

Resolving Social Issues for a Sustainable Society and the Growth of the Fuji Oil Group

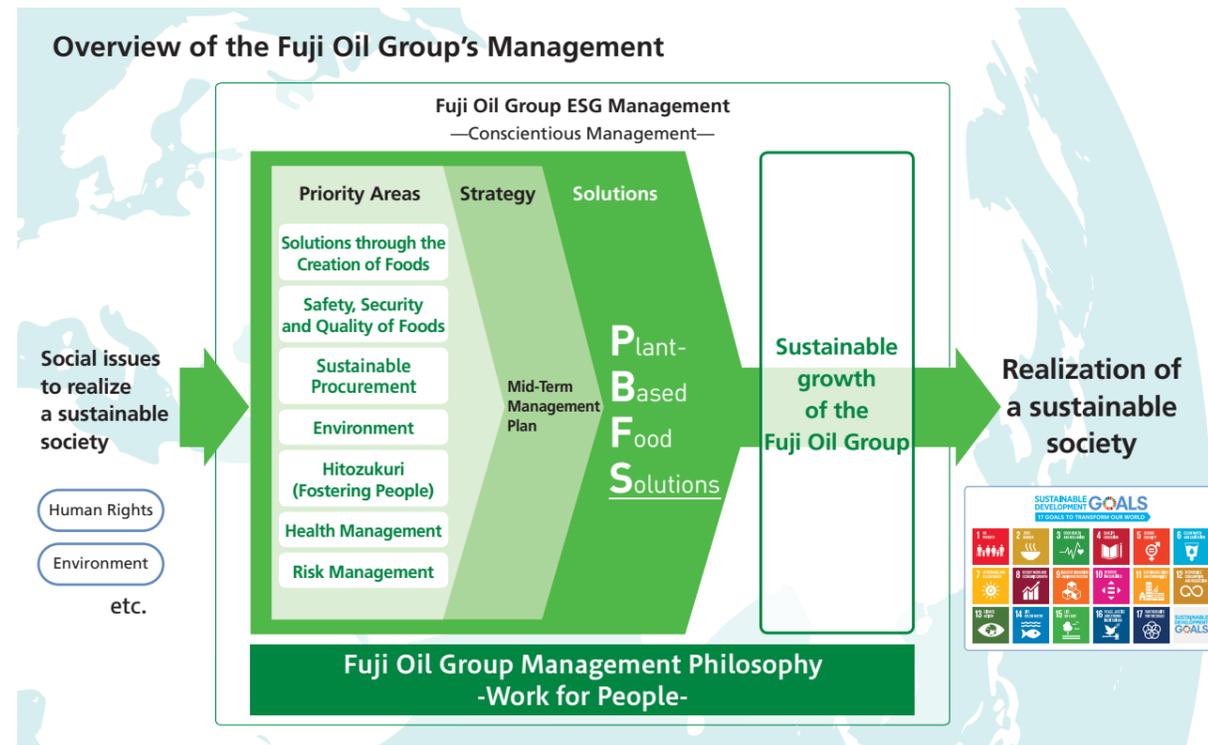
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Becoming a Leading Company in Resolving Social Issues

The Fuji Oil Group strives for the realization of a sustainable society by pursuing plant-based food solutions to the problems facing society. Through these efforts, we aim for sustainable

growth for the Fuji Oil Group and, as a member of society, to contribute to sustainability.



Leading Plant-Based Food Solutions

Since our founding, the highest priority for our business has been to contribute to society by providing ingredients made from plant-based foods such as palm oil and soybeans.

We believe that plants possess an infinite power for good. By harnessing that power, we will create food ingredients that are delicious to taste, improve people's wellbeing, and protect the planet. Through our plant-based solutions, we will stay ahead of our time, coming up with solutions that anticipate tomorrow's problems. We will help provide sustenance for growing populations, support aging societies, and meet global demands for better health.

Priority Areas and Mid-Term Management Plan

As seen with the permeation of the sustainable development goals (SDGs) outlined by the United Nations, we live in an age

facing numerous hurdles to achieving a sustainable society and demand for companies to contribute as corporate citizens is greater than ever.

To contribute to the realization of a sustainable society, the Group has designated priority areas (materiality) in which we will respond through our corporate activities. We classified fifteen CSR priority themes into seven priority areas. Activities related to these topics are overseen by the ESG Committee (see pages 16-19).

