

Sustainability

Overall CSR

Activity report FY2018

ESG Management: Priority Themes

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ESG Management: Priority Themes

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ESG management priority themes for contributing to society through our business

Basic approach

The Fuji Oil Group established ESG management priority themes, which contribute to the sustainable development of society as well as its own sustainable growth and the creation of value for society through its business activities.

Process for determining FY 2018 ESG management priority themes

Steps	Activities				
<p>1. Listing of social issues</p>	<p>Receive advice from experts (NGOs) and list social issues based on the SDGs * 1 and other international CSR guidelines and benchmarks.</p> <p>* 1 United Nations SDGs (Sustainable Development Goals): 17 goals adopted by the United Nations General Assembly in 2015 to be achieved globally by 2030</p>				
<p>Classification of social issues into two types</p>					
<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 50%; text-align: center;">A</th> <th style="width: 50%; text-align: center;">B</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"> <p>A. Social issues we can help resolve through our products (CSR Category: Strategic activities)</p> </td> <td style="text-align: center;"> <p>B. Social issues we can help resolve through our business processes (CSR category: Basic activities)</p> </td> </tr> </tbody> </table>		A	B	<p>A. Social issues we can help resolve through our products (CSR Category: Strategic activities)</p>	<p>B. Social issues we can help resolve through our business processes (CSR category: Basic activities)</p>
A	B				
<p>A. Social issues we can help resolve through our products (CSR Category: Strategic activities)</p>	<p>B. Social issues we can help resolve through our business processes (CSR category: Basic activities)</p>				
<p>2. Prioritization/ Validation</p>	<p>Review and specify social issues to which the Fuji Oil Group can contribute by demonstrating its strengths (technological capabilities, etc.)</p> <p>Create a materiality map * 2 and comparatively evaluate social issues.</p> <p>* 2 Materiality map</p> <p>Vertical axis: Stakeholder expectations (set based on advice from experts (NGOs) with reference to international guidelines, benchmarks, etc.)</p> <p>Horizontal axis: Importance to business strategy (set from the perspective of management approach and business strategy)</p> <p>The above evaluation and study results were examined and revised by the ESG Committee, which includes one outside expert, to ensure that there were no omissions or redundancies.</p>				
<p>3. Approval</p>	<p>Submission by the ESG Committee to the Board of Directors of Fuji Oil Holdings for final approval.</p>				

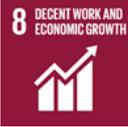
FY 2018 ESG Management Priority Themes

In FY 2018, the Fuji Oil Group determined seven priority areas and 15 priority themes for ESG management. For details on the Group's basic approach for ESG management priority themes, targets and progress in FY 2018, see each relevant section of this sustainability report.

*List of links to each theme

▶ <https://www.fujioilholdings.com/en/csr/>

Category	Materiality map	Priority themes FY2018	SDGs of Particular Focus	For more details
Social issues we can help resolving through our products.	Solutions through Creation of Foods	Using Plant-Based Ingredients to Provide Solutions for Shortages of Food Resources	 	https://www.fujioilholdings.com/en/csr/food_creation/food_creation_01/
		Contributing to Healthy Life Expectancy with Delicious Ingredients	 	https://www.fujioilholdings.com/en/csr/food_creation/food_creation_02/
Social issues we can help resolving through our business processes.	Safety, Security and Quality of Foods	Ensuring thoroughgoing food safety and quality		https://www.fujioilholdings.com/en/csr/food_quality/food_quality_01/
	Sustainable Procurement	Sustainable Procurement of Main Raw Materials	 	https://www.fujioilholdings.com/en/csr/sustainable/sustainable_01/
		Stable procurement of raw materials		https://www.fujioilholdings.com/en/csr/risk_management/risk_management_02/
Environment	Environment	Reduction of CO ₂ emissions		https://www.fujioilholdings.com/en/csr/environment/environment_02/

