



Sustainability Report

FUJI OIL GROUP

2022





Co-creating a sustainable food future with delicious and healthy plant-based ingredients

Message from the CEO



Addressing social issues as a Group toward sustainable social development

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Sustainability Management >



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Social Impact and ESG Materiality

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Creation of Sustainable Food Resources

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Sustainable Procurement

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Sustainable Procurement of Cocoa >

Sustainable Procurement of Soybeans >

Sustainable Procurement of Shea Kernels >



Climate Change

CO₂ Emissions Reduction >

Environmentally Responsible Production >

* Follow [here](#) for response to the TCFD recommendations.

ESG Activity Report FY2021

■ ... Material ESG issues
>>> ... Action theme

|  Environment |  Social |  Governance |
|---|--|--|
| <ul style="list-style-type: none"> > Environmental Management <ul style="list-style-type: none"> Climate Change > CO₂ Emissions Reduction > Environmentally Responsible Production Water Resources > Water Use Reduction Circular Economy > Waste Reduction > Reduction and Upcycling of Food Waste Biodiversity <li style="padding-left: 20px;">Biodiversity Conservation and Restoration^{*1} Other Social Issues > Plastic Use in Product Packaging | <ul style="list-style-type: none"> > Human Rights Management > Sustainable Procurement Management <ul style="list-style-type: none"> Sustainable Procurement > Sustainable Procurement of Palm Oil > Sustainable Procurement of Cocoa > Sustainable Procurement of Soybeans > Sustainable Procurement of Shea Kernels Creation of Sustainable Food Resources > Creation of Plant-based Protein Resources Health and Nutrition > Solutions for Healthy Aging and Well-being > Reduction of Sugars Intake > Reduction of Trans Fatty Acid Content Product Safety and Quality > Ensuring Product Safety and Quality Occupational Health and Safety > Promoting Occupational Health and Safety DE&I > DE&I Management Other Social Issues > Human Resource Development > Employee Health (Health Management) > Partnership with Communities | <ul style="list-style-type: none"> GRC^{*2} <ul style="list-style-type: none"> > Risk Management System (Including response to the TCFD recommendations) > Information Security Management > Strong Compliance > Group Governance > Corporate Governance |

^{*1} Refer to the Sustainable Procurement pages.
^{*2} Governance, risk, and compliance

2022 CONSTITUENT MSCI JAPAN
 ESG SELECT LEADERS INDEX

2022 CONSTITUENT MSCI JAPAN
 EMPOWERING WOMEN INDEX (WIN)



External Recognition >

Reports and Related Information

[Sustainability Report >](#)

[Integrated Report >](#)

[ESG Data Book \(2.76MB\) !\[\]\(eafc244b53721dd1ec133f0772f70fc7_img.jpg\)](#)

[GRI Standards Comparison Table \(303KB\) !\[\]\(d3fb9f94af8b26d1c844efa9a98805b0_img.jpg\)](#)

[Sustainability Report Editorial Policy >](#)

[Policies and Principles >](#)

[Certification Information >](#)

[Fuji Oil Group Grievance Mechanism >](#)

[Supply Chain Database >](#)

Inquiries about Sustainability

CSV Promotion Team, Sustainability Development Group, Fuji Oil Holdings Inc.

[Contact Us](#)



Editorial Policy

The Fuji Oil Group publishes the Integrated Report and the Sustainability Report annually as tools for communicating with our stakeholders. The Integrated Report provides a general overview of our Group business and outlines our medium- to long-term strategies. By communicating this information, we hope to encourage our stakeholders to continue engaging with us in enhancing our corporate value. On the other hand, the Sustainability Report complements the sustainability information in the Integrated Report and aims to comprehensively and honestly report our approach and initiatives to address the Group's impact on sustainability to a broad range of stakeholders.

| | |
|--|--|
| Scope of the report | <p>Fuji Oil Group</p> <p>> List of Group companies</p> |
| Period covered | <p>Sustainability management</p> <p>The contents of this report are based on information as of June 2022.</p> <p>Report on FY2021 activities</p> <p>April 1, 2021 – March 31, 2022</p> <p>Some activities conducted outside the above-mentioned period are also included.</p> |
| Date of publication | <p>August 2022 (Japanese version)</p> <p>October 2022 (English and Chinese versions)</p> |
| Guidelines for reference | <p>GRI Standards</p> <p>This report has been prepared in accordance with the GRI Standards: Core option.</p> |
| How to determine disclosure information based on GRI | <p>The Sustainability Report 2022 presents the themes in which the Fuji Oil Group is expected to contribute to the realization of a sustainable society, based on the following basic approaches.</p> <p>(1) Our material ESG issues* are those that have a significant impact on both our financial performance and the environment and society and that we prioritize in the allocation of management resources. We examine these themes at the Group level and disclose information.</p> <p>(2) For other issues, we examine them at related companies and divisions and disclose information that may influence the decision making of stakeholders.</p> <p>* Follow the link below to learn more about the material ESG issues.</p> <p>> https://www.fujioilholdings.com/en/sustainability/materiality/</p> |

More than 70% of the data on total Scope 1 and Scope 2 CO₂ emissions as well as data on Scope 3 category 1 CO₂ emissions have been verified by a third party to ensure that the information is correct.

* Each image is linked to a PDF file.

Third Party Verification

 **Verification Statement** 

4 July 2022

FUJI OIL HOLDINGS INC.

Japan Management Association
GHG Certification Center
Senior Executive: Masahito Hirakawa

1. Objective and Scope

Japan Management Association GHG Certification Center (JMACC) was commissioned by FUJI OIL HOLDINGS INC. (hereinafter, referred to as "the Organization") to conduct independent verification on a limited level of assurance. The scope of verification is the following greenhouse gas (GHG) emissions of the Organizational boundary¹⁾ within its Monitoring Report (hereinafter, referred to as "the Report") from 1/April/2021 to 31/March/2022.

1) SCOPE 1 GHG emissions:
Direct CO₂ emissions from the Organizational boundary by using fuels

2) SCOPE 2 GHG emissions:
Indirect CO₂ emissions from the Organizational boundary by using electricity and heat

The objective of this verification is to confirm that the GHG emissions in the Organization's applicable scope have been correctly calculated and reported in line with the criteria of the monitoring procedure, and to express our views as a third party. Organization's responsibility is to calculate and report the GHG emissions and JMACC's responsibility is to express our views as a third party.

2. Procedure of Verification

The Report was verified in accordance with requirement of ISO14064-3:2019 (Greenhouse gases Part 3: Specification with guidance for the verification and validation of greenhouse gas statements), and following processes were implemented at limited level of assurance:

- Confirmation regarding to the data used to decide GHG emissions, monitoring procedure, monitoring system, and related documents
- Interviews with persons in charge of making the Report
- Sampling the evidence for confirmation of the accuracy of GHG emissions

| | | | |
|--|--|------|-------|
| Verification Statement of GHG emissions | Japan Management Association GHG Certification Center 3-1-10, Sakurabara, Minami-ku, Tokyo 100-8502 JAPAN | Page | 1 / 3 |
|--|--|------|-------|



3. Conclusion

Within the scope of the verification activities employing the methodologies mentioned above, nothing has come to our attention that caused us to believe that Organization's GHG emissions in the Report of fiscal year 2021 were not calculated and reported in conformance with the criteria.

NOTE:

#1: Domestic: FUJIOIL CO.,LTD. Hamam Business Operations Complex, FUJIOIL CO.,LTD. Chiba Plant, FUJIOIL CO.,LTD. Kashi Plant
Overseas: FUJIOIL (SINGAPORE) PTE. LTD., WOODLANDS SUNNY FOODS PTE. LTD., PALMARU EDIBLE OIL SDN. BHD., FUJIOIL (ZHANG JIA GANG) CO., LTD., TIANJIN FUJI PROTEIN CO., LTD., FUJI VEGETABLE OIL, INC., BLOEMER CHOCOLATE COMPANY (Singapore facility), BLOEMER CHOCOLATE COMPANY (Lausanne facility)

#2: Refer to the Attachment for the Verified GHG emissions of organizational boundary.

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| Verification Statement of GHG emissions | Japan Management Association GHG Certification Center 3-1-10, Sakurabara, Minami-ku, Tokyo 100-8502 JAPAN | Page | 2 / 3 |
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 **Verification Statement** 

25 July 2022

FUJI OIL HOLDINGS INC.

Japan Management Association
GHG Certification Center
Senior Executive: Masahito Hirakawa

1. Objective and Scope

Japan Management Association GHG Certification Center (JMACC) was commissioned by FUJI OIL HOLDINGS INC. (hereinafter, referred to as "the Organization") to conduct independent verification on a limited level of assurance. The scope of verification is the following greenhouse gas (GHG) emissions of the Organizational boundary¹⁾ within its Monitoring Report (hereinafter, referred to as "the Report") from 1/April/2021 to 31/March/2022.