Through our current Mid-Term Management Plan "Towards a Further Leap 2020," which we have designated as a period for solidifying the platform that will enable us to leap forward toward "how we want to be," we are advancing business on a global level based on basic policies that focus on creating solutions for social issues (see pages 27-43).

Group Management Philosophy (Work for People)

The foundation of our ESG management is the Fuji Oil Group Management Philosophy (see page 15).

Embracing the belief that "work for people" is a value (The values that inform our actions), we unite as a Group towards

the pursuit of our mission and vision. We strive to contribute to a sustainable society by achieving sustainable growth for the Fuji Oil Group.

Building a Global Management Structure

In October 2015, the Fuji Oil Group shifted to a holding company system.

Based on a sense of crisis that we will not survive by simply continuing as we always have in an age when the business environment is undergoing drastic changes, we aim to promote

innovation to compete globally and achieve sustainable growth.

In addition to delegating authority to each of our regional headquarters, we will strengthen governance with the Fuji Oil Group Management Philosophy at its core to promote global management.

Purposes of the Holding Company Structure

Strengthen Group strategic functions	Focus on Group strategy, strengthen planning functions for management strategy including new business and M&A, and optimize the allocation of management resources within the Group to lead to the next stage of growth.
Demonstrate value creation capabilities corresponding to each region	Establish companies to oversee other Group companies within their regions and delegate authority to them for regional business direction, decision-making and other matters to accelerate management in each region.
Establish a global governance system	Clarify the roles and responsibilities of the holding company and each operating company and separate management supervision from execution in order to create a management system that is transparent and fair to stakeholders and to realize growth that will lead to the future.
Secure and train management personnel	Optimally allocate the management asset of our human resources throughout the entire Group by securing and training the next generation of managers who will be responsible for the growth of the Group.

The Fuji Oil Group



Group Management Philosophy

In shifting to a holding company system to promote global management, we established the Group Management Philosophy to be the keystone for all Group officers and employees to share our values, regardless of nationality or age, and for setting priorities for judgment and action as the basis of Group governance.

As we pass along the founding spirit of pioneering, unceasing innovation and the heritage of contributing to customers and self-development that have been handed down to us over nearly 70 years, this Management Philosophy clearly states our commitment to adhering to our Mission (Our reason for being), Vision, Values (The values that inform our actions) and our Principles as the foundation for the Group's sustainable growth by fulfilling its social responsibility in the coming era.

