

Management information

Relevance to our business

Soybeans are cultivated in a wide range of regions, from cool temperate zones to the tropics, and are one of the most widely used raw materials for food products in the world. Soy meat, soymilk and other products made from soybeans have recently been attracting attention as a food that can address our global food issues with the continuing growth of the world population. They are also increasingly important as a food associated with the growing interest in health globally.

With the conviction that soybeans will someday alleviate the global food crisis, the Fuji Oil Group has been at the forefront of companies pursuing the potential of soybeans as a food ingredient since 1957, growing our soy-based ingredients business with soy meat as a typical ingredient. In this business, we procure whole soybeans and soybean-derived raw materials, such as defatted soybeans and soy protein made from defatted soybeans. We also procure and use soybean oil at several percent of the total weight of ingredients in our vegetable oils and fats business.

On the other hand, we are aware of social and environmental problems occurring in some soybean producing regions, such as the infringement of human rights of indigenous people and local communities, destruction of forests and ecosystems, and soil contamination of farmlands due to pesticides.

Soy-based ingredients procured by Fuji Oil Group and related products

Ingredients		Related Products	Major Sources
Whole soybeans	Soy in its whole bean form	Soy protein foods Products using the USS manufacturing method	North America, Canada, China, Japan
Defatted soybeans	Made from whole soybeans with oil extracted and residues removed	Raw materials for soy protein ingredients	
Soy protein	Protein ingredient extracted from defatted soybeans	Food products made with soy protein ingredients	
Soybean oil	Oil extracted from whole soybeans	Soy protein foods Oil and fat products	

Basic approach

In June 2021, the Fuji Oil Group formulated the Responsible Soybeans and Soy Products Sourcing Policy in order to meet the expectations of our customers amid the growing needs for soy products, while addressing the issues at soy production areas. After establishing the policy, we set medium- to long-term goals and KPIs to achieve sustainable procurement of soybeans.

The Group will procure soybeans and soy products produced in a responsible manner from suppliers that take the environment and human rights into account, and strive to identify problems and provide solutions across the supply chain through continuous engagement with our suppliers of soybeans and soy protein raw materials.

➤ [Responsible Soybeans and Soy Products Sourcing Policy \(PDF, 922KB\)](#) 

Management system

The Chief Strategy Officer (CSO) oversees initiatives in this area.

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

○ At least 90% complete △ At least 60% complete ✕ Less than 60% complete

Medium- to long-term goals	KPI		FY2021 Goals	FY2021 Results	Self-assessment
	2030	2025			
No deforestation, no exploitation	Traceability achieved to the community level, or 100% procurement of RTRS*-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	Set traceability goals and KPIs	<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 	○
		N/A	Finalize the definition of "community" in our 2030 goals	Identified and sorted the different definitions of "community" for each supplier country	○

* Round Table on Responsible Soy Association

Analysis

The Fuji Oil Group formulated our sourcing policy and set medium- to long-term goals and KPIs for palm oil in 2016. With the growing concerns for the environmental and human rights issues arising from soybeans, we expanded the scope to include soybeans and soy protein raw materials. In May 2020 we joined RTRS, a non-profit organization promoting responsible production, trade and use of soybeans, and relied on the expertise of various stakeholders involved in soybeans to formulate the Responsible Soybeans and Soy Products Sourcing Policy in June 2021. In FY2021, we created a self-assessment tool for suppliers and have begun assessing the status of each supplier, although investigations are still ongoing. Going forward, we will continue to improve traceability to achieve our goals to identify the problems and find solutions to each problem at our production sites.

Next step

Our sustainable procurement of soybeans mainly involves soybeans and soy protein raw materials sourced from North America and China.* Improving traceability is the key to understanding the problems in each producing region. To address this issue, we set the following goals for FY2022.

- Carry out initiatives to achieve traceability goals set as KPIs
- Formulate plans to improve traceability focusing on conducting supplier self-assessment and better supplier engagement

Specific initiatives

Solution-based approaches to implementing the Responsible Soybeans and Soy Product Sourcing Policy

Social issue	Solution-based approach	Location/scope
Global environment	Trace supply chain to primary collection points	U.S., Canada, China
Global environment and human rights	Gather information through RTRS membership	U.S., Canada, China

Tracing across the supply chain to primary collection points

While we currently oversee 100% of our distribution record in the Japanese market, we recognize the gap between the practices of our suppliers and the Responsible Soybeans and Soy Products Sourcing Policy.

We also have an issue with ensuring traceability to primary collection points, where soybeans are transported and collected from a large number of commercial farms, in North America, China and other markets outside Japan.

Our performance varies for each region, but we will continue to assess the risks involved in procurement in more detail and improve traceability. From 2025, we plan to conduct more extensive tracing further upstream to the communities.

Gathering information through RTRS

In 2020, the Fuji Oil Group joined the global platform RTRS and gathered information to formulate our sourcing policy with the support of RTRS. For our next step, we are making action plans for each region including North America and China.

Procurement of non-genetically modified soybeans

The Fuji Oil Group's soy-based ingredients business procures only the soybean raw materials from North America, China, and Japan, all of which are non-genetically modified (non-GM) soybeans. In North America, both GM soybeans* and non-GM soybeans are distributed in large quantities. Therefore, we place strict controls on soybeans produced in North America to ensure that non-GM soybeans shipped to us are cultivated, transported and stored separately from GM soybeans.

In China, which is a major source of soybeans for us, the cultivation of GM soybeans is prohibited. In recent years, however, GM soybeans have been imported to China as raw materials for oil extraction. Therefore, it becomes increasingly important to manage non-GM soybeans through strict separation from GM soybeans. Regarding the procurement of soybeans from China, we continue to respond to strict management requirements through close cooperation among our Group companies while adopting management know-how from Fuji Oil Co., Ltd.

* Genetically modified (GM) soybeans: Soybeans that have been engineered through gene recombination to produce a more stable yield by adding functions such as herbicide resistance