


## Management information

### Relevance to our business

Global issues such as global warming and climate change are intensifying, seriously impacting people's lives and business activities. As a food ingredient manufacturer, the Fuji Oil Group uses energy and emits CO<sub>2</sub> in all value chain processes, including our factory operations as well as the procurement and transportation of raw materials.

### Basic approach

As a corporate citizen, the Fuji Oil Group seeks not only to create economic value but also to be mindful of the global environment at every stage in our value chain. The Paris Agreement, an international framework that aims to “[hold] the increase in global average temperature to well below 2°C above pre-industrial levels and [pursue] efforts to limit the temperature increase to 1.5°C above pre-industrial levels,” requires countries to set targets for reducing greenhouse gas emissions and to “achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century.” Against this backdrop and based on our Basic Policy of Environmental Integrity, the Fuji Oil Group has committed to CO<sub>2</sub> emissions reduction across the Group with the announcement of Environmental Vision 2030.\*<sup>1</sup> By 2030, we aim to reduce Scope 1 and 2 emissions by 40% and Scope 3 (Category 1) emissions by 18% compared to the base year of 2016. These targets were approved by the Science Based Targets initiative (SBTi) in May 2020.\*<sup>2</sup> We aim to advance CO<sub>2</sub> emissions reduction and achieve these targets through continued efforts to conserve energy, install energy-efficient equipment, and use renewable energy at production sites.

> [Fuji Oil Group Basic Policy of Safety, Quality and Environment \(PDF, 331KB\)](#) 

\*1 Follow the link below to learn more about Environmental Vision 2030.

> [https://www.fujioilholdings.com/en/sustainability/environmental\\_management/](https://www.fujioilholdings.com/en/sustainability/environmental_management/)

\*2 Organizations set science-based targets to reduce their greenhouse gas emissions over a 5 to 15 year horizon. Targets are considered “science-based” if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement.

### Management system

CO<sub>2</sub> emissions reduction efforts were overseen by the Chief “ESG” Officer (C“ESG”O) in FY2021. Since FY2022, that role has been transferred to the ESG Representative. The Sustainability Committee,\*<sup>1</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.\*<sup>2</sup>

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

> [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](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

2030 targets* <sup>1</sup>	FY2021 results* <sup>1</sup>	Progress
Scopes 1* <sup>2</sup> & 2* <sup>3</sup> : 40% reduction in total CO <sub>2</sub> emissions (All Group companies)	21% reduction	52%
Scope 3* <sup>4</sup> (Category 1* <sup>5</sup> ): 18% reduction in total CO <sub>2</sub> emissions (All Group companies* <sup>6</sup> )	0.1% increase	0%

\*1 Base year: 2016

\*2 Scope 1: Direct emissions of greenhouse gases from our own operations

\*3 Scope 2: Indirect emissions of greenhouse gases from the use of electricity, heat and steam supplied by third parties

\*4 Scope 3: Emissions from the activities of non-Group companies in our value chain (Categories 1-15)

\*5 Category 1: Raw materials

\*6 Excluding Industrial Food Services (Australia)

FY2021 Goals	FY2021 Results	Self-assessment
Make sure all employees are familiar with Environmental Vision 2030	<ul style="list-style-type: none"> <li>Promoted understanding by explaining Environmental Vision 2030 to Group companies (held online)</li> <li>Provided feedback to Group companies regarding the aggregation and analysis of Group environmental data and shared best practices between companies</li> </ul>	○
Take CO <sub>2</sub> emissions reduction efforts to the next level through environmental audits	Conducted environmental audits at four companies. Raised awareness and overall Group performance through verification, evaluation and encouraging improvements	○
Support Group companies in putting together a CO <sub>2</sub> emissions reduction strategy (e.g., introduce data collection systems that make it easier for managers to check their CO <sub>2</sub> data quickly and easily; share best practices, such as solar installation projects, between Group companies)	Enabled timely collection of environmental data by installing data collection systems	○
Start a questionnaire survey of suppliers (supplier engagement) as a Scope 3 (Category 1) emissions reduction initiative	Created a survey form that assesses suppliers' progress in reducing their CO <sub>2</sub> emissions. began the process of engaging several suppliers to our production sites in Europe	○

## Analysis

### Status of progress on 2030 targets

Scope 1 and 2 emissions in FY2021 were 21% lower than baseline, an additional improvement of two points from the previous year's 19% reduction. This represents a 52% achievement rate relative to our target (40% reduction). This decline in CO<sub>2</sub> emissions was despite an increase in production levels resulting from initial signs of improvement in the COVID-19 pandemic. Contributing factors in Japan included year-round reductions from solar photovoltaic and cogeneration systems installed in FY2020, along with changes made to production processes. Contributing factors outside Japan included, among others, year-round reductions from facilities maintenance and behavior changes as well as a solar photovoltaic generation system was installed in FY2020 at Woodlands Sunny Foods Pte. Ltd. in Singapore.

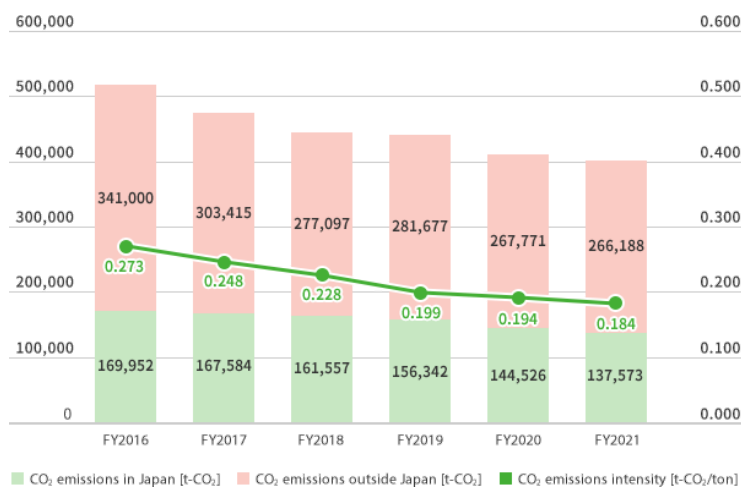
Scope 3 emissions in FY2021 were 0.1% higher than baseline, an improvement of 5.9 points from the previous year's 6% increase. This represents a 0% achievement rate relative to our 18% reduction target.