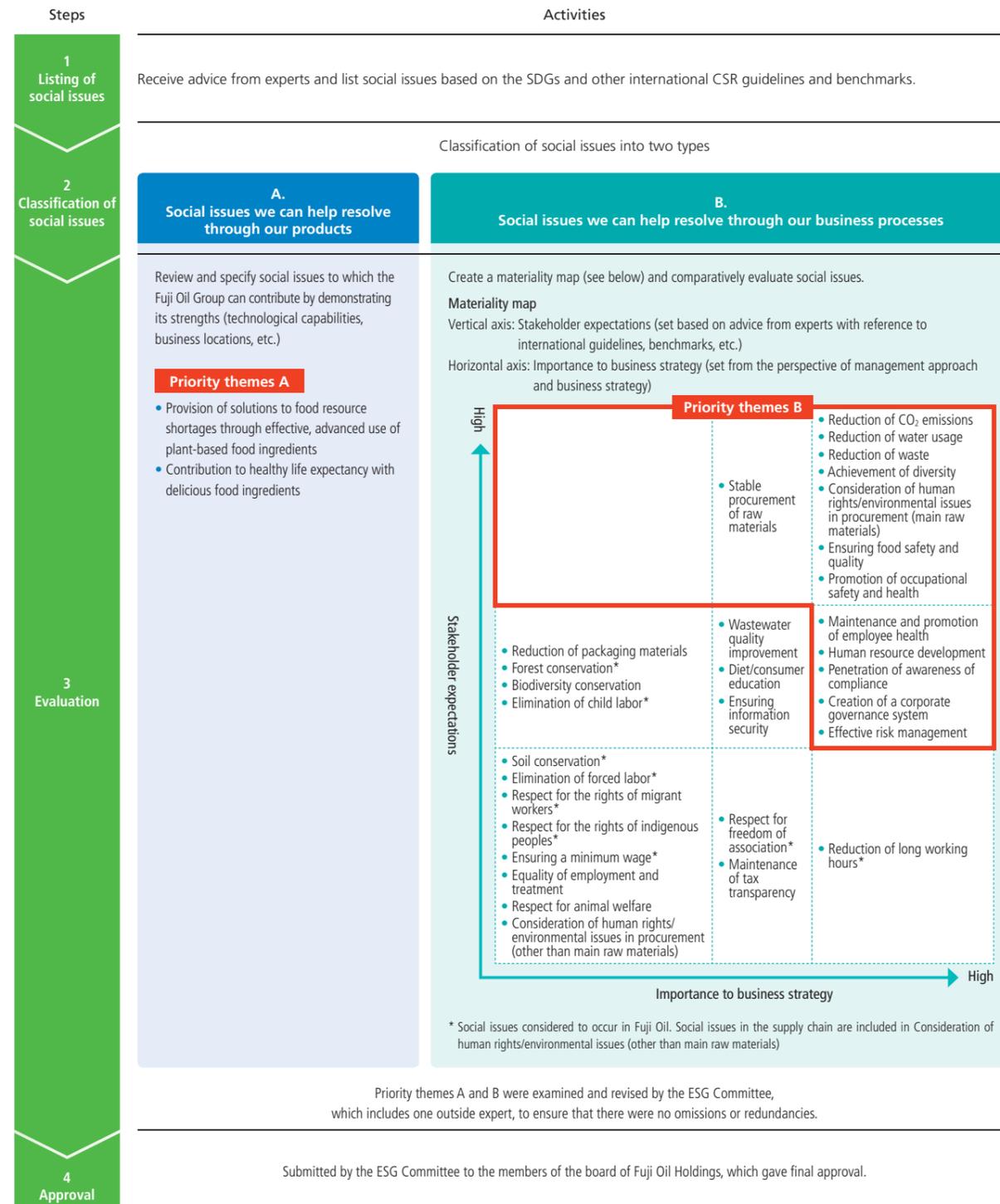


CSR Priority Themes for Contributing to Society through Our Business

To realize contributions to the sustainable development of society as well as its own sustainable growth and the creation of value for society through its business activities, the Fuji Oil Group has identified topics requiring particular effort as CSR priority themes.

Specification Process

In light of society's increasing expectations toward companies, we reviewed our CSR priority themes between December 2017 and March 2018.



Priority themes A and B were examined and revised by the ESG Committee, which includes one outside expert, to ensure that there were no omissions or redundancies.

15 Specified Priority Themes Classified into 7 Priority Areas

The CSR Priority Areas

Contribute to the health of the Earth and its people



For details on the Fuji Oil Group's CSR priority areas, see our Sustainability Report 2018. <https://www.fujioilholdings.com/en/csr/>

CSR Priority Themes

Priority Area	Priority Theme Selected Based on Expectations of Society	Targets for 2020	SDGs of Particular Focus for Achievement
(1) Solutions through the Creation of Foods	<ul style="list-style-type: none"> Provision of solutions to food resource shortages through effective, advanced use of plant-based food ingredients Contribution to healthy life expectancy with delicious food ingredients 	<ul style="list-style-type: none"> Based on the mid-term management plan, help to resolve the issue of food shortages using plant protein, which has a low environmental impact From the perspective of "Monozukuri" (creating products), develop products that offer deliciousness, which is a problem in popularizing plant protein sources From the perspective of "Kotozukuri" (creating movements), create ways to help consumers understand the significance of choosing plant protein sources Based on the mid-term management plan, contribute to extending healthy life expectancy by developing healthy oils and fats (stabilized DHA and EPA) and soy peptides for use in a wide range of foods and popularize them in consumers' diets 	
(2) Safety, Security and Quality of Foods	<ul style="list-style-type: none"> Ensure thorough food safety and quality 	<ul style="list-style-type: none"> Establish a quality assurance system for the entire Group Promote acquisition of FSSC 22000/ISO 22000 by all factories of Fuji Oil Co., Ltd. by the end of FY 2019 (March 2020) 	
(3) Sustainable Procurement	<ul style="list-style-type: none"> Consideration of human rights/environment in raw material procurement Stable procurement of raw materials 	<ul style="list-style-type: none"> Achieve no deforestation, no peatland development* and no exploitation in the Fuji Oil Group's palm oil supply chain 100% traceability to mills <p>* Land surface that fixes a large amount of carbon in the ground. Development on peat releases a large volume of greenhouse gas into the atmosphere.</p>	
(4) Environment	<ul style="list-style-type: none"> Reduction of CO₂ emissions Reduction of water usage Reduction of waste 	<ul style="list-style-type: none"> Achieve Fuji Oil Group Environmental Vision 2020 (See page 18) 	
(5) Hitozukuri (Fostering People)	<ul style="list-style-type: none"> Achievement of diversity Human resource development Penetration of awareness of compliance 	<ul style="list-style-type: none"> 20% ratio of women in managerial positions (Japan) and establishment of a workplace environment where the aging population and people with disabilities work with enthusiasm (Japan) Build foundation for global system for human resources, and conduct ongoing identification and training of human resources with the potential to be active globally and in each area Group-wide penetration of the Values and Principles of the Fuji Oil Group Management Philosophy 	
(6) Health Management	<ul style="list-style-type: none"> Promotion of occupational safety and health Maintain and improve the health of employees 	<ul style="list-style-type: none"> Maintain a record of zero serious labor accidents at all Group companies Improve health awareness among employees and actively conduct health promotion measures Establish a system to enable visualization of employee health condition Decrease the anomaly observation rate for lifestyle-related diseases and the number of employees with mental health issues Roll out measures to Group companies in and outside Japan 	
(7) Risk Management	<ul style="list-style-type: none"> Creation of a corporate governance system Effective risk management 	<ul style="list-style-type: none"> Each Group company should independently and autonomously go through the PDCA* cycle for risk management and each function of Fuji Oil Holdings should provide comprehensive support for optimal response to risks faced by each Group company, based on the holding company structure Main Group companies should complete formulation of business continuity plan (BCP) 	

