

Sustainable Procurement Management

Management information

Basic approach







The Fuji Oil Group has a vision to “contribute to the society by creating the future of delicious and healthy foods.” Building a responsible supply chain is essential for realizing this vision.

We view suppliers as key partners for addressing environmental and social issues in the supply chain. By promoting environmental conservation, respect for human rights, fair business practice, risk management and other initiatives in cooperation with our suppliers, we aim to achieve sustainable growth for all three of us: suppliers, the Group and society.

In April 2021, we published the Fuji Oil Group Supplier Code of Conduct as a high-level policy that precedes existing policies and guidelines that apply to specific companies and raw materials. Our goal in publishing this policy was to communicate to all suppliers a comprehensive approach to procurement that applies to the entire Group. For Group companies in Japan, we revised the CSR Procurement Guidelines formulated in 2012 and published the third edition in November 2021.

For specific raw materials, in 2016 and 2018 we published the Responsible Palm Oil Sourcing Policy and the Responsible Cocoa Beans Sourcing Policy, respectively. In 2020, we set medium- to long-term goals and KPIs for sustainable procurement of palm oil and cocoa beans. And in June 2021, we published the Responsible Soybeans and Soy Products Sourcing Policy and the Responsible Shea Kernels Sourcing Policy, and set medium- to long-term goals and KPIs for sustainable procurement of soybeans and shea kernels.

Group policies on sustainable procurement

	Policy name	Scope
Groupwide	 Supplier Code of Conduct (PDF, 2.3MB)	All suppliers of products and services to the Fuji Oil Group
Specific raw materials	 Responsible Palm Oil Sourcing Policy (PDF, 1.66MB)	All suppliers of palm oil, palm kernel oil, and palm-derived materials purchased, traded, processed, and sold by the Fuji Oil Group
	 Responsible Cocoa Beans Sourcing Policy (PDF, 79KB)	All suppliers of cocoa beans and cocoa products purchased, traded, processed, and sold by the Fuji Oil Group
	 Responsible Soybeans and Soy Products Sourcing Policy (PDF, 922KB)	All suppliers of whole soybeans and soybean protein products procured by the Fuji Oil Group
	 Responsible Shea Kernel Sourcing Policy (PDF, 945KB)	All suppliers of shea kernels procured by the Fuji Oil Group
Specific companies	 CSR Procurement Guidelines (3rd Edition) (PDF, 223KB)	Suppliers to Fuji Oil Co., Ltd.

Management system

The Chief Strategy Officer (CSO) oversees the sustainable procurement of our main raw materials — palm oil, cocoa and soybeans — and the strategic raw material, shea kernels. We established a system for sustainable procurement at the business divisions headed by the CSO, and carry out measures in line with the roadmap for each raw material.

The Sustainability Committee,^{*1} an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.^{*2}

*1 Follow the link below to learn more about the Sustainability Committee.

> https://www.fujioilholdings.com/en/sustainability/sustainability_management/

*2 Follow the link below to learn more about material ESG issues.

> <https://www.fujioilholdings.com/en/sustainability/materiality/>

Goals / Results

Commitments to sustainable procurement

We set medium- to long-term goals and KPIs for the sustainable procurement of palm oil and cocoa in June 2020 and of soybeans and shea kernels in June 2021.

Raw material	Social issues in the supply chain		Medium- to long-term goals	KPIs		FY2021 results	Solution-based approach
				2030	2025		
Palm oil	Global environment	Deforestation, peatland development	No Deforestation, No Peatland Development and No Exploitation (NDPE)	TTP ¹ : 100%	TTP: 85%	TTP: 85%	<ul style="list-style-type: none"> Trace supply chain to plantations Collaborate with NGOs and oil mills; improve supply chain (reduce environmental/human rights risks) by engaging direct suppliers Monitor deforestation by satellite images Implement LTP Participate in landscape initiatives Procure RSPO³-certified oil Operate a grievance mechanism
	Human rights	Forced labor; child labor; exploitation of indigenous peoples, local residents and workers		Implementation of Labour Transformation Programme (LTP) to all direct suppliers	Implementation of LTP to all suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia) ²	27% (of all suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia))	
Cocoa	Global environment	Deforestation, climate impacts on producing regions, biodiversity loss	Reforestation, elimination of child labor	One million trees planted ⁴	500,000 trees planted	100,000 trees planted	<ul style="list-style-type: none"> Restore forests by planting trees Promote the implementation of CLMRS Provide educational opportunities to children Implement community support programs (Ghana, Côte d' Ivoire)
	Human rights	Child labor, poverty among farming families		Elimination of child labor	No worst forms of child labor ⁵	<ul style="list-style-type: none"> Launched CLMRS⁶ at 100% of communities supplying cocoa beans directory to Blommer Chocolate Company (U.S.) Conducted GPS mapping at 87% of cocoa farms supplying cocoa beans directly to Blommer Chocolate Company (U.S.) 	
Soybeans	Global environment	Deforestation, biodiversity loss	No deforestation, no exploitation	Traceability achieved to the community level, or 100% procurement of RTRS ⁷ -certified products or products certified to equivalent standards	Traceability achieved to primary collection points, or 100% procurement of RTRS-certified products or products certified to equivalent standards	<ul style="list-style-type: none"> Set medium-term goals and KPIs Created a self-assessment tool for suppliers and began assessing conditions at each supplier Identified and sorted the different definitions of "community" for each supplier country 	<ul style="list-style-type: none"> Trace supply chain to primary collection points Gather information through RTRS membership
	Human rights	Exploitation of indigenous peoples, local residents and workers					
Shea kernels	Global environment	Loss of parkland	Forest conservation, support to women's empowerment	6,000 trees planted/year ⁸	6,000 trees planted/year	6,000 trees planted/year	<ul style="list-style-type: none"> Trace supply chain to cooperatives Conserve parkland where shea trees grow Reduce environmental impact by shifting energy sources Create direct employment opportunities
	Human rights	Poverty among farming families		Traceability to the village level: 75%	50%	30%	
				Direct procurement of shea kernels from Tebma-Kandu cooperatives: 50%	30% ⁹	2.5%	
				Percentage of shea kernels crushed and fractionated (separated) in Ghana: 100%	N/A	100%	
				N/A	Non-fossil fuel energy ¹⁰ used by Fuji Oil Ghana Ltd.: 100% (2023 target, base year: 2021 ¹¹)	93%	
N/A	Permanent, direct employees at Fuji Oil Ghana Ltd.: 50% increase (base year: 2017)	42% increase (base year: 2017)					