### Actions taken for FY2021 targets

We carried out initiatives in FY2021 to achieve Environmental Vision 2030. Through online environmental audits, we explained the Vision and shared our approach to energy efficiency and conservation with Group companies. We also explored the adoption of an internal carbon pricing system to drive further emissions reductions. Based on carbon pricing and emissions trading systems (ETS) around the world, we set the internal carbon price at 10,000 yen per metric ton of CO<sub>2</sub> at Fuji Oil Co., Ltd. as a pilot starting in FY2022 (initially to serve as a reference for investment decision-making). From this result, we will discuss the optimum pricing and other factors before a full-scale introduction.

We also collected and analyzed data using the online environmental data collection systems introduced in FY2021. We plan to use the insights from this timely analysis to pursue further reductions going forward. We also began the process of engaging with several suppliers on Scope 3 (Category 1) CO<sub>2</sub> emissions reduction.

### Total annual CO<sub>2</sub> emissions (Scopes 1 & 2) and CO<sub>2</sub> emissions intensity



## Next step

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- Start collecting environmental data in a timely manner using environmental data collection systems
- Embed Environmental Vision 2030 (employee relations (ER))
- Promote reduction efforts and pursue innovations
- Determine method of supplier engagement for reducing Scope 3 (Category 1) emissions and start engaging several suppliers

## Specific initiatives

### Energy management in Japan

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Our action targets for Japan are to reduce energy intensity by 1% each year from the previous year (to comply with Japan's Energy Conservation Act<sup>\*1</sup>) and to achieve the CO<sub>2</sub> emissions reduction targets of Environmental Vision 2030. We carried out various initiatives in FY2021 in pursuit of these targets.

For example, the Energy Management Representative Committee, whose members hold responsibility for advancing energy management activities at Fuji Oil Co., Ltd. and Group companies in Japan, met in November 2021 to share environmental information. Through the publication of a monthly environment and energy newsletter launched in the same year, the committee also broadcasted information on energy management credentials and topics happening inside and outside the Group, using the internal messaging board and cafeteria monitors as channels. As a result, five employees acquired certification as a Qualified Person for Energy Management<sup>\*2</sup> and two acquired certification as a professional energy auditor,<sup>\*3</sup> raising awareness of energy management within the Group.

We also revised our energy management rules in the context of the Energy Conservation Act based on third-party guidance to achieve higher energy efficiency in electric motor and steam systems, for example.

\*1 Also called the Act on the Rational Use of Energy

\*2 A national certification in Japan

\*3 A credential administered by the Energy Conservation Center, Japan (ECCJ)

### Enhancing the energy efficiency of production equipment

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Below are examples of the initiatives that we implemented in FY2021 to enhance energy efficiency.

- The Hannan Business Operations Complex at Fuji Oil Co., Ltd., working with members of the Energy Management Committee launched in 2020, conducted a steam loss inspection and identified areas for improvement at each plant in order to raise steam efficiency across the complex. The complex will implement these improvements from FY2022 to drive reductions in CO<sub>2</sub> emissions.
- The Hannan Business Operations Complex introduced electric vehicles as fleet vehicles for the first time.
- The Chiba Plant at Fuji Oil Co., Ltd. saved energy by increasing the operation rate of its solar photovoltaic system. It also installed waste heat recovery systems to save energy.
- Fuji Oil (Thailand) Co., Ltd. conducted a steam loss inspection and made improvements. It also changed its main air compressor to one that can be operated with an inverter.
- Fuji Oil (Zhaoqing) Co., Ltd. (China) changed the motor used in the aeration blower of its wastewater treatment plant to inverter control.



Electric vehicles introduced as fleet vehicles at the Hannan Business Operations Complex of Fuji Oil Co., Ltd., and members of the company's Energy Management Department

## Introducing renewable energy

The Fuji Oil Group is also using renewable energy to realize Environmental Vision 2030. In FY2021, Tianjin Fuji Protein Co., Ltd. (China) (September 2021) and PT. Freyabadi Indotama (Indonesia) (December 2021) began using solar photovoltaic electricity for the first time. With the addition of these two sites, seven sites in the Fuji Oil Group now generate their own electricity from solar. Additionally, Fuji Oil Co., Ltd.'s Tsukuba Research and Development Center and its surrounding factories carried out a program to switch a portion of purchased electricity to low-carbon sources.

Blommer Chocolate Company (U.S.) uses renewable energy as required by state laws in Pennsylvania, Illinois, and California, where it has production sites, and also now purchases Renewable Energy Certificates (RECs).

For offices, the Fuji Oil Holdings Inc. office in Osaka uses power certified as green. Purchasing Green Power Certificates enables us to use solar power generated off-site in Kochi Prefecture, contributing to a CO<sub>2</sub> emissions reduction of approximately 31 t-CO<sub>2</sub> equivalent in FY2021.

By the end of FY2021, renewable energy use has accounted for a 3.8% reduction of our CO<sub>2</sub> emissions (15,936 t-CO<sub>2</sub> equivalent). We will continue efforts to increase our renewable energy use.



Tianjin Fuji Protein Co., Ltd. (China) has started using solar power

### Related documents

[ESG Data Book \(PDF 2.76MB\)](#) 