*PDCA: Plan-Do-Check-Act

Focus

Environment Environmental Vision

Environmental Vision 2020

In FY 2010, the Fuji Oil Group set forth Fuji Group Environmental Vision 2020, which includes targets for reducing CO₂ emissions and the amounts of water usage and discharge by 20%, respectively, from base year levels by the year 2020, and has been conducting environmental protection activities.

See the "Environment" section of our Sustainability Report 2018 for details on the progress of Environmental Vision 2020.
<https://www.fujioilholdings.com/en/csr/environment/>

Fuji Oil Group Environmental Vision 2020

In Japan	
Global warming prevention	20% reduction in CO ₂ emissions by 2020 (compared to base year*)
Conservation of water resources	20% reduction in the amount of water usage/discharge by 2020 (compared to base year*)
Recycling of resources	Recycling rate of at least 99.8% by 2020
Active earth greenery and biodiversity conservation activities	
* Base year: Mean value of the period 2003-2005 (Tokyo Cap-and-Trade Program)	
Outside Japan	
Global warming prevention	20% reduction in CO ₂ emissions by 2020 (compared to base year*)
*Base year: 2006	

Formulation of New Environmental Vision 2030

The Fuji Oil Group will formulate a new Environmental Vision 2030 with a target year of 2030. It will set forth three items: (1) reduction of CO₂ emissions, (2) reduction of water usage, and (3) reduction of waste, and apply them in all Group companies. In FY 2017, we examined and formulated (1) reduction of CO₂ emissions.

Reduction of CO₂ Emissions

Since the Paris Agreement, efforts to prevent global warming and climate change have been gaining momentum. The Fuji Oil Group will also promote more aggressive measures to contribute to the prevention of global warming. The Group considered the formulation of

the new Environmental Vision 2030 in line with the approach of Science Based Targets (SBT), which aims to hold the increase in global average temperature to less than 2°C above the pre-industrial level. As a result, in Environmental Vision 2030 we set a CO₂ emissions target of a 24% reduction by 2030, compared to the base year of 2016. In June 2018, we sent a call to action commitment letter to SBT. Our aim is to acquire SBT certification within two years.

Reduction of Water Usage and Waste

In FY 2018 we will continue to follow Environmental Vision 2020. We are planning to ascertain the current status of all Group companies during FY 2018 and formulate new targets for Environmental Vision 2030.

Hitozukuri (Fostering People) Human Resource Development

Introduction of a Global Human Resources Framework

To continue to contribute to society, the Fuji Oil Group will draw up a framework for evaluating the implementation of the Group Management Philosophy, which contains the principles for action shared by its employees. We plan to apply the Management Philosophy to content tailored to the culture and customs of each

region or country while reflecting our core values.

Moreover, with the growing importance of utilizing and cultivating human resources throughout the entire Group, we intend to build a global personnel system for identification, selection, training and dispatch of executives and capable talent.