Category	Materiality map	Priority themes FY2018	SDGs of Particular Focus	For more details
		Reduction of water usage		https://www.fujioilh-oldings.com/en/csr/environment/environment_03/
		Waste reduction	 	https://www.fujioilh-oldings.com/en/csr/environment/environment_04/
	Hitozukuri (Fostering People)	Human resource development		https://www.fujioilh-oldings.com/en/csr/human/human_01/
		Achievement of Diversity		https://www.fujioilh-oldings.com/en/csr/human/human_02/
		Penetration Awareness of Compliance		https://www.fujioilh-oldings.com/en/csr/risk_management/risk_management_03/
	Health Management	Maintenance and Promotion Employee Health		https://www.fujioilh-oldings.com/en/csr/employ_health_safe/employ_health_safe_02/
		Promoting Occupational Safety and Health		https://www.fujioilh-oldings.com/en/csr/employ_health_safe/employ_health_safe_01/
	Risk Management	Creation of a Corporate Governance System		https://www.fujioilh-oldings.com/en/csr/risk_management/risk_management_04/
		Effective Risk Management		https://www.fujioilh-oldings.com/en/csr/risk_management/risk_management_01/

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Business and Human Rights

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Basic approach

As stated in our Management Philosophy, the Fuji Oil Group upholds a commitment to "working for people" as one of its core values. Keeping with this commitment, we, as a globally operating company, will engage in business activities that respect human rights, while taking into account the impact of our business activities on stakeholders throughout the value chain. Our participation in the 2016 United Nations Forum on Business and Human Rights and the dialogue with our stakeholders, gave us the opportunity to reformulate our way of thinking about human rights. As a result n we announced the Fuji Oil Group Human Rights Policy in April 2017.

- ▶ [Fuji Oil Group Human Rights Policy PDF \(400KB\)](#) 

Promotion System

We recognize that various business activities of the Fuji Oil Group, including employment, procurement and sale of products, can have an impact on human rights. Under the supervision of the officer in charge of CSR at Fuji Oil Holdings (the Chief Financial Officer in FY 2018), the ESG Management Group promotes group-wide efforts to respect human rights and raise awareness of human rights issues, to identify and overall control of human rights risks, to ensure that human rights are respected at all workplaces and business sites.

In addition, respect for human rights in the value chain has been incorporated in the CSR priority themes, and the ESG Committee, which is an advisory body to the Board of

Directors, makes progress reports and examines issues for submission to the Board of Directors.

Educational and awareness-raising activities

The Fuji Oil Group promotes educational and awareness-raising activities on business and human rights.

In FY 2018, we provided information on business and human rights issues to all Risk Management Committees established in the Group companies and encouraged them to incorporate human rights and environmental risks in their risk assessments. As a result, some Group companies took measures to prevent human rights risks (risks associated with human rights violations through business activities).

