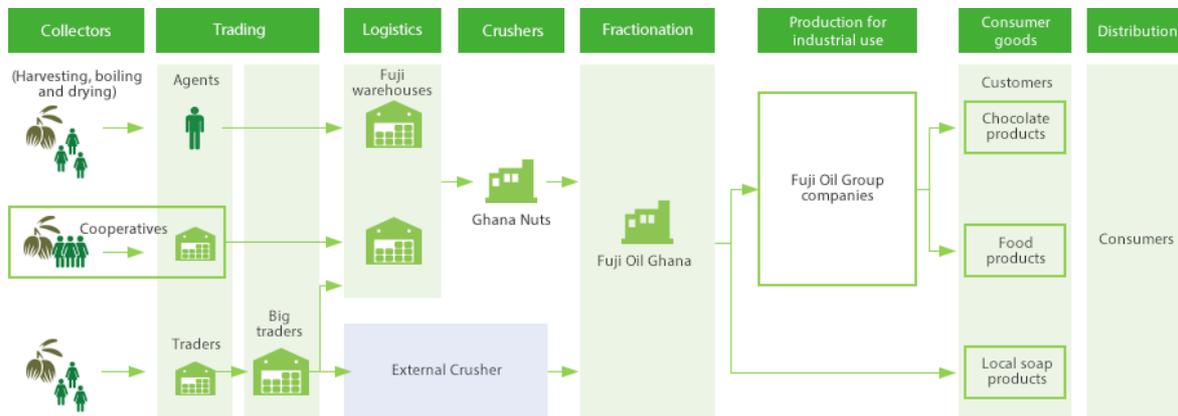


Management information

Relevance to our business

In the Fuji Oil Group’s vegetable oils and fats business, the shea butter extracted from shea kernels* is an important raw material widely used as a cocoa butter equivalent (CBE) in the confectionery industry. It is also used as an alternative for palm oil. Shea trees grow naturally in the shea belt located in sub-Saharan West Africa and bear fruit once a year between May and June. Traditionally, women are involved from the harvesting to the processing of shea kernels, many of whom are members of cooperatives. The harvested shea kernels are heat-treated by women’s cooperatives in rural areas and then processed into edible shea butter at oil mills.

* Shea kernel: An embryo in the seed (shea nut) taken from the fruit of the shea tree. Main production areas are Nigeria, Mali, Burkina Faso, Côte d'Ivoire and Ghana.



Basic approach

In June 2021, the Fuji Oil Group formulated the Responsible Shea Kernels Sourcing Policy in order to facilitate sustainable development of this supply chain. After establishing the policy, we set medium- to long-term goals and KPIs.

The Group is working toward a sustainable future by fulfilling the following three commitments set forth in the policy.

- Conserve parkland where shea trees grow: Plant 6,000 shea tree saplings every year in the region
- Encourage rural development and environmental awareness: Empower the women involved in the shea kernel industry and improve production capacity of their cooperatives
- Local value creation: Create employment, including training on operational skills, quality and safety, and create high value-added products in the communities

> [Responsible Shea Kernel Sourcing Policy \(PDF, 945KB\)](#)

Management system

The Chief Strategy Officer (CSO) oversees initiatives in this area while Fuji Oil Ghana Ltd. carries out the sustainable procurement of shea kernels in collaboration with the relevant divisions at Fuji Oil Holdings Inc.

In March 2021, the Group launched the Shea Sustainability Program Tebma-Kandu* with 23 women’s cooperatives in North Ghana, as part of our initiatives to fulfill our three commitments.

* Follow the link below to learn more about the Temba-Kandu program.