Through these activities, we aim to promote the diversity of the Group.

Harald's Human Resource Development Program (Brazil)

Harald Indústria e Comércio de Alimentos S.A. of Brazil, which joined the Fuji Oil Group in 2015, emphasized programs during FY 2017 to develop its human resources and promote their understanding of the Group's values. The aim of this training was not only to help participants achieve better results at work but also to build character. The president, executive officers, managers, and coordinators shared their expertise in human resources management to achieve better results in their respective organizations.

To understand and practice the values of the Fuji Oil Group, Harald set aside various weeks for raising awareness. All employees participated in an in-house awareness raising week on the environment and occupational safety and

health, taking action to prevent accidents both inside and outside the company. During product quality week, employees gained a deeper understanding of quality management certifications such as GMP, HACCP, and FSSC 22000 in order to improve product quality. The company also conducted technical and operational training to help employees use methodologies and analysis to quickly resolve problems in the course of their work.

These human resource development programs are helping Harald improve employee knowledge to promote new initiatives.



Harald employees

Sustainable Procurement Considering Human Rights and the Environment in Raw Material Procurement: Palm Oil

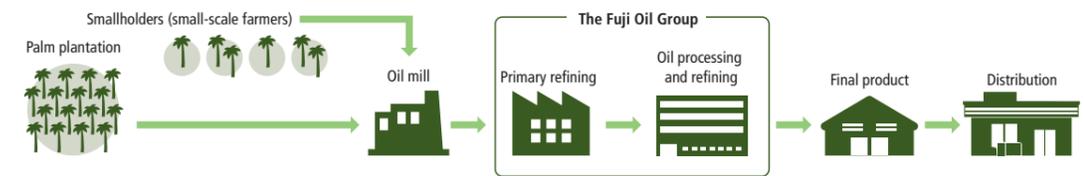
Palm Oil and the Fuji Oil Group

Palm oil is oil extracted from the fruit of the oil palm, which grows in tropical regions such as Southeast Asia. Palm oil is easier to process and cheaper than other vegetable oils. For this reason, palm oil is used in a wide range of applications from foods to chemical products. Production volume of palm oil is the world's largest among vegetable oil materials. However, as

the scale of the market continues to expand, there are concerns about environmental problems caused by plantation development and human rights issues such as child labor and forced labor in areas where palm oil plantations are located.

The Fuji Oil Group has pioneered a new food culture by continuously pursuing palm oil's potential as a key raw material. We consider aiming for sustainable procurement of palm oil to be our responsibility to society.

The Palm Oil Supply Chain and the Position of the Fuji Oil Group



Approach	Fuji Oil Group Management Philosophy • Safety, quality and the environment • Work for people								
	Fuji Oil Group Human Rights Policy Fuji Oil Group Basic Policy of Safety, Quality and Environment								
	Responsible Palm Oil Sourcing Policy NDPE (No Deforestation, No Peatland Development, No Exploitation)								
Main Initiatives	(1) Supply chain improvement			(2)	(3)	(4)	(5)	(6)	(7)
	1. Improve traceability*	2. Activities to improve the supply chain of Palmaju Edible Oil Sdn Bhd (Malaysia)	3. Engagement with suppliers	Membership in the Roundtable on Sustainable Palm Oil (RSPO)	Support for smallholders	Establishment of Unifuji (For details, see page 33.)	Establishment of a grievance mechanism	Research into breeding to improve productivity	Collaborative business with the industry

* The act of and framework for making apparent (i.e. traceable) the production history and distribution routes of food products to ensure their safety

Highlight

In October 2016, we started supply chain improvement activities at Group company Palmaju Edible Oil (Malaysia).

- ① Sharing Group's policies with Palmaju's suppliers (oil mills)
- ② Field inspection of the supply chain (plantation, etc.) of one supplier (oil mill)
- ③ • Support for improvement of issues at suppliers subject to inspection
• Provision of information to suppliers not subject to inspection (ongoing)

Progress

- As of December 31, 2017, returned passports to more than 200 migrant workers who work at raw material suppliers of Palmaju Edible Oil
- Held two seminars for suppliers (oil mills)

Highlight

In May 2018, we established and announced a grievance mechanism for processing complaints. It is a mechanism for addressing any problems raised with the Fuji Oil Group by stakeholders in accordance with our Responsible Palm Oil Sourcing Policy. For transparency in handling grievances, we have set up the Fuji Oil Group Grievance Mechanism web page on the Group website.