1) SCOPE 1 GHG emissions:
CO₂ emissions from the category 1 of SCOPE 3²⁾ of the Organizational boundary

The objective of this verification is to confirm that the GHG emissions in the Organization's applicable scope have been correctly calculated and reported in line with the criteria of the monitoring procedure³⁾, and to express our views as a third party. Organization's responsibility is to calculate and report the GHG emissions and JMACC's responsibility is to express our views as a third party.

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NOTE:

#1: Domestic: FUJIOIL CO.,LTD., FUJIFRESH FOODS CO., LTD., OMI MILK PRODUCTS CO., LTD., F&F CO., LTD.
Overseas: FUJIOIL (SINGAPORE) PTE. LTD., WOODLANDS SUNNY FOODS PTE. LTD., PALMARU EDIBLE OIL SDN. BHD., FUJIOIL (THAILAND) CO., LTD., PT. FREYBADI INDOTAMA, FUJI GLOBAL CHOCOLATE (SI) SDN. BHD., FUJIOIL (ZHANG JIA GANG) CO., LTD., FUJIOIL (ZHANGQING) CO., LTD., TIANJIN FUJI PROTEIN CO., LTD., Blommer Chocolate Manufacturing (Shanghai) Company Ltd., FUJI VEGETABLE OIL, INC., BLOEMER CHOCOLATE COMPANY, HARALDI INDUSTRIA E COMERCIO DE ALIMENTOS LTDA, FUJIOIL EUROPE, FUJIOIL GHANA LIMITED.

#2: Category 1 (Purchased goods and services): Emissions from activities up to manufacturing of raw materials and packaging for main products

#3: Monitoring procedure: "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver.2.0)" and "Scope 3 Category 1 monitoring rule" prepared by the organization. Emission factor: Carbon footprint communication program ver.1.04, Carbon footprint communication program (GDEA ver.1.1), Embodied Energy and Emission Intensity Data for Japan Using Input-Output Tables, and Wilson Sustainability Report 2017

#4: Refer to the Attachment for the Verified GHG emissions of organizational boundary.

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| Verification Statement of GHG emissions | Japan Management Association GHG Certification Center 3-1-10, Sakurabara, Minami-ku, Tokyo 100-8502 JAPAN | Page | 2 / 3 |
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Message from the CEO

Co-creating a sustainable food future with delicious and healthy plant-based ingredients

Problems surrounding food are growing increasingly serious and complex as the world continues to grapple with a host of social challenges — like the climate crisis, biodiversity loss and human rights abuses; not to mention the threats of geopolitical risk and soaring raw material prices. Furthermore, a three-year pandemic has changed life and work as we know it. As a result, ever more people today are interested in their own health and the health of our planet, and seeking sustainable solutions that are authentic and meaningful. Within this milieu, the responsibility of food companies in pushing for more resilient and sustainable food systems has never been greater.

Last May, the Fuji Oil Group announced a new 2030 Vision: "Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy." Guided by this vision, we at Fuji Oil have committed to working as one team to solve challenges related to food supply imbalances, wellbeing, and the environment in ways that honor local conditions and culinary cultures around the world. To achieve that, I believe it is critical that each one of us at the Group becomes more sensitive to the social issues existing along food value chains and to devise appropriate and timely solutions within our respective spheres of influence.

During "Reborn 2024," our Medium-Term Management Plan and the first phase toward achieving the 2030 Vision, we will roll out initiatives designed to transform the Group into creators of new social value. We will enhance sustainability initiatives based on the core concept of "creating plant-based foods that support human and planetary health," which will represent a standard for the new era. To offer more plant-based food options to a growing population of health-conscious consumers, we will accelerate the development of sustainable raw materials by applying next-generation technologies to the breeding of new plant varieties, as well as the development of technologies that open new possibilities in the enjoyment of plant-based foods. We will also advance research and development related to the health functions of foods for preventing obesity and aging conditions like frailty. Also, because procuring raw materials without negative impacts on the environment and human rights is essential for promoting sustainable production and consumption, we aim to make further progress in building a traceable supply chain while at the same time raising productivity and reducing environmental impacts at our manufacturing sites. To help realize a 1.5°C climate future, we will build on efforts to save energy and shift toward renewable energy sources at our own factories, and to engage suppliers to reduce their own emissions. To conserve biodiversity — the foundation of all food — we will develop a new policy on biodiversity and integrate it into our operations. Each one of these initiatives will be pursued as an integrated part of our business strategy.

The success of these initiatives in such turbulent times will require stronger, co-creative partnerships with our stakeholders, as well as educating and engaging consumers to drive behavioral change. It also bears mentioning that food is local as much as it is global. We will also promote diversity, equity and inclusion (DE&I) in our workplaces, to harness the strengths of the Fuji Oil Group across its 34 locations worldwide for new innovation and value creation that solves problems at the regional and local levels. We want to foster a culture of respect, where everyone can achieve their best by enjoying fair and equal opportunity, meaningful work, and the security to bring their full selves to work.

Above all, we want to create a world where everyone can taste the deeper joys of eating in 2030, the target year of the SDGs, and beyond. To make that world a reality, we will offer innovative plant-based ingredients and do our part to usher to a more sustainable future for food.



Mikio Sakai

Mikio Sakai
President and CEO
Fuji Oil Holdings Inc.

Message from the ESG Representative

Addressing social issues as a Group toward sustainable social development

The COVID-19 crisis, the situation in Ukraine, and other recent upheavals have brought socioeconomic issues such as logistics disruptions, rising poverty, and human rights abuses into sharp relief more than ever before. At the same time, concerns are mounting over the growing global climate crisis and biodiversity loss. Both are serious threats to agriculture and fisheries, which are highly dependent on the natural world. Under these circumstances, I believe that transitioning toward a food industry that is conscious of human rights, climate change and biodiversity conservation is a necessity, as these are issues that directly affects our corporate value.

The Fuji Oil Group is engaged in sustainability management, aiming at a sustainable future of food and at raising our corporate value. We have entered the second stage of our ESG initiatives — developing roots to turn our current top-down efforts into Group-wide initiatives.



From April 2022 on, our regional headquarters representatives are included in the Sustainability Committee, together with our chief officers. This Committee is an advisory body to the Board of Directors. With this we established a framework that integrates our sustainability initiatives into our corporate and regional strategies. The Committee sets ESG-related KPIs, as well initiatives to achieve these KPIs, on the basis of creating new social and economic value from a multi-stakeholder perspective for the medium- to long-term. Regarding sustainable food resources, we work to expand food choices for our customers and consumers by creating healthy plant-based products with low environmental impact, through the development of plant-based protein ingredients as substitutes for animal meat and dairy and through our time-tested technologies for good taste, which combine oils and fats with protein. We also work to reduce food loss and waste through upcycling. In FY2021, we launched a soil conditioner made from soy whey, which is generated in the soy protein processing process in Japan. In FY2022, we will also promote Group-wide collaboration on diversification of plant-based functional ingredients, such as providing soluble pea fiber for the European market. Furthermore, in response to the growing health awareness worldwide, we will continue to develop low-sugar products that are still delicious and filling, as well as conduct research on the physical and mental health issues of elder people.

With respect to raw material procurement, we formulated the Fuji Oil Group Supplier Code of Conduct in April 2021. In June, we also issued sourcing policies for soybeans and shea kernels, following those for palm oil and cocoa beans. At the same time, we set medium- to long-term targets for 2025 and 2030 for each raw material. We will continue to hold dialogues with our suppliers and business partners to get their views on the raw material procurement of the Group, with the aim of strengthening our engagement on human rights and environmental issues across the supply chain and achieving our 2030 targets.

For climate action, we set the stage for our activities to reduce carbon emissions by launching environmental data collection systems for CO₂ emissions, water use and waste. We also consider the implementation of internal carbon pricing in Japan. Following the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, we reviewed our climate change scenarios and performed a quantitative financial impact assessment. In recognition of our various environmental efforts, we received a triple A rating in the categories of climate change, water security and forests from the environmental non-profit organization CDP for the second consecutive year. In our new Medium-Term Management Plan from FY2022, we plan to review our Environmental Vision 2030 and set new targets for water use and CO₂ emissions reduction to meet the 1.5°C target, as well as create a roadmap toward carbon neutrality. Additionally, we will formulate a Group policy on biodiversity to boost our environmental efforts.

For human resources, we are further developing our current diversity initiatives and enhancing our diversity, equity and inclusion (DE&I) efforts. Currently, we identified regional and company-specific human resource issues, through interviews at Group companies outside Japan. These issues differ depending on the historical background and business characteristics of individual companies. From FY2022 on, we intend to deepen our internal communication to find improvement measures, secure and train human resources to support global management, and carry out optimal job assignments.

The Fuji Oil Group will continue to work together with all our employees to quickly identify social issues across the value chain, provide solutions that meet the expectations of all our stakeholders, and create new value toward a sustainable future of food.



Takashi Kadota
Director, Senior Executive Officer
Chief Technology Officer (CTO) and ESG Representative
Fuji Oil Holdings Inc.