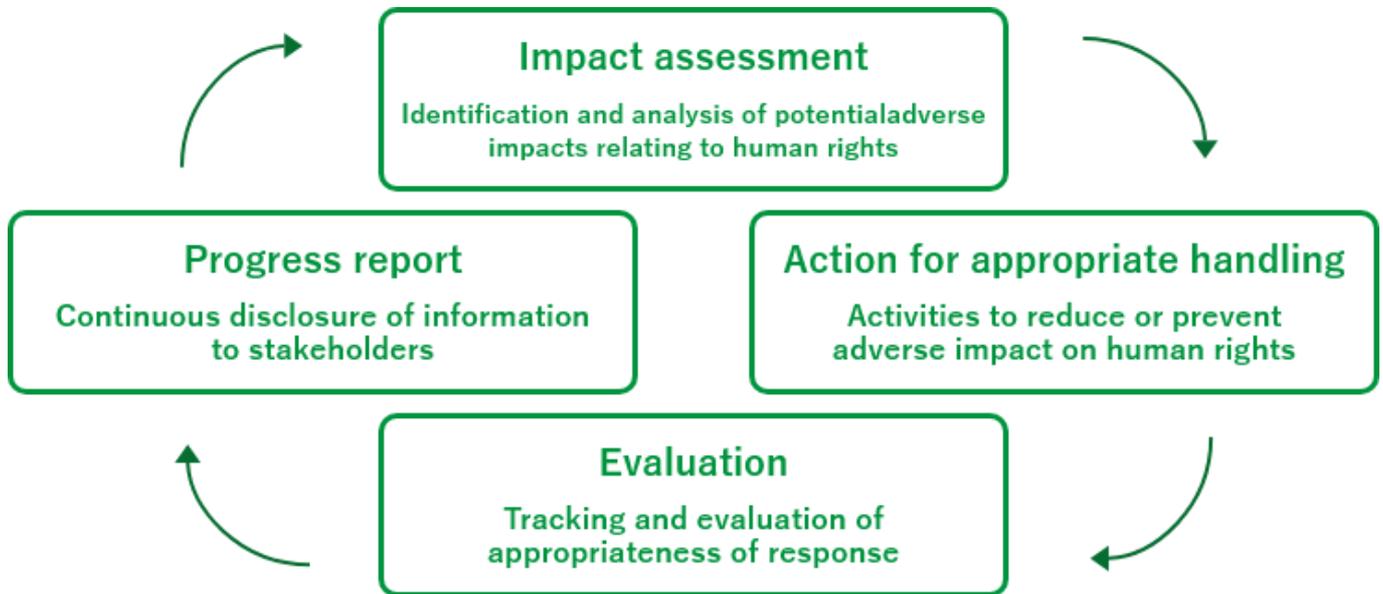
Furthermore, to promote Group employees' understanding of the Group's human rights policy, we created an e-learning video on business and human rights, in Japanese, English and Chinese. The e-learning video has been distributed to management at overseas regional headquarters, and is available on the intranet, which is an information-sharing infrastructure for the entire group. In FY 2019, we will use this video in employee training to raise their understanding and awareness of business and human rights issues.

Business and Human Rights e-learning movie



Human rights due diligence

The Fuji Oil Group conducts human rights due diligence as part of our responsibility to respect human rights.



Human rights impact assessment

Process of identifying human rights risks

In FY 2016, the Fuji Oil Group conducted a human rights impact assessment to identify and evaluate the adverse impacts on human rights linked to its business activities and to identify priority key issues. During the assessment, we gained insight not only from related internal departments but also from Verisk Maplecroft and Caux Round Table Japan as external experts. In the first stage, based on Verisk Maplecroft's expertise, we quantitatively assessed the human rights risks in which the Group's business activities and operational areas could be involved. In the second stage, based on the results of the first stage, we conducted interviews with related parties in the company to reflect the actual situation of the Group in specifying human rights risks. The second stage was done in collaboration with Caux Round Table Japan.

Identified human rights risks and countermeasures (Progress)

Risks for priority handling	Progress of countermeasures in FY 2018
<p>Risk of the occurrence of problems related to forced labor, human trafficking, occupational safety and health, appropriate wages, working hours, freedom of association and collective bargaining, particularly with respect to contract or temporary laborers used at overseas group companies in Southeast Asia, China and Africa</p>	<ul style="list-style-type: none"> • The ESG Management Group of Fuji Oil Holdings explained human rights risks to all Risk Management Committees established in Group companies. • Group companies receiving the SEDEX SMETA audit took corrective action for the items pointed out in the audit in order to reduce human rights-related risks. • Group companies not receiving the SEDEX SMETA audit conducted a survey, using the Fuji Oil Group's own questionnaire, with companies with whom they have business relationships (staffing agencies and contractors) to promote their understanding of the Group's human rights policy and encourage efforts to reduce human rights-related risks.
<p>Risk of violations of the human rights of laborers related to working hours, appropriate wages, occupational safety and health, workplace discrimination, freedom of association and collective bargaining, forced labor and human trafficking at joint venture companies that are not substantially under the control of Fuji Oil Holdings or recently acquired group companies</p>	
<p>Risk of unintentional violations of the human rights of laborers related to working hours and workplace discrimination, particularly at overseas group companies</p>	
<p>Risk of human rights violations related to human trafficking, forced labor, child labor, inappropriate wages, long working hours and seizure of land in the upstream of the palm oil supply chain</p>	<ul style="list-style-type: none"> • Since FY2017, the Fuji Oil Group has promoted supply chain improvement activities at its primary palm oil refining company, Palmaju Edible Oil Sdn. Bhd. (Malaysia). As part of such efforts, passports have been returned to more than 200 migrant workers working on farms in the supply chain. • Since FY 2018, we have engaged with all of the 22 refinery companies with whom we have direct business. We support suppliers in risk identification and improvement, through the provision of self-assessment tools. • In May 2018, a grievance mechanism was established and announced. This mechanism is based on the Responsible Palm Oil Sourcing Policy, , and it operates since then.