- *1 Traceability to plantation
- *2 An oils and fats manufacturer wholly owned by the Fuji Oil Group
- *3 Roundtable on Sustainable Palm Oil
- *4 We plan to plant a variety of shade tree saplings, totaling one million trees over a 10-year period from 2021 through 2030.
- *5 The International Labour Organization (ILO) Convention No. 182, known as the Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, prohibits hazardous work that may harm the health, safety, or morals of children. This includes the sale and trafficking of children, debt bondage, forced or compulsory labor, prostitution and pornography, illegal activities such as crime, and recruitment of children for use in armed conflict.
- *6 Child Labour Monitoring & Remediation System
- *7 Round Table on Responsible Soy Association
- *8 We plan to plant mainly shea tree saplings at a pace of 6,000 trees per year starting in 2021.
- *9 Our KPIs for years 2021, 2022 and 2023 are 10%, 15% and 20%, respectively.
- *10 We plan to use shea kernel meal, a byproduct of oil production, and other raw materials as non-fossil fuels.
- *11 Our current non-fossil fuel rate as of 2021 is 75%.

Specific initiatives

Sustainable procurement information by raw material

Follow the links below to learn more about the Fuji Oil Group's sustainable procurement initiatives for our main raw materials — palm oil, cocoa, and soybeans — and our strategic raw material, shea kernels.

Sustainable Procurement of Palm Oil

> https://www.fujioilholdings.com/en/sustainability/palm_oil/

Sustainable Procurement of Cocoa

> <https://www.fujioilholdings.com/en/sustainability/cocoa/>

Sustainable Procurement of Soybeans

> <https://www.fujioilholdings.com/en/sustainability/soy/>

Sustainable Procurement of Shea Kernels

> https://www.fujioilholdings.com/en/sustainability/shea_kernel/

Engagement with suppliers

Suppliers are Fuji Oil Group's key partners in creating a sustainable society as described by the Sustainable Development Goals (SDGs). Through co-creation with our suppliers, we aim for sustainable growth of all three parties: suppliers, the Group and the whole society. This approach is also stipulated in the Fuji Oil Group Supplier Code of Conduct formulated and published in April 2021. We ask our suppliers in all countries and regions where we do business to comply with the Code and follow other applicable procurement policies of the Group. At the end of June 2022, we have received the signature of about 64% of our suppliers. We expect to receive signatures from all suppliers during FY2022. Going forward, the Group will continue to walk in step with suppliers who have agreed to work with us toward realizing a sustainable society. For suppliers who have not yet submitted, we will keep reaching out to get their alignment.

Cooperation with suppliers in Japan

In FY2021, we revised and published the third edition of the CSR Procurement Guidelines under the high-level policy of the Fuji Oil Group Supplier Code of Conduct, with the aim of making more concrete requests to suppliers to Group companies in Japan. The main points of revision are on items to deepen engagement with suppliers and to encourage action from suppliers themselves that are not only for the safety of procured raw materials but are also in line with ESG approach. To promote constant and active dialogues with suppliers through these guidelines, we conduct supplier questionnaires in order to ensure that the products and services procured by the Group are sourced in a way that takes compliance, human rights and the environment into consideration, and has clear lines of responsibilities.

Moreover, in FY2021, we focused on efficient logistics initiatives that address the shortage of drivers at various companies, which is one of the major issues in procurement logistics. In particular, we moved toward pallet delivery, which reduces the burden of unloading. After assessing conditions of the unloading work performed by drivers during delivery, we consulted with suppliers and made suggestions, such as the use of rentals if using their company pallets is difficult. This led to shorter cargo handling time and lower burden on drivers.

Related documents

ESG Data Book (PDF 2.76MB) 