

Message from the ESG Representative

Greater sustainability as an engine for growth

We continue to live in an uncertain world, with geopolitical risks causing supply chain disruptions, rising resource prices and other concerns. Internationally there is accelerated discussion about climate change, biodiversity and human rights, which leads to stronger regulations and soft laws in countries and regions around the world. The movement toward a sustainable society is gaining momentum each year, and the way consumers look at corporations is changing accordingly.

The business activities of the Fuji Oil Group are supported by healthy ecosystems and their resulting natural resources, as well as our diverse stakeholders. Since our founding, we have sought to develop the potential of food ingredients in Japan and around the world with the aim of bringing happiness and well-being to people and the planet. In these uncertain times, how can we contribute toward achieving a sustainable society? Our Group intends to directly address the many different issues facing society and take an agile approach to meet the changing needs of our stakeholders. And with our sights on the future, we will co-create new value as an engine for growth, building a sustainable value chain for food that allows us to continue delivering ingredients that are healthy and delicious. In order to focus on this mission in the medium and long term, as of FY2023, the heads of each business division are now part of the Sustainability Committee to help create a management system that more strongly links sustainability with our business strategy.



Now I'd like to introduce our key initiatives from FY2022.

In the creation of sustainable food resources, we made progress in developing plant-based protein alternatives to meat, dairy and eggs. We have paid particular attention to achieving delicious flavor — one of the challenges in improving the popularity of plant-based foods — and have brought to market products like soy meat that delivers the same feeling of satisfaction as animal meat and chocolate that does not contain dairy. We have also expanded our e-commerce and began actively using social media to better reach consumers, helping promote diversity within the food scene by increasing the accessibility of plant-based foods.

In sustainable procurement, we have been working with suppliers, NPOs and customers on initiatives to achieve our 2030 targets. Significant advances have been made in traceability to plantations for materials such as palm oil and shea kernels, as well as progress made in applying the Labour Transformation Programme at palm oil suppliers. In cocoa procurement, Child Labour Monitoring and Remediation Systems are also being operated successfully, and have been introduced at all farms involved in direct procurement. We have also provided around 60,000 saplings, and will plant a total of one million trees by 2030. Self-assessment by soybean suppliers is complete, and improvement plans have been established based on the results.

As for our environmental initiatives, in March 2023 we established the Fuji Oil Group Policy on Biodiversity, a comprehensive set of principles for the conservation and restoration of biodiversity. To address climate change, we introduced internal carbon pricing in Japan on a trial basis and also began supplier engagement. Efforts across the Group to reduce use of water resources have born fruit, allowing us to achieve our 2030 target ahead of schedule. As part of our TCFD response, we have identified the timing, duration of impact and financial impact for each climate-related risk and opportunity, and improved our disclosure. These efforts have been recognized by the environmental non-profit CDP, which scored us with A ratings in water security and forests, and an A- in climate change.

We also strengthened our human rights risk management, establishing Human Rights Guidelines in March 2023 which detail specific actions for respecting human rights based on the Group Human Rights Policy. In human resources, we are practicing diversity, equity and inclusion (DE&I) appropriate for the specific challenges of each area, and are promoting improvements in our organizational culture. Recognizing the importance of securing and developing the superior talent that is the source of our value creation, in FY2023 we also added "securing and developing human resources" to our material ESG issues.

The mission of the Fuji Oil Group is to develop the potential of food ingredients and continue contributing to happiness and well-being. We are committed to finding solutions for the future challenges of sustainable food and ways to create new value, together with our stakeholders around the world.

A handwritten signature in black ink, appearing to read 'Takashi Kadota', with a stylized flourish underneath.

Takashi Kadota
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Chief Technology Officer (CTO) and ESG Representative
Fuji Oil Holdings Inc.