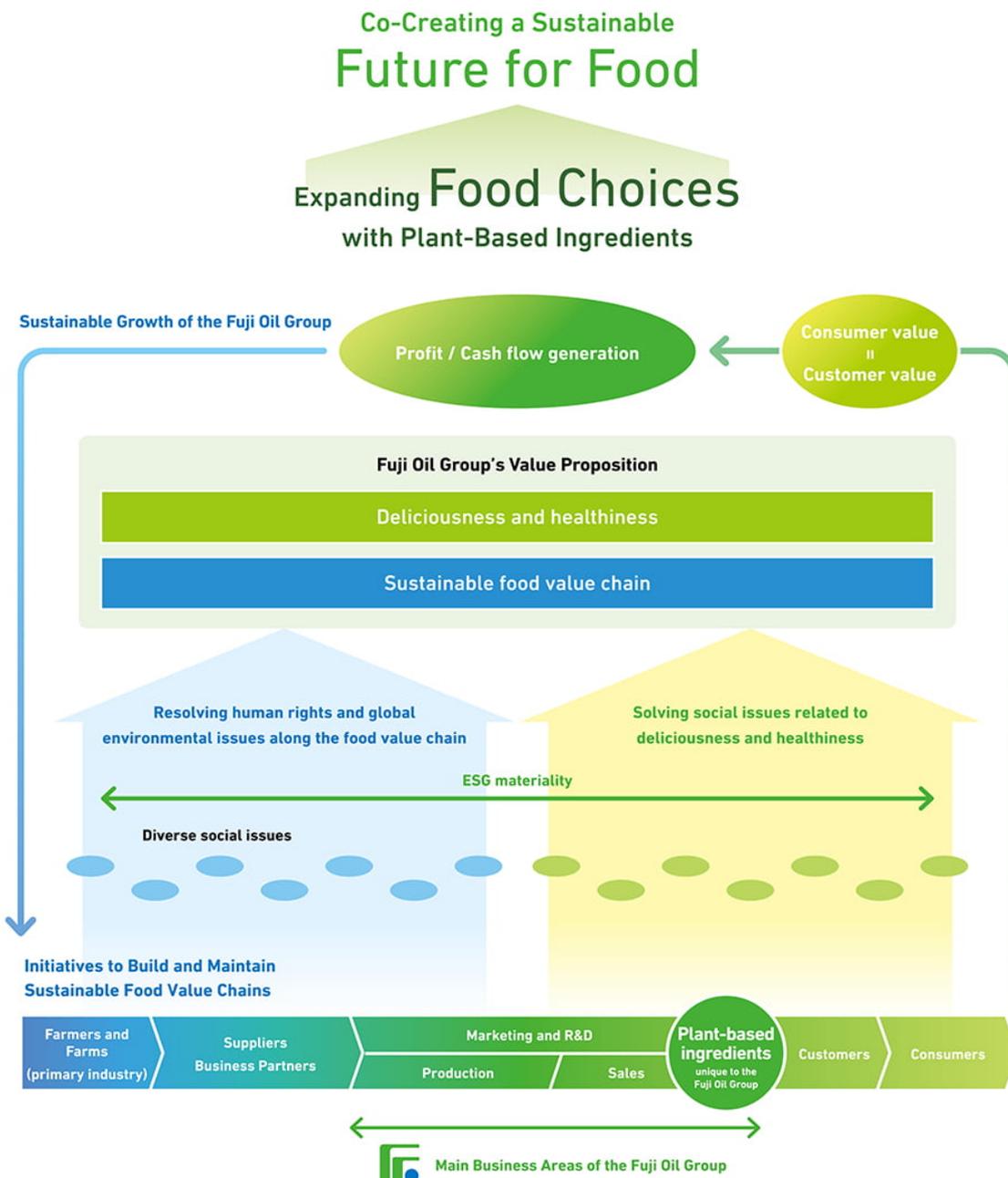
Sustainability Management

Basic approach

The Fuji Oil Group promotes sustainability management through our 2030 Vision: “Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy.”

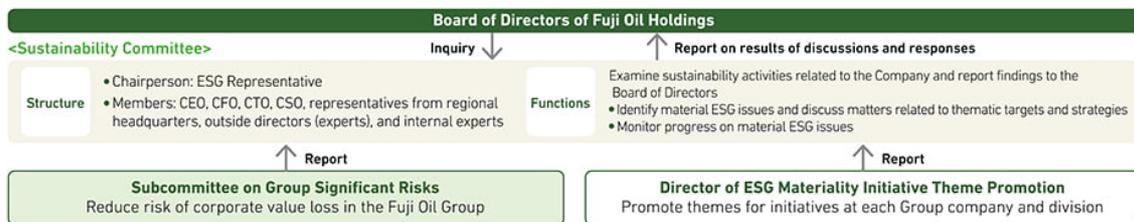
For us, sustainability management is a process of co-creating value as a unified enterprise and in partnership with our stakeholders. It is the practice of being perceptive of social issues in the value chain — whether those issues relate to the global environment, human rights, or personal wellbeing — and creating social value through solutions that meet the expectations of all stakeholders, and thus contributing to a more sustainable food future and higher corporate value for the Group. By deriving profit from valuable and timely product solutions and reinvesting that profit into the creation of more sustainable food systems, we can create a fast-moving virtuous cycle that achieves both sustainable business growth and development in society.

The Fuji Oil Group’s Value Creation Goals



Sustainability management system

The Fuji Oil Group created the position of C“ESG”O at Fuji Oil Holdings Inc. in April 2019 to integrate sustainability awareness throughout the Group. We believe that the role fulfilled its purpose and that we have now entered a second stage in which all employees serve as sustainability champions. We removed the C“ESG”O position in April 2022, with each department now overseeing ESG efforts. In place of the C“ESG”O, we assigned a director to oversee all ESG affairs within the Group, as ESG Representative. The ESG Representative is tasked with overseeing sustainability management in cooperation with the Board of Directors to meet stakeholder expectations toward sustainable business growth and contribution to society. Since 2015, the ESG Committee has served as an advisory body to the Fuji Oil Holdings Inc. Board of Directors for promoting and monitoring Group-wide and cross-business sustainability initiatives. Since corporate governance (G) is performed by the Board of Directors, we changed the name of this committee in FY2022 to Sustainability Committee to clarify its role in implementing PDCA for initiatives focused on environmental (E) and social (S) factors. The Sustainability Committee meets at least twice a year to identify ESG issues that are material to the Group and that form a basis for sustainability management. The committee also discusses targets and strategies for ESG initiatives from a medium- to long-term and multi-stakeholder perspectives. This committee reports to the Board of Directors, which then decides on the Group’s material ESG issues and on the direction over the medium to long term. The committee is formed by the ESG Representative (who serves as chair), executive officers, internal and external experts and, since FY2022, representatives from regional headquarters. By incorporating local social issues into the committee’s discussions, we hope to create a stronger link between business strategy and local initiatives. We also created the Subcommittee on Group Significant Risks to identify significant Group-wide risks and assess strategies for managing them. The goal is to systematically reduce risks that can impair the Group’s corporate value. The Sustainability Development Group serves as the Sustainability Committee’s secretariat. It monitors social trends related to ESG, injects stakeholder voices into the materiality assessment and internal stakeholder engagement processes, and works to build the Group’s sustainability management systems.



Sustainability Development Team (SDT)

The Sustainability Development Team (SDT) is a team of experts created in May 2021 at Fuji Europe Africa B.V. to serve as an ESG information hub. SDT is located in the Netherlands, a country recognized as a pioneer in sustainability. The SDT monitors the latest information and legislative trends related to sustainability, identifies future risks and opportunities, and incorporates these into business decision-making to raise the Fuji Oil Group’s profile as a sustainability leader. Through membership in industry groups, the SDT also networks with other organizations, explores ways to transform risks into new business opportunities, and introduces new metrics for assessing the Group’s social impacts.

In FY2021, the SDT conducted the Group’s first sustainability assessment of shea butter. This was done through the participation in the Roundtable for Product Social Metrics, a multinational business network that developed a methodology for assessing the social impact of products and services from a lifecycle approach. To meet customers’ sustainability needs, the SDT also promotes business activities in line with EU regulatory trends and calculates the carbon footprint of the Group’s products.



SDT members (Fuji Europe Africa B.V.)

Education

At the Fuji Oil Group, we conduct educational and awareness-raising activities for directors and employees to inform them of external ESG trends and about the Group’s thinking and activities on sustainability. The goal is to integrate sustainability management across the Group.

In FY2021, we held an ESG and Sustainability Training program for general managers of Group companies in Japan, and a Fuji Oil Group ESG Management e-learning course for Group employees worldwide. The e-learning course had a completion rate of 83.7%.* A post-course survey showed that taking the course improved employees’ understanding of sustainability management. We also invited external experts to provide training to all directors (including outside directors), auditors, executive officers, and senior employees. The training focused on the topics outlined below.

1. Staying on top of latest trends relevant to management (sustainability, governance, law, etc.)

FY2021 training topics (lecture by external experts)

- ESG and sustainable corporate value growth
- Objectives of Japan's revised Corporate Governance Code
- Keys to DX success that all executives should know
- Points of focus when reorganizing a business across borders

2. Assessing the Group based on external stakeholder inputs and discussing ways to improve

FY2021 training topics (facilitators: financial and IR divisions)

- Investor feedback on Integrated Report 2021

We also use an internal communication site (in Japanese, English, Chinese, and Portuguese) to broadcast internal and external information on sustainability and offer Group members daily opportunities to learn, cultivate values and gain new insights into sustainability management.