Risks for priority handling	Progress of countermeasures in FY 2018
<p>Risk of human rights violations related to child labor, forced labor, human trafficking, appropriate wages and long working hours in the upstream of the cacao supply chain</p>	<ul style="list-style-type: none"> • In the second half of 2017, we started the formulation of the Responsible Cacao Sourcing Policy. The Policy was formulated and announced in August 2018. • In December 2018, we started a support program for cacao farmers in Ecuador. We support farmers to produce high-quality cacao beans in a way that respects human rights and the environment.
<p>Risk that the Fuji Oil Group Human Rights Policy will not be reflected at an operational level in employee behavior due to absence of human rights training</p>	<ul style="list-style-type: none"> • We created an e-learning video on business and human rights, in Japanese, English and Chinese, and distributed it to all Group companies via the intranet, etc. to ensure that all Group members understand the Group's human rights policy and important points regarding human rights.
<p>Risk of inability to accept and handle complaints from laborers at suppliers and from local residents (absence of grievance mechanism)</p>	<ul style="list-style-type: none"> • In May 2018, a grievance mechanism was established and announced, This mechanism is based on the Responsible Palm Oil Sourcing Policy, and it operates since then.

Grievance mechanism

Internal reporting system for employees

We established an internal reporting system for employees of group companies inside and outside Japan and employees of some cooperating companies.

*For details, see the Compliance section of the Fuji Oil Sustainability Report 2019.

▶ https://www.fujioilholdings.com/en/csr/risk_management/risk_management_03/

Grievance mechanism for supply chain

In May 2018, we established and announced a grievance mechanism based on our Responsible Palm Oil Sourcing Policy. We set up a Grievance Mechanism web page in English on the Fuji Oil Group website to announce the mechanism and its progress.

▶ https://www.fujioilholdings.com/en/csr/grievance_mechanism/

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Stakeholder Engagement

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Basic approach

As a member of society, the Fuji Oil Group considers honesty, transparency and two-way communication with stakeholders essential for understanding and meeting their expectations. Stakeholder opinions and comments are used to improve the Group's business activities.

The Fuji Oil Group's stakeholders

The Fuji Oil Group has identified the major stakeholders on whom its business activities can exert a positive or negative impact as follows.

Main stakeholders	Communication
Employees	<ul style="list-style-type: none"> • Employee training • Compliance hotline • Employee satisfaction survey • Intranet, company newsletter, etc.
Shareholders and investors	<ul style="list-style-type: none"> • Shareholders General Meeting • Informal shareholder gatherings • Results briefing/teleconference • Small meetings, etc.

Main stakeholders	Communication
Customers	<ul style="list-style-type: none"> • Daily sales activities • Co-Creation Forum, etc.
Consumers	<ul style="list-style-type: none"> • Customer inquiry desk • Dissemination of information through mass media, etc.
Business partners and subcontractors	<ul style="list-style-type: none"> • Daily purchasing activities/ transactions • Supplier engagement • Procurement Policy presentations, etc.
Local communities	<ul style="list-style-type: none"> • Participation in and support of regional events • Support activities for the local community (food education project) • Support after natural disasters, etc.
NGOs/NPOs and experts	<ul style="list-style-type: none"> • Expert panel dialogue • Grievance mechanism • Promotion of joint projects, etc.
Academic organizations	<ul style="list-style-type: none"> • Joint research • Lectures, etc.

Accelerating CSR promotion through dialogue with stakeholders

Incorporating stakeholders' advice into business activities

As a member of society, the Fuji Oil Group believes that understanding stakeholders' concerns and expectations toward the Group is an integral part of, ESG management. Through dialogue with stakeholders and experts, we come to understand their expectations and suggestions regarding our Group's sustainability activities. Based on the advice received we work to improve our activities.

