all of the content will be focused, relevant and not to be missed.



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