* Targeted at employees who have a company email address and use a computer in their day-to-day operations.

Incentives

ESG Management Award

The Fuji Oil Group established the ESG Management Award as an award program to annually recognize Group companies and departments that have contributed to the promotion of sustainability management.

In FY2021, the award went to the procurement department of Fuji Oil Holdings Inc. This team was applauded for their contributions in achieving the KPIs announced by the Sustainability Committee, developing ambitious targets for palm and cocoa (the Fuji Oil Group's first long-term targets in sustainable procurement), and laying the foundation for future sustainable procurement initiatives through the creation of a Global Sustainable Sourcing Committee. Furthermore, their work was instrumental in reducing environmental and human rights risks, earning outside recognition, and enhancing the Group's corporate value.

Director compensation (executive performance-linked cash remuneration) related to ESG

In FY2022, the Fuji Oil Group introduced an evaluation system pertaining to the executive performance of internal directors who concurrently serve executive roles (excluding the representative director). The purpose of introducing this evaluation system is to better clarify the executive responsibilities and achievements of individual directors and link their performance to compensation levels, considering that these directors are responsible for important and strategic business operations that impact the achievement of the Group's financial targets and improvements in our corporate value.

In this system, evaluations are carried out by the President and CEO based on the Group's business performance, the performance of the division overseen by each internal director, as well as the degree of achievement of metrics and targets set for specific priority issues and Group-wide material sustainability management issues relevant to their division. The ESG targets included in the executive evaluation are weighted at a fixed rate of 10% of the evaluation score.

The same evaluation system is also applied to executive officers as of June 2022, when a delegated executive officer system was introduced.

Stakeholder Engagement

The Fuji Oil Group's stakeholders

The Fuji Oil Group has identified the main stakeholders on whom our business activities can exert a positive or negative impact.

| Relationships with main stakeholders | | Our responsibilities | Touchpoint examples (frequency) |
|---|--|--|--|
| Employees | Human resource is critical to our social and corporate value creation. We are committed to creating a workplace where all our employees can make the most of their abilities and work in a safe and secure environment. | <ul style="list-style-type: none"> Occupational health and safety Promoting DE&I Health management Building sound management-labor relations | <ul style="list-style-type: none"> Employee training (as needed) Compliance hotline (as needed) Employee satisfaction survey (annually) Intranet and internal communication site |
| Shareholders and investors | Gaining the understanding of our shareholders and investors is essential to our business growth. We promote understanding of the Fuji Oil Group and increase corporate value through timely, appropriate, and highly transparent information disclosure and dialogues. | <ul style="list-style-type: none"> Increasing corporate value Distribution of profits Information disclosure Dialogues | <ul style="list-style-type: none"> General meeting of shareholders (annually) Results briefings/ teleconferences (as needed) Small meetings (as needed) Individual meetings (as needed) |
| Customers | Customers are major players in creating corporate value as well as being our key partners in building a sustainable food system. We work hard to communicate better and create customer value, which is unique to the Fuji Oil Group. | <ul style="list-style-type: none"> Stable supply Building trust Offering products that capture market needs | <ul style="list-style-type: none"> Product development and offers (as needed) Daily sales activities (as needed) |
| Business partners and subcontractors supply chain workers | Carrying out initiatives across the supply chain is essential to building a sustainable food system. We are committed to building trust with our business partners, subcontractors, and supply chain workers through fair and equitable transactions, as well as to gaining their understanding of the Fuji Oil Group's policies in order to work together to solve supply chain issues. | <ul style="list-style-type: none"> Sustainable procurement Building a sustainable supply chain | <ul style="list-style-type: none"> Daily purchasing activities and transactions (as needed) Supplier engagement (as needed) Individual briefings on our sourcing policies (as needed) |
| Consumers | Understanding consumer needs and promoting ethical consumption are essential to creating sustainable food chains. We carry out a direct approach to consumers and reflect the results in our product development and service improvement. | <ul style="list-style-type: none"> Providing delicious, healthy, and sustainable food Food safety | <ul style="list-style-type: none"> Product sales via e-commerce channels (as needed) Dissemination of information through mass media (as needed) Raising awareness through industry groups (as needed) |
| Local communities | To ensure smooth business operations, it is important to live in harmony and to develop sustainably together with the local communities where we operate. We contribute to the safety and the conservation of the local environment. | <ul style="list-style-type: none"> Living in harmony with the community Environmental conservation | <ul style="list-style-type: none"> Participation in and sponsorship of community events (as needed) Support activities for local communities (food education project) (as needed) Support in the event of natural disasters (as needed) |

| Relationships with main stakeholders | | Our responsibilities | Touchpoint examples (frequency) |
|--------------------------------------|---|--|--|
| NGOs/NPOs and experts | NPOs/NGOs and experts are our key partners in carrying out activities addressing global social issues. We get their advice from the social perspective and use them to do better. | <ul style="list-style-type: none"> Constructive dialogues and cooperation for business operations that consider human rights and the environment | <ul style="list-style-type: none"> Expert panel dialogues (as needed) Grievance mechanism (as needed) Promotion of joint projects (as needed) |
| Academic organizations | To continue creating social value, it is important to build human capital and to collect information. We carry out open innovation in collaboration with academic organizations to accelerate the creation of social value. | <ul style="list-style-type: none"> Building trust Sharing technology, knowledge, and human resources Confidentiality Sharing value | <ul style="list-style-type: none"> Joint research (as needed) Lectures (as needed) |

Dialogue with stakeholders

Stakeholder dialogue is an essential activity for the Fuji Oil Group and sets the foundation for our sustainability management. Through dialogue, we identify stakeholders' expectations and concerns regarding our activities, which allows us to make improvements and meet our responsibilities as a corporate citizen. We also use the results of this dialogue to identify material ESG issues and formulate our Sustainability Report.

Actions taken following dialogues with experts (Example: Incorporating expert opinion)

For example, we held annual dialogues with expert panels on business and human rights from FY2016 to FY2020. These sessions are always joined by executives from Fuji Oil Holdings, including senior executives who also sit on the Group's Board of Directors. We use the insights and advice gained in these dialogues to carry out human rights initiatives.

In FY2021, we did not carry out a talk-format dialogue. Instead, BSR, a non-profit organization specialized in business and human rights, had a discussion with our Human Resources Department and our Sustainability Department about specific measures to deal with human rights in the workplace (harassment, forced labor). This topic was identified as a risk in the 2nd human rights impact assessment.

During the discussion, we considered how to ensure an effective, comprehensive human rights risk management system. The dialogue also served as input to the formulation of the Supplier Code of Conduct, the sourcing policies and targets for soybeans and shea kernels, and the revision of the 3rd edition of the CSR Procurement Guidelines.

Actions taken following dialogues with experts

- Formulated the Human Rights Policy and introduced human rights due diligence (April 2017)
- Established and announced a grievance mechanism (May 2018)
- Published a list of oil mills in our supply chain (June 2018)
- Formulated the Responsible Cocoa Beans Sourcing Policy (August 2018)
- Disclosed an updated Grievance Procedure (April 2020)
- Published a Supplier Code of Conduct (April 2021)
- Formulated the Responsible Soybeans and Soy Products Sourcing Policy (June 2021)
- Formulated the Responsible Shea Kernels Sourcing Policy (June 2021)
- Revised the Fuji Oil Co., Ltd. CSR Procurement Guidelines (3rd Edition) (November 2021)

To secure our stakeholders' trust, we also exchanged views and opinions with experts on the way the Fuji Oil Group discloses information. The goal was to work for a more transparent, timely and appropriate information disclosure. As a result, we decided to refer to the latest information on the assessment criteria used by ESG rating agencies to ensure more transparent and comprehensive disclosure, and put improvement measures in place.

External initiatives we support and participate in

- September 2004 Roundtable on Sustainable Palm Oil (RSPO)
- December 2012 UN Global Compact Network Japan (GCNJ)
- February 2012 World Cocoa Foundation (WCF)
- 2013 Global Shea Alliance (GSA)
- January 2013 UN Global Compact (UNGC)
- 2015 Shea Network Ghana
- December 2016 Male Leaders Coalition for Empowerment of Women by the Japan's Cabinet Office
- March 2017 The Consumer Goods Forum
- May 2019 Task Force on Climate-related Financial Disclosures (TCFD)
- October 2019 Japan Sustainable Palm Oil Network (JaSPON)
- April 2020 Platform for Sustainable Cocoa in Developing Countries
- May 2020 Round Table on Responsible Soy (RTRS)
- May 2020 Approved by the Science Based Targets initiative (SBTi)
- June 2020 Palm Oil Collaboration Group (POCG)
- April 2021 Japan Business Initiative for Biodiversity (JBIB)

Endorsing the UN Global Compact

The Fuji Oil Group agreed to and signed the United Nations Global Compact in January 2013. We aim to improve the sustainability of the entire society by practicing the 10 principles of four areas: human rights, labor standards, the environment, and anti-corruption.