> https://www.fujioilholdings.com/en/news/2021/_icsFiles/afiedfile/2021/03/11/20210311_news_e_Tebma-Kando.pdf

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	2023			
Forest conservation, support to women's empowerment	6,000 trees planted/year	6,000 trees planted/year	6,000 trees planted/year	6,000 trees planted/year	6,000 trees planted	○
	Traceability to the village level, including procurement from Tebma-Kandu cooperatives: 75%	50%	30%	30%	30%	○
	Direct procurement of shea kernels from Tebma-Kandu cooperatives: 50%	30%	20%	10%	2.5%	✕
	Percentage of shea kernels crushed and fractionated (separated) in Ghana: 100%	100%	100%	100%	100%	○
	Non-fossil fuel energy* used by Fuji Oil Ghana Ltd. (for steam generation): 100%	100%	95%	75%	93%	○
		Permanent, direct employees at Fuji Oil Ghana Ltd.: 50% increase (base year: 2017)			42% increase (base year: 2017)	○

* We use shea kernel meal, a byproduct of oil production, and other raw materials as non-fossil fuels.

Analysis

In FY2021, we began the sustainable procurement of shea kernels with a particular focus on launching and running the Tebma-Kandu program. Feedback from the cooperatives was positive, and as a result of working in partnership with the women in farming families under proper local guidance, we were able to achieve our goals for the most part. On the other hand, direct procurement from Tebma-Kandu cooperatives was 2.5%, which was far from our target of 10%. To advance the program, frequent and effective communication is crucial. We need to overcome the challenges posed by the language barrier and physical distance.

Next Step

We will put an all-out effort to advance the Tebma-Kandu program, in order to create positive changes and build a sustainable shea kernel supply chain. Specifically, we plan to expand our initiatives by increasing the number of partnering cooperatives, while communicating more closely with the cooperatives. We also set the following goals for FY2022.

- Plant 6,000 trees/year
- Traceability to the village level: 35% by the end of FY2022
- Direct procurement of shea kernels from Tebma-Kandu cooperatives: 10% by the end of FY2022

Specific initiatives

Solution-based approaches to implementing the Responsible Shea Kernel Sourcing Policy

Social issue	Solution-based approach	Location/scope
Global environment	Conserve parkland where shea trees grow	Ghana
	Reduce environmental impact by shifting to non-fossil fuel energy in Fuji Oil Ghana Ltd.	Ghana
Human rights	Create value in local communities	Ghana

Conserving parkland where shea trees grow

Shea and other trees have been cut down locally for firewood. Parkland has been cleared for cultivation, posing a serious threat to the ecosystem. Since 2021, we have been planting 6,000 shea tree saplings each year to help conserve parkland where shea trees grow. Through the Tebma-Kandu program, we also work with local NGOs to provide training to farmers on proper tree management to curb excessive logging.

Reducing environmental impact by shifting energy sources

Fuji Oil Ghana Ltd. is shifting its production energy use from mineral oils to non-fossil fuels, such as by converting a portion of shea kernel meal and other byproducts of the shea butter production process into fuel, in order to reduce CO₂ emissions and waste during shea kernel processing. Using fuel from byproducts also reduces the use of firewood, leading to less deforestation and water savings.

Creating value in local communities

Fuji Oil Ghana Ltd. continues to process and produce shea kernels and shea butter in West Africa, and to engage in the training of local employees on operations, quality control and safety, in order to create value and employment in local communities.

Under the Tebma-Kandu program, the company has signed memorandums of understanding (MOUs) with 23 women's cooperatives, sponsors warehouses to procure specific volumes of shea kernels at a given quality from the cooperatives, and provides pre-financing without any special conditions or restrictions before the start of the harvest season. The sponsorship includes local capacity building and reforestation projects. This initiative has benefited about 13,000 women in farms in Northern Ghana by empowering them and helping improve the productivity of the cooperatives covered by the program. From 2022 onward, we will continue to invite women's cooperatives to join the Tebma-Kandu program.

Collaboration with external organizations

Fuji Oil Ghana Ltd. joined the Global Shea Alliance (GSA)* in 2013 and the Shea Network Ghana in 2015. The activities of these organizations are:

- Providing warehouses to store shea kernels after harvesting
- Business training for women
- Occupational health and safety initiatives
- Development of equipment for tree planting
- Training on the management of green areas
- Pilot projects for green conservation

* Follow the link below to learn more about the Global Shea Alliance (GSA).

> <https://globalshea.com/>