Opinions and advice from stakeholders (examples)	Actions taken by the Fuji Oil Group
September 2016: Need to refer to the Guiding Principles on Business and Human Rights	April 2017: Fuji Oil Group formulated the Human Rights Policy, and introduced human rights due diligence

Opinions and advice from stakeholders (examples)	Actions taken by the Fuji Oil Group
September 2017: Need to visualize the process of identifying priority themes	January to April 2018: Revision of priority themes using the materiality map
November 2017: Need to establish a grievance mechanism	May 2018: Established and announced a grievance mechanism
April 2018: Need to disclose information of the supply chain in operating the palm oil grievance mechanism	June 2018: Publication of a list of oil mills

Case study: Dialogue with experts on business and human rights

We engaged in a dialogue with experts on business and human rights to receive advice on our future CSR activities in September 2019.

It was the third time we held a dialogue on this theme, following FY 2017.

Dr. James Allan of Verisk Maplecroft and Ms. Tulika Bansal of the Danish Institute for Human Rights participated as experts. Participants from the Fuji Oil Group included the Chief Strategy Officer, the Chief Financial Officer, the Executive Officer of the Business Development Division, and members of CSR departments. In the dialogue, we explained the Fuji Oil Group's basic approach, the issues identified related to business and human rights and the progress of our efforts. Particularly in the area of sustainable procurement, the experts advised to conduct impact surveys at sites where problems can occur (= plantations) and create a model case for improvement activities. This dialogue served as an opportunity to confirm the validity of our approach to supply chain activities (understand the actual situation of the site → provide support to improve the identified issues). Since the dialogue, we have promoted the sustainable procurement of raw materials by incorporating the advice received from the experts.



A scene from the dialogue with experts on business and human rights held in September 2018

<Participants> (as of September 2018)

- Experts

Dr. James Allan, Head of Consulting, Verisk Maplecroft

Ms. Tulika Bansal, Senior Advisor on Human Rights and Business, Danish Institute for Human Rights

- Fuji Oil Holdings

Mikio Sakai, Director and Senior Executive Officer, Chief Strategy Officer (CSO)

Tomoki Matsumoto, Director and Senior Executive Officer, Chief Financial Officer (CFO)

Hiroshi Shinano, Executive Officer, Business Development Division

- Moderators

Caux Round Table Japan

Hiroshi Ishida, Executive Director

Sayaho Noda, Director

Participation in external initiatives

We are participating in external initiatives to help resolve social issues in cooperation with stakeholders

[Major external initiatives]

- UN Global Compact
- The Consumer Goods Forum
- RSPO (Roundtable on Sustainable Palm Oil)
- Global Shea Alliance
- World Cocoa Foundation

WE SUPPORT



The Fuji Oil Group signed the United Nations Global Compact in January 2013. We aim to contribute to improving the sustainability not only of our Group but also of the entire society by practicing the 10 principles of human rights, labor standards, the environment, and anti-corruption.

The Fuji Oil Group has agreed to and signed the UN Global Compact.

Evaluation from society

In FY 2018, the Fuji Oil Group received the following evaluations for its CSR initiatives.

Evaluation from society (examples)

Environment	January 2019: CDP Forests Questionnaire "A" rating (a first for a Japanese company) January 2019: CDP Climate Change Questionnaire "B" rating
Overall ESG	January 2019: Fuji Oil Holdings' Sustainability Report 2018 selected as one of the "most-improved integrated reports" in a report published by the Government Pension Investment Fund (in Japan) February 2019: Received an Award for Excellence at the 21st Nikkei Annual Report Awards
Health Management	February 2019: Certified as an Excellent Enterprise of Health and Productivity Management 2019 in the large enterprise category (White 500), by Japan's Ministry of Economy, Trade and Industry (METI)

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Social Contribution Activities

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Basic approach

The Fuji Oil Management Philosophy principles state that we will engage in corporate activities rooted in our communities and actively contribute to society. As member of local communities, we are engaged in social contribution activities that are related to the regions where our business sites are located and to the nature of our businesses.