Social Impact and Material ESG Issues

Fuji Oil in society

Fuji Oil Group’s value chain

The Fuji Oil Group is a food ingredient manufacturer that has four business segments: Vegetable Oils and Fats Business, Industrial Chocolate Business, Emulsified and Fermented Ingredients Business, and Soy-Based Ingredients Business. We develop, manufacture, and sell various food ingredients, including oils and fats for chocolate, industrial chocolate, whipping cream, margarine, and soy protein ingredients, mainly made from agricultural products, such as palm oil, cocoa and soybeans. Our customers range widely from food manufacturers to restaurants, convenience stores and retail stores.

Our positive impacts and negative impacts

The Fuji Oil Group recognizes the following positive and negative impacts of our business.

Positive impacts (examples)

- Addressing food resource issues and supporting healthy lives with plant-based food ingredients
- Improving sustainability in the supply chain of raw materials
- Reducing impacts on the global environment by reducing consumption of energy, water, and other natural resources and the generation of CO₂, waste, and other emissions at Group companies, primarily in their manufacturing processes

Negative impacts (examples)

- Environmental degradation and human rights violations in the value chain
- Impact on the global environment through the consumption of energy, water and other natural resources and the generation of CO₂, waste, and other emissions by Group companies, primarily in their manufacturing processes

Four sustainability activity areas

The Fuji Oil Group classified the activities contributing to the promotion of sustainability management into the following four areas. Activity guidelines were set for each area.

| Activity areas | Activity guidelines |
|------------------------------------|---|
| 1. Creation of positive impact | Contribute to resolving social issues through business activities |
| 2. Reduction of negative impact | Reduce and rectify adverse impacts on society from our business activities |
| 3. Social contribution activities | Contribute to the development of local communities as a good corporate citizen |
| 4. Communication with stakeholders | Regarding the activities described in 1 to 3, communicate with stakeholders in a transparent manner and in good faith to understand their concerns and expectations |

Promote ESG management through business activities.
 (Identify higher-priority themes as material ESG issues.)

Advancing the SDGs

At the Fuji Oil Group, we understand that private business has a vital role to play in advancing the Sustainable Development Goals (SDGs), the global goals adopted by the UN in 2015. We also recognize that our business activities can directly and indirectly impact the SDGs in positive and negative ways. We strive to co-create a sustainable future for food through plant-based ingredients that are both delicious and healthy, and to create a world where no one is left behind.



Our material ESG issues

Basic approach

The Fuji Oil Group identifies material ESG issues as areas where we can contribute, through our business activities, to the sustainable development of society, our own sustainable growth and the creation of value for society. Material ESG issues contribute to two of the four activity areas for promoting sustainability management: "Creation of positive impact" and "Reduction of negative impact."

Material ESG issues for FY2022

Our material ESG issues for FY2022 are listed below. Please refer to the relevant webpages for details on our basic approach, goals and the status of initiatives concerning each issue.

