

Sustainable Procurement Management

Management information

Basic approach

The Fuji Oil Group's vision is to co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy, together with our stakeholders. A responsible supply chain is essential to achieve this vision. We foster relationships of trust with suppliers to address environmental and social issues in the supply chain, and engage in environmental conservation, respect for human rights, fair business practice, risk management and other initiatives with the aim of achieving sustainable growth for all three parties: suppliers, the Group and society. In 2022 we resumed direct engagement activities in Malaysia and Indonesia, where palm oil is produced.

Group sustainable procurement began with our CSR Procurement Guidelines that were first formulated in 2012 and then revised in 2016 and 2021. Through this, we defined policies on the creation of food, consideration of human rights and the environment, human resource development, contribution to society and compliance. We then set KPIs and goals for sustainable raw material procurement with the Responsible Palm Oil Sourcing Policy in 2016, and the Responsible Cocoa Beans Sourcing Policy in 2018. As the global movements championing respect for human rights and action against climate change grew, we responded by enacting the Supplier Code of Conduct in 2021 to work out positions and policies for collaboration with all suppliers upon their agreement with Group sustainable procurement. We have also set further KPIs and goals in our Responsible Soybeans and Soy Products Sourcing Policy and Responsible Shea Kernels Sourcing Policy, and are always striving to achieve all KPIs and goals in line with our policies.

Group policies on sustainable procurement

	Policy name	Scope	Year enacted
Groupwide	 Supplier Code of Conduct (PDF, 2.3MB)	All suppliers of products and services to the Group	2021
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 Group	2016
	 Responsible Cocoa Beans Sourcing Policy (PDF, 79KB)	All suppliers of cocoa beans and cocoa products purchased, traded, processed, and sold by the Group	2018
	 Responsible Soybeans and Soy Products Sourcing Policy (PDF, 922KB)	All suppliers of whole soybeans and soybean protein products procured by the Group	2021
	 Responsible Shea Kernel Sourcing Policy (PDF, 945KB)	All suppliers of shea kernels procured by the Group	2021
Specific companies	 CSR Procurement Guidelines (3rd Edition) (PDF, 223KB)	Suppliers to Fuji Oil Co., Ltd.	First published in 2012

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

*2 <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		FY2022 results	Solution-based approach
				2030	2025		
Palm oil	Global environment	Deforestation, peatland development, biodiversity loss	No Deforestation, No Peatland Development and No Exploitation (NDPE)	TTP ¹ : 100%	TTP: 85%	TTP: 93%	<ul style="list-style-type: none"> Trace supply chain to plantations Improve supply chain (reduce environmental/human rights risks) by collaborating with NGOs and oil mills, and engaging direct suppliers Monitor deforestation by satellite images Implement Labour Transformation Programme (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 LTP to all direct suppliers	Implementation of LTP to all suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia) ²	61% (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	60,000 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	CLMRS ⁶ operational in 100% of farmer groups from which the Fuji Oil Group directly procures cocoa beans 89% of farm plots mapped within direct supply chain (Côte d'Ivoire, Ghana, Ecuador)	
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	Completed supplier self-assessments and developed improvement plans according to the results	<ul style="list-style-type: none"> Engage with suppliers by giving feedback about self-assessment results Promote direct dialogue with suppliers in areas with issues to understand traceability
	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	6,107 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
				Traceability to the regional level: 75%	50%	93.3%	
				Direct procurement of shea kernels from Tebma-Kandu cooperatives: 50%	30% ⁹	3.4%	
	Human rights	Poverty among farming families		Percentage of shea kernels crushed and fractionated (separated) in West Africa: 100%	100%	100%	
				N/A	Non-fossil fuel energy ¹⁰ used by Fuji Oil Ghana Ltd. (for steam generation): 100% (2023 target ¹¹)	100%	
				N/A	Permanent, direct employees at Fuji Oil Ghana Ltd.: 50% increase (base year: 2017)	60% increase (base year: 2017)	

*1 Traceability to plantation

*2 An oils and fats manufacturer wholly owned by the Fuji Oil Holdings Inc.

*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%, 10% and 15%, respectively.

*10 We 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 January 2023, we have received the signature of 71% of our suppliers. Going forward, the Group will continue to walk in step with suppliers who have agreed to work with us toward realizing a sustainable society. On the other hand, we will keep reaching out to suppliers who have not yet submitted their alignment.

Cooperation with suppliers in Japan

In FY2022, Fuji Oil Co., Ltd. conducted a survey among Japanese suppliers that do business with the Raw Materials Department of our Purchasing Division. The survey was based on the third edition of the CSR Procurement Guidelines (revised in November 2021), and assessed whether the products and services procured by the Group are produced in a way that considers compliance, human rights and the environment, and if there is a clear line of responsibility. There was a 96% response rate, with high ratings given to consideration of human rights and occupational health and safety, as well as corporate ethics and compliance. On the other hand, there were comparatively low ratings given to risk management and environmental considerations. As 38% of suppliers have not established their own procurement policy, we realized that knowledge and understanding of such policies is a challenge. We are currently discussing improvement plans on an individual basis, bearing in mind that each company is different in terms of size, type and affiliation. Moving forward, we will continue evaluating suppliers from a sustainability perspective. To address the shortage of

drivers in Japan, since FY2021 we have shifted towards pallet delivery, which reduces the burden of unloading. We have also been looking into using films and inks with low environmental impact. After all tests are complete, we plan to introduce packaging that uses this film.

Related documents

ESG Data Book (PDF 4.57MB) 