Food education project

Since FY 2014, the Fuji Oil Group has been conducting a nutrition education project in cooperation with the NPO After School. The objective is to convey to children, who will lead the next generation, the importance of food and the power of soybeans.

Employees selected from among applicants serve as teachers to conduct visiting classes at elementary schools.

In FY 2018, a total of 20 visiting classes were provided for approximately 600 elementary school students to teach them about the power of soybeans, which are good for the health and can save the world from food shortages. Each class comprises a soybean snack (soymilk pudding) cooking lesson, and a soybean workshop. Since FY 2014, a total of 2,200 children have participated in our food education project events.



Visiting class

<Messages from children who attended the class>

- Thank you very much for teaching us how amazing soybeans are today. The pudding was also delicious.
- Thank you for telling us about soybeans. Please teach us more about soybeans.
- I learned that soybeans are the most important thing on Earth, and I want to grow soybeans at home so that there is no food shortage on the Earth.
- I enjoyed making sweets for the first time. I will find out more about soybeans and try to appreciate food more. Thank you very much.

Providing chocolate for use in visiting classes for high school students, held under the "SDGs for School" Project

"SDGs for School" is a project conducted by the NGO Think the Earth to promote understanding of SDGs and to make them popular among junior high and high school students. The Fuji Oil Group provides two kinds of chocolate as teaching materials for this visiting class (one that uses palm oil and another that does not).

In FY 2018, approximately 3,900 students attended the class. They learned through chocolate that palm oil is widely used in many products in our daily lives and that it is important to consume sustainable palm oil.

<Message from a high school student who attended the class (excerpt)>

As a high school student today, I think I have more power than someone from any other generation to change the world. However, when I was growing up, I became fearful and I was unable to do anything specific, which felt very distressing. At that time, I got a specific idea of what I should do from my teacher through my classes. From now on, I would like to be able to do what I want with many other people. I was also interested in Think the Earth and Fuji Oil 's activities and corporate philosophies. The thought that such companies exists in the world fill me with a very happy feeling.

It is difficult to develop the economy while thinking about the environment and society. I think that Japan should give more thought to other countries and the future of the world, rather than making and buying lots of cheap products. Since I cannot find a clear answer about what Japan should do, I would like to find out what companies are doing.

Note: See the following website for details (Japanese only).

▶ <http://www.thinktheearth.net/sdgs/> 

Hannan Forest Project

Since March 2018, volunteer employees from Fuji Oil Co., Ltd. have participated in park development activities at Izumisano Kyuryo Ryokuchi in Osaka Prefecture. Local volunteers, the Osaka prefectural government, and companies collaborate in conducting forest development and bamboo grove management activities. Park creation activities are held on Saturday once a month.

Izumisano Kyuryo Ryokuchi is the only park directly managed by the Osaka prefectural government, and promotes efforts to create a park enjoyed by all, by not only making things such as facilities in the park (monozukuri), but also creating experiences and excitement (kotozukuri). Fuji Oil employees participate in various programs and activities such as thinning, and hand-making of walkways and stairs.



Izumisano Kyuryo Ryokuchi Park

The Fuji Foundation for Protein Research

In 1979, we inaugurated the Research Committee of Soy Protein Nutrition to support the promotion of academic studies on soybean protein. Based on its activities over 18 years, in 1997 we established the Fuji Foundation for Protein Research, operating under the jurisdiction of the former Ministry of Education, Science and Culture. In 2012, the Foundation transitioned to a public-interest foundation under the jurisdiction of the Cabinet Office, to take over and further expand the activities of its predecessor. Aiming to promote scientific research and the widespread use of soy protein, the Foundation has subsidized numerous research projects. The cumulative number of research projects that the Foundation, including its predecessors, has subsidized totals 1,100 over the past 40 years. The Foundation has also held public lectures as public-interest activities. In 2018, a lecture was held in Sapporo. In FY 2019, the Foundation plans to hold a lecture commemorating the 40th anniversary of the start of provision of research grants. The Foundation will continue to contribute to society through activities to disseminate research findings.



Public lecture held in Sapporo in FY 2018