Material ESG issues

| Category | Material ESG Issues | Action theme | Priority to change | SDG we aim to support | Our vision | FY2022 Goals | FY2021 Results |
|--------------------------------------|--|--|---------------------------------------|-----------------------|---|--|--|
| ENVIRONMENTAL | Creation of sustainable food resources | Creation of plant-based protein resources | CSO | | Establish alternative technologies and disseminate environment-friendly plant-based food ingredients — a substitute for animal protein and dairy products — to address the concerning issue of food resource shortages in the future | <ul style="list-style-type: none"> Develop next-generation soy meat ingredients that provide new value through their delicious flavor, healthiness, or other characteristics Develop plant-based processed foods | <ul style="list-style-type: none"> Marketed 10 soy meat food products (e.g., plant-based nuggets) and ingredients that can replace animal ingredients or meat products Marketed 5 plant-based milk and cream products (e.g., Almond Whip) |
| | Health and nutrition | Solutions for healthy aging and well-being | CSO | | Contribute to being among the top in addressing health issues and increasing healthy life expectancy | <ul style="list-style-type: none"> Establish differentiated advantages of the health functions of stabilized DMFA, EPA Build a network of partnerships with external organizations that is dedicated to dementia prevention | <ul style="list-style-type: none"> Published research promoting new evidence on the health functions of stabilized DMFA, EPA Registered a DMFA-based milk beverage as a food with health claims (FPC) Made plans for building a network of partnerships dedicated to dementia prevention |
| | Health and nutrition | Reduction of sugars intake | CSO | | Provide nutritionally balanced food products that help prevent lifestyle-related diseases by replacing certain sugars with plant-based protein ingredients | <ul style="list-style-type: none"> Develop protein food ingredients suitable for single food applications Develop reduced sugar food products and ingredients | <ul style="list-style-type: none"> Developed and commercialized food ingredients that increase the percentage of protein in staple foods Successfully developed protein-fortified single food ingredients in the lab |
| | Health and nutrition | Reduction of trans fatty acid content | CSO | | Reduce the amount of trans fatty acids (TFA) contained in products in compliance with the WHO's recommendations and the laws and regulations of each country (to improve when the TFA intake exceeds 1% of the total daily energy intake) | <ul style="list-style-type: none"> Reduce TFA in all products for less than 2 g/100 g of total fat or all F1, Freyabak, Indulgence, Indulgence At other Group companies, reduce trans fatty acid effects on products targeted for this fiscal year | <ul style="list-style-type: none"> 10 out of 14 different Group companies outside Japan have completed the switch to low TFA products by the end of 2022 |
| | Health and nutrition | Sustainable procurement of palm oil | CSO | | <ul style="list-style-type: none"> Achieve "No Deforestation, No Peatland Development, No Exploitation (NDPE)" Build the "zero forest loss standard" defined by ILO Convention by 2023 Achieve 100% traceability to plantation (TP) by 2030 Implement the Labor Transformation Programme (LTP) at all direct suppliers by 2030 | <ul style="list-style-type: none"> Traceability to mill (TMO): 100% Traceability to plantation (TP): 81% No deforestation: Conduct monitoring using satellite images and make improvements Implement Labor Transformation Programme (LTP) at suppliers of Palm-oil-Edible Oil Sds, Bhd. (Malaysia): 100% by 2023 | <ul style="list-style-type: none"> TMO: 100% TP: 81% No deforestation: Conduct routine monitoring of the palm oil supply chain using satellite images (Malaysia, Indonesia, Papua New Guinea) LTP implementation at all suppliers of Palm-oil-Edible Oil Sds, Bhd. (Malaysia): 27% |
| | Health and nutrition | Sustainable procurement of cocoa | CSO | | <ul style="list-style-type: none"> End-Aid-Label by 2020 Build the "zero forest loss standard" defined by ILO Convention by 2023 Improve living conditions of farmers Promote deforestation and conserve forest: Plant one rubber tree on cocoa-growing regions by 2030 | <ul style="list-style-type: none"> GPS mapping: Complete mapping of 80% of farms for direct procurement Support program in Ghana Implement at 2,000 farms Conduct household surveys of farms covering more than 90% of the supply chain Carry out comprehensive community development efforts targeting women at 1,000 farms in 10 communities Promote GAP training to coaching farms for direct procurement Select partners for continuing relation to plant one rubber tree | <ul style="list-style-type: none"> GPS mapping: Mapped 87% of farms that are direct suppliers of Bitterness Chocolate Company S.S. Support program in Ghana Implemented at 1,200 farms Conducted surveys of 1,200 households in the supply chain Promoted education against deforestation (DFA) labor and the zero forest loss standard Promoted GAP training to farms that are direct suppliers 100,000 trees planted in cocoa (DFA) |
| | Health and nutrition | Sustainable procurement of coffee | CSO | | <ul style="list-style-type: none"> No deforestation, no exploitation, and ensure compliance in the supply chain Traceability to harvest to primary collection points by 2023 and to the community level by 2025 or 100% procurement of ESG-certified products or products supplied by 2030 | <ul style="list-style-type: none"> Carry out initiatives to achieve traceability goals Formulate plans to improve traceability through supplier self-assessment and better supplier engagement | <ul style="list-style-type: none"> Set medium-term goals and 40% Conduct a self-assessment for suppliers and train assessing conditions at each supplier Identified and ranked the different deforestation "hotspots" for each supplier country |
| SAFETY, QUALITY, AND THE ENVIRONMENT | Product safety and quality | Ensuring product safety and quality | ESG Representation | | Ensure that the Fuji Oil Group is never a cause for complaints for any of the products it manufactures | Zero serious quality-related complaints | Set zero quality-related complaints 0 |
| | Occupational health and safety | Promoting occupational health and safety | ESG Representation | | Place top priority on safety and impact for humanity. Keep all Group companies accident free by creating safe and comfortable workplaces | Eliminate the occurrence of serious accidents and serious property damage accidents | Zero cases of serious accidents and serious property damage accidents |
| | Climate change | CO ₂ emissions reduction | ESG Representation | | Environmental Status 2020 Scope 1 and 2: 41% reduction (calculated) Scope 3 (Category 1): 10% reduction (calculated) Achieve both by 2030 (base year 2018) Note: Approved by the Science Based Targets initiative (SBTi) | <ul style="list-style-type: none"> Start collecting environmental data in a timely manner using environmental data collection systems Expand Environmental Status 2030 employee relations (EES) Promote reduction efforts and pursue innovations Determine methods of supplier engagement for reducing Scope 3 (Category 1) emissions and start engaging several suppliers | <ul style="list-style-type: none"> Scope 1 and 2 (S1&2): 21% reduction Scope 3 (Category 1): 0.1% increase |
| | Environmentally responsible production | Environmentally responsible production | CSO | | Technologies developed for eliminating chemicals, capturing and utilizing carbon (CCU), and other applications reduce the Group's global environmental impact across its value chain | <ul style="list-style-type: none"> Develop manufacturing methods for the application of a new enzyme-based oil and fat processing technology to commercial production Launch initiatives to effectively utilize the CO₂ emissions in our in-house production and select suitable industrial partners Use leading technology to make our plant branch for rice material that can lead to more efficient production of oil and fat, study the commercialization of oil and fat materials, and estimate their effect on reducing environmental impact | <ul style="list-style-type: none"> Environmental impact reduction assessment of new enzyme-based oil and fat processing technology: Estimated 20% reduction in CO₂ emissions. Enzyme reaction rates at the actual production plant did not reach the target Began CCU project in soybean production |
| | Water resources | Water use reduction | ESG Representation | | Environmental Status 2020 20% reduction in water use intensity by 2030 (base year: 2016) | <ul style="list-style-type: none"> Start collecting environmental data in a timely manner using environmental data collection systems Deliberate and decide on new reduction targets Promote reduction efforts and pursue innovations | 20% reduction |
| | Waste reduction | Waste reduction | ESG Representation | | Environmental Status 2020 10% reduction in waste intensity by 2030 (base year: 2016) | <ul style="list-style-type: none"> Start collecting environmental data in a timely manner using environmental data collection systems Promote reduction efforts and pursue innovations | 6.7% reduction |
| | Biodiversity | Reduction and recycling of food waste | CSO | | Contribute to reducing food loss and waste throughout the value chain through technology innovation and recycling of byproducts | <ul style="list-style-type: none"> Develop technologies and ingredients that prevent deterioration when food products are stored for long periods Develop technologies for using byproducts effectively | Developed and put had new ingredients that maintain product quality and increased customer adoption |
| BUSINESS OPERATIONS | ESG Management* | ESG Management* | ESG Representation | | <ul style="list-style-type: none"> Equity Return: Better experienced by people from disadvantaged communities, provide equitable opportunities and conduct fair evaluations Inclusion: Build a corporate culture that fosters feelings of belonging among all employees Diversity: Promote diversity for business model and value creation | <ul style="list-style-type: none"> Group-wide Increase diversity on executive teams Develop the next generation of executive talent Develop global talent through our global brand program | <ul style="list-style-type: none"> Group-wide Conducted a training on the Group Management Philosophy Discussed the qualities required of executive managers and implemented measures based on those requirements |
| | ESG Management* | ESG Management* | ESG Representation | | <ul style="list-style-type: none"> Encourage diverse work styles Expand equity Support long-term, meaningful employment of people with disabilities | <ul style="list-style-type: none"> Increased work style systems by revising our contracted employment program, expanding our network system, etc. Percentage of eligible men who took parental leave: 73% Provided self-development opportunities to all employees, regardless of employment arrangement Opened up a new workplace and provided follow-up support to support people with disabilities in achieving long-term work | <ul style="list-style-type: none"> Other countries: Implemented Group companies outside Japan on ESG issues Identified positions that require dispatching employees from Japan and made efforts to factor positions that do not require them |
| | Risk management system | Risk management system | ESG Representation | | <ul style="list-style-type: none"> Earn the trust of society by demonstrating high reliability and risk management capability | <ul style="list-style-type: none"> Strengthen risk management in the Group Properly disclose information on the financial implications of climate-related risks based on the TCFD recommendations Prepare to comply with TMO disclosures | <ul style="list-style-type: none"> Identified significant Group-wide risks and carried out appropriate risk management Prepared climate change scenarios based on the latest reliable, objective data Expanded scope of identifying financial impacts |
| | Information security management | Information security management | CSO | | <ul style="list-style-type: none"> Reduce processes through the use of information and communications technology (ICT) to raise serious corporate value Facilitate the achievement of Group governance through the use of safe and secure ICT | <ul style="list-style-type: none"> Achieve zero serious security incidents Review and update the Group's Information Security Regulations to reflect the latest risk trends | <ul style="list-style-type: none"> Serious security incidents: 0 Added audit teams to address new threats and conducted internal audits at 13 Group companies worldwide |
| | Strong compliance | Strong compliance | Legal & General Affairs Division Head | | <ul style="list-style-type: none"> Earn the trust of all stakeholders by conducting business fairly, transparently, and with integrity | <ul style="list-style-type: none"> No serious compliance violations Conduct a risk assessment and monitoring of Group compliance risks, such as those related to labor transactions Raise employee awareness of compliance | <ul style="list-style-type: none"> Appointed staff responsible for legal affairs at each Group company, and established communication lines between such staff and Fuji Oil Holdings Inc. Had Group companies conduct a self-assessment of public official bribery risk and a self-assessment of systems for preventing bribery at higher-risk workplaces Had all our top compliance group training in Japan, China, North America and Singapore Conducted global a training on bribery prevention |
| | Group governance | Group governance | CSO | | <ul style="list-style-type: none"> Enhance corporate value through the establishment of an effective Group governance system | <ul style="list-style-type: none"> Improve communication within the Fuji Oil Group to further enhance awareness of the Group Management Philosophy and create the Group strategy Review our system for monitoring management execution to align with our recent transition to a company with an Audit and Supervisory Committee | <ul style="list-style-type: none"> Carried out an employee relations (ER) program to promote action and mutual understanding within the Group Conducted training for employees preparing for an assignment at another Group company outside Japan Deepened partnership between the Internal Audit Group and the Corporate Planning Group |
| | Corporate governance | Corporate governance | CSO | | <ul style="list-style-type: none"> Improve corporate value through appropriate functioning of the Board of Directors | <ul style="list-style-type: none"> Establish the Board of Directors as a function focused on supervising/investing corporate management | <ul style="list-style-type: none"> Carried out deliberations on the following at the board meetings of FY2021: <ul style="list-style-type: none"> Agenda items that should be adopted and deliberated on for monitoring progress How to manage business execution to accommodate sufficient monitoring Separation of roles between the Board of Directors and the Management Committee Meeting (the highest decision-making body for business execution) |

*1 Good Agricultural Practices
*2 Round Table on Responsible Soy Association
*3 Follow the links below to learn more about our biodiversity initiatives.
Sustainable Procurement of Palm Oil: https://www.fujiholdings.com/en/sustainability/palm_oil/
Sustainable Procurement of Cocoa: <https://www.fujiholdings.com/en/sustainability/cocoa/>
Sustainable Procurement of Soybeans: <https://www.fujiholdings.com/en/sustainability/soy/>
Sustainable Procurement of Shea Kernels: https://www.fujiholdings.com/en/sustainability/shea_kernels/
*4 Diversity, equity and inclusion
*5 Is based on expanding the concepts and practices of providing equitable opportunities and evaluations and developing and leveraging diverse teams through inclusive management.
*6 Governance, risk, and compliance

Value creation

Creation of sustainable food resources



| Action theme/Person in charge/SDGs we aim to support | Our vision | FY2022 Goals | FY2021 Results |
|--|---|--|--|
| <ul style="list-style-type: none"> Creation of plant-based protein resources CSO | <p>Establish alternative technologies and disseminate environment-friendly plant-based food ingredients — a substitute for animal protein and dairy products — to address the concerning issue of food resource shortages in the future</p> | <ul style="list-style-type: none"> Develop next-generation soy meat ingredients that provide new value through their delicious flavor, healthiness, or other characteristics Develop plant-based processed foods | <ul style="list-style-type: none"> Marketed 10 soy meat food products (e.g., plant-based nuggets) and ingredients that can replace animal meat ingredients or meat products Marketed 5 plant-based milk and cream products (e.g., Almond Whip) |

Health and nutrition



| Action theme/Person in charge/SDGs we aim to support | Our vision | FY2022 Goals | FY2021 Results |
|---|--|--|---|
| <p>➔ Solutions for healthy aging and well-being CTO</p>  | Contribute to well-being among older people by addressing health issues and removing lifestyle limitations | <ul style="list-style-type: none"> Establish differentiated advantages of the health functions of stabilized DHA /EPA Build a network of partnerships with external organizations that is dedicated to dementia prevention | <ul style="list-style-type: none"> Published research presenting new evidence on the health functions of stabilized DHA/EPA Registered a DHA-fortified milk beverage as a food with function claims (FFC) Made plans for building a network of partnerships dedicated to preventing dementia |
| <p>➔ Reduction of sugars intake CTO</p>  | Provide nutritionally balanced food products that help prevent lifestyle-related diseases by replacing certain sugars with plant-based protein ingredients | <ul style="list-style-type: none"> Develop protein food ingredients suitable for staple food applications Develop reduced-sugar food products and ingredients | <ul style="list-style-type: none"> Developed and commercialized food ingredients that increase the percentage of protein in staple foods Successfully developed protein-fortified staple food ingredients in the lab |
| <p>➔ Reduction of trans fatty acid content CSO</p>  | Reduce the amount of trans-fatty acids (TFA) contained in products in compliance with the WHO's recommendations and the laws and regulations of each country (in regions where the TFA intake exceeds 1% of the total daily energy intake) | <ul style="list-style-type: none"> Reduce TFA in all products (to less than 2 g/100 g of total fat or oil) at PT. Freyabadi Indotama (Indonesia) At other Group companies, focus reduction efforts on products targeted for this fiscal year | 10 out of 14 relevant Group companies outside Japan have completed the switch to low-TFA products (as of March 2022) |

Sustainable procurement



| Action theme/Person in charge/SDGs we aim to support | Our vision | FY2022 Goals | FY2021 Results |
|--|---|--|--|
| <p>➔ Sustainable procurement of palm oil CSO</p>  | <ul style="list-style-type: none"> Achieve “No Deforestation, No Peatland Development, No Exploitation (NDPE)” throughout the supply chain Achieve 100% traceability to plantation (TTP) by 2030 Implement the Labour Transformation Programme (LTP) at all direct suppliers by 2030 | <ul style="list-style-type: none"> Traceability to mill (TTM): 100% Traceability to plantation (TTP): 85% No deforestation: Conduct constant monitoring using satellite images and make improvements Implement Labour Transformation Programme (LTP) at suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia): 100% by 2025 | <ul style="list-style-type: none"> TTM : 100% TTP : 85% No deforestation: Conducted routine monitoring of the palm oil supply chain using satellite images (Malaysia, Indonesia, Papua New Guinea) LTP implementation at all suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia): 27% |
| <p>➔ Sustainable procurement of cocoa CSO</p>  | <ul style="list-style-type: none"> End child labor by 2030 End the “worst forms of child labor” defined by ILO Convention by 2025 Improve living conditions of farmers Prevent deforestation and conserve forest: Plant one million trees on cocoa-growing regions by 2030 | <ul style="list-style-type: none"> GPS mapping: Complete mapping of 90% of farms for direct procurement Support program in Ghana: <ul style="list-style-type: none"> Implement at 2,350 farms Conduct household surveys of farms covering more than 90% of the supply chain Carry out comprehensive community development efforts targeting women at 1,000 farms in 39 communities Provide GAP*1 training or coaching to farms for direct procurement Select partners for continuing initiative to plant one million trees | <ul style="list-style-type: none"> GPS mapping: Mapped 87% of farms that are direct suppliers of Blommer Chocolate Company (U.S.) Support program in Ghana: <ul style="list-style-type: none"> Implemented at 1,250 farmers Conducted surveys of 1,200 households in the supply chain Provided education against hazardous child labor and the worst forms of child labor Provided GAP instruction to farms that are direct suppliers 100,000 trees planted in western Ghana |
| <p>➔ Sustainable procurement of soybeans CSO</p>  | <ul style="list-style-type: none"> No deforestation, no exploitation, and ensure compliance in the supply chain Traceability achieved to primary collection points by 2025 and to the community level by 2030, or 100% procurement of RTRS*2-certified products or products certified to equivalent standards | <ul style="list-style-type: none"> Carry out initiatives to achieve traceability goals Formulate plans to improve traceability through supplier self-assessment and better supplier engagement | <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 |

| Action theme/Person in charge/SDGs we aim to support | Our vision | FY2022 Goals | FY2021 Results |
|--|---|--|---|
| <p>☑ Sustainable procurement of shea kernels CSO</p>  | <ul style="list-style-type: none"> Deforestation prevention and parkland protection: Plant 6,000 trees/year until 2030 Traceability to the village level: 50% by 2025, 75% by 2030 Direct procurement of shea kernels from Tebma-Kandu cooperatives: 30% by 2025, 50% by 2030 Create value in local communities: Increase permanent, direct employees at Fuji Oil Ghana Ltd. by 50% (base year: 2017) | <ul style="list-style-type: none"> Plant 6,000 trees/year Direct procurement of shea kernels from Tebma-Kandu cooperatives: 10% Permanent, direct employees at Fuji Oil Ghana Ltd.: Increase by 50% by 2025 (base year: 2017) | <ul style="list-style-type: none"> 6,000 trees planted Direct procurement of shea kernels from Tebma-Kandu cooperatives: 2.5% Permanent, direct employees at Fuji Oil Ghana Ltd.: Increased by 42% (base year: 2017) |

*1 Good Agricultural Practices

*2 Round Table on Responsible Soy Association

Safety, quality, and the environment

Product safety and quality

| Action theme/Person in charge/SDGs we aim to support | Our vision | FY2022 Goals | FY2021 Results |
|--|---|--|--|
| <p>☑ Ensuring product safety and quality ESG Representative</p>  | <p>Ensure that the Fuji Oil Group is never a cause for complaints for any of the products it manufactures</p> | <p>Zero serious quality-related complaints</p> | <p>Serious quality-related complaints: 0</p> |

Occupational health and safety

| Action theme/Person in charge/SDGs we aim to support | Our vision | FY2022 Goals | FY2021 Results |
|--|--|--|--|
| <p>☑ Promoting occupational health and safety ESG Representative</p>  | <p>Place top priority on safety and respect for humanity. Keep all Group companies accident free by creating safe and comfortable workplaces</p> | <p>Eliminate the occurrence of serious accidents and serious property damage accidents</p> | <p>Zero cases of serious accidents and serious property damage accidents</p> |

Climate change

| Action theme/Person in charge/SDGs we aim to support | Our vision | FY2022 Goals | FY2021 Results |
|--|---|---|---|
| <p>☑ CO₂ emissions reduction ESG Representative</p>  | <p><u>Environmental Vision 2030</u> Scope 1 and 2: 40% reduction (absolute) Scope 3 (Category 1): 18% reduction (absolute) Achieve both by 2030 (based year:2016) Note: Approved by the Science Based Targets initiative (SBTi)</p> | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> Scope 1 and 2 (total): 21% reduction Scope 3 (Category 1): 0.1% increase |

| Action theme/Person in charge/SDGs we aim to support | Our vision | FY2022 Goals | FY2021 Results |
|---|---|---|--|
| <p>Environmentally responsible production CTO</p>  | <p>Technologies developed for eliminating chemicals, capturing and utilizing carbon (CCU), and other applications reduce the Group's global environmental impact across its value chain</p> | <ul style="list-style-type: none"> Develop manufacturing methods for the application of a new enzyme-based oil and fat processing technology in commercial production Launch initiatives to effectively utilize the CO₂ emissions in our soybean production and select suitable soybean varieties Use breeding technology to create new plant breeds for raw material that can lead to more efficient production of oils and fats, study the commercialization of oil and fat materials, and estimate their effect on reducing environmental impact | <ul style="list-style-type: none"> Environmental impact reduction assessment of new enzyme-based oil and fat processing technology: Estimated 20% reduction of CO₂ emissions. Enzyme reaction rates at the actual production plant did not reach the target Began CCU project in soybean production |

Water resources

| Action theme/Person in charge/SDGs we aim to support | Our vision | FY2022 Goals | FY2021 Results |
|---|--|--|----------------------|
| <p>Water use reduction ESG Representative</p>  | <p><u>Environmental Vision 2030</u> 20% reduction in water use (intensity) by 2030 (base year: 2016)</p> | <ul style="list-style-type: none"> Start collecting environmental data in a timely manner using environmental data collection systems Deliberate and decide on new reduction targets Promote reduction efforts and pursue innovations | <p>25% reduction</p> |

Circular economy

| Action theme/Person in charge/SDGs we aim to support | Our vision | FY2022 Goals | FY2021 Results |
|--|--|---|--|
| <p>Waste reduction ESG Representative</p>  | <p><u>Environmental Vision 2030</u> 10% reduction in waste (intensity) by 2030 (base year: 2016)</p> | <ul style="list-style-type: none"> Start collecting environmental data in a timely manner using environmental data collection systems Promote reduction efforts and pursue innovations | <p>6.1% reduction</p> |
| <p>Reduction and upcycling of food waste CTO</p>  | <p>Contribute to reducing food loss and waste throughout the value chain through technology innovation and reuse/upcycling of byproducts</p> | <ul style="list-style-type: none"> Develop technologies and ingredients that prevent deterioration when food products are stored for long periods Develop technologies for using byproducts effectively | <p>Developed and pitched new ingredients that maintain product quality and increased customer adoption</p> |



| Action theme/Person in charge/SDGs we aim to support | Our vision | FY2022 Goals | FY2021 Results |
|--|--|---|---|
| Biodiversity conservation and restoration ESG Representative  | Become nature positive in key raw material producing regions | Formulate Group policy on biodiversity conservation | It is not included in the ESG materiality in FY2021 |

* Follow the links below to learn more about our biodiversity initiatives.

Sustainable Procurement of Palm Oil

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

Sustainable Procurement of Cocoa

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

Sustainable Procurement of Soybeans

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

Sustainable Procurement of Shea Kernels

> https://www.fujiioilholdings.com/en/sustainability/she_a_kernel/

Business foundations

DE&I*1



| Action theme/Person in charge/SDGs we aim to support | Our vision | FY2022 Goals | FY2021 Results |
|--|---|--|--|
| DE&I management*2 Division Head of Global HR Group  | <ul style="list-style-type: none"> Equity: Remove barriers experienced by people from disadvantaged communities, provide equitable opportunities and conduct fair evaluations Inclusion: Build a corporate culture that fosters feelings of belonging among all employees Diversity: Harness diversity for business model and value creation | Group-wide <ul style="list-style-type: none"> Increase diversity on executive teams Develop the next generation of executive talent Develop global talent through our global trainee program Japan <ul style="list-style-type: none"> Encourage diverse work styles Ensure equity Support long-term, meaningful employment of people with disabilities Other countries <ul style="list-style-type: none"> Embed DE&I into company culture Promote cultural reforms | Group-wide <ul style="list-style-type: none"> Conducted e-learning on the Group Management Philosophy Documented the qualities required of executive managers and implemented measures based on those requirements Japan <ul style="list-style-type: none"> Increased work-style options by revising our contracted reemployment program, expanding our telework system, etc. Percentage of eligible men who took parental leave: 73% Provided self-development opportunities to all employees, regardless of employment arrangement Opened up a new workplace and provided follow-up support to support people with disabilities in achieving long-term work Other countries <ul style="list-style-type: none"> Interviewed Group companies outside Japan on DE&I issues Identified positions that require dispatching employees from Japan and made efforts to localize positions that do not require them |

*1 Diversity, equity and inclusion.

*2 A term encapsulating the concepts and practices of providing equitable opportunities and evaluations and developing and leveraging diverse teams through inclusive management.

| Action theme/Person in charge/SDGs we aim to support | Our vision | FY2022 Goals | FY2021 Results |
|---|---|--|---|
| <p> Risk management system ESG Representative</p>  | <p>Earn the trust of society by demonstrating high reliability and risk management capability</p> | <ul style="list-style-type: none"> Strengthen risk management in the Group Properly disclose information on the financial implications of climate-related risks based on the TCFD recommendations Prepare to comply with TNFD disclosures | <ul style="list-style-type: none"> Identified significant Group-wide risks and carried out appropriate risk management Prepared climate change scenarios based on the latest reliable, objective data Explored ways of quantifying financial impacts |
| <p> Information security management CFO</p>  | <ul style="list-style-type: none"> Reform processes through the use of information and communications technology (ICT) and create corporate value Facilitate the achievement of Group governance through the use of safe and secure ICT | <ul style="list-style-type: none"> Achieve zero serious security incidents Review and update the Group's Information Security Regulations to reflect the latest risk trends | <ul style="list-style-type: none"> Serious security incidents: 0 Added audit items to address new threats and conducted internal audits at 13 Group companies worldwide |
| <p> Strong compliance Legal & General Affairs Division Head</p>  | <p>Earn the trust of all stakeholders by conducting business fairly, transparently, and with integrity</p> | <ul style="list-style-type: none"> No serious compliance violations Conduct a risk assessment and monitoring of Group compliance risks, such as those related to fair transactions Raise employee awareness of compliance | <ul style="list-style-type: none"> Appointed staff responsible for legal affairs at each Group company, and established communication lines between such staff and Fuji Oil Holdings Inc. Had Group companies conduct a self-assessment of public official bribery risk and a self-assessment of systems for preventing bribery at higher-risk workplaces Held anti-trust compliance group trainings in Japan, China, North America and Singapore Conducted global e-learning on bribery prevention |
| <p> Group governance CSO</p>  | <p>Enhance corporate value through the establishment of an effective Group governance system</p> | <ul style="list-style-type: none"> Improve communication within the Fuji Oil Group to further enhance awareness of the Group Management Philosophy and execute Group strategy Revise our system for monitoring management execution to align with our recent transition to a company with an Audit and Supervisory Committee | <ul style="list-style-type: none"> Carried out an employee relations (ER) program to promote activation and mutual understanding within the Group Conducted training for employees preparing for an assignment at another Group company outside Japan Deepened partnership between the Internal Audit Group and the Corporate Planning Group |
| <p> Corporate governance CSO</p>  | <p>Improve corporate value through appropriate functioning of the Board of Directors</p> | <p>Establish the Board of Directors as a function focused on supervising (monitoring) corporate management</p> | <p>Carried out deliberations on the following at the board meetings in FY2021</p> <ul style="list-style-type: none"> Agenda items that should be adopted and deliberated on for monitoring purposes How to manage business execution to accommodate sufficient monitoring Separation of roles between the Board of Directors and the Management Committee Meeting (the highest decision-making body for business execution) |

* Governance, risk, and compliance

Process of selecting material ESG issues for FY2022

The Fuji Oil Group reviews and selects our material ESG issues once a year based on new social issues and input received from stakeholder dialogue. In FY2021, the secretariat of the Sustainability Committee updated its list of social issues based on the ESG materiality map created for FY2021 and taking into consideration the GRI*¹ and SASB*² disclosure items, the WBA*³ benchmarks, the SDGs, ESG themes promoted by industry groups, the material issues of other companies in the same industry worldwide, and expert guidance. It then assessed the materiality of the resulting 15 social issues by plotting them on one of three levels on two axes (the Fuji Oil Group's impact on society and the social issue's impact on the Fuji Oil Group), creating a draft ESG materiality map for FY2022.

Following a multistakeholder discussion involving Group chief officers in charge of specific material ESG issues, the presidents of regional headquarters, relevant departments, and internal and external experts, the Sustainability Committee — which has around 30 members, including Group chief officers in charge of specific material ESG issues, the managers responsible for promoting ESG initiatives in FY2021 (selected from corporate, business, and R&D divisions), and internal and external experts — then reviewed the validity of the materiality map.

Based on the Sustainability Committee's conclusions, the committee's secretariat reported the materiality map and the 11 material ESG issues for FY2022 to the Fuji Oil Holdings Inc. Board of Directors for approval.

As a result of this process, the ESG materiality map and material ESG issues for FY2022 were updated from the FY2021 version based on the following main points.

- Adopt language for the two axes of the ESG materiality map to emphasize the concept of double materiality, and focus the weight of the analysis on the Group's impact on society.
- Separate "health and nutrition" and "biodiversity" as discrete social issues, reflecting the rise in stakeholder interest in these issues since the analysis conducted in FY2020.
- Adjust the names of some of the social issues to align with stakeholder interests (example: "creative food solutions" to "creation of sustainable food resources")

*1 Global Reporting Initiative

*2 Sustainability Accounting Standards Board

*3 World Benchmarking Alliance

Identification and selection process



FY2022 ESG materiality map

● Value creation ● Safety, quality, and the environment ● Business foundations

| | | | |
|------------------------------------|---------|---|--|
| Fuji Oil Group's impact on society | Highest | <ul style="list-style-type: none"> ● Health and nutrition ● Biodiversity | <ul style="list-style-type: none"> ● Creation of sustainable food resources ● Sustainable procurement*¹ ● Product safety and quality ● Climate change |
| | Higher | <ul style="list-style-type: none"> ● Partnership with communities | <ul style="list-style-type: none"> ● Occupational health and safety ● Water resources ● Circular economy ● DE&I² ● GRC³ |
| | High | <ul style="list-style-type: none"> ● Plastic use reduction ● Animal welfare | <ul style="list-style-type: none"> ● Human resource development |
| | | High | Higher |

Social issue's impact on the Fuji Oil Group

*1 "Sustainable procurement" includes important issues such as respect for human rights, biodiversity conservation, and forest conservation.

*2 Diversity, equity and inclusion

*3 Governance, risk, and compliance. "GRC" includes corporate governance and internal control. The Sustainability Committee is in charge of monitoring internal control. The Board of Directors is in charge of monitoring corporate governance.

Environmental Management

Management information

Basic approach

Global issues such as global warming and climate change are intensifying, seriously impacting people's lives. Extreme weather events and biodiversity loss caused by accelerating climate change also threaten the supply of the agricultural products we use to make our products, posing a threat to our business operations. For these reasons, embedding global environmental considerations into our business practices is foundational to the success of our business.

In October 2015, the Fuji Oil Group established the Basic Policy of Environmental Integrity, which comprises the four items listed below. We have accelerated this work by announcing in 2018 Environmental Vision 2030, in which we commit to reducing CO₂ emissions, water use, and waste across the Group with a target year of 2030. Our reduction targets for CO₂ emissions have been approved by Science Based Targets initiative (SBTi).^{*1} We also recognize the importance of disclosing the climate impacts of our business to stakeholders properly. In May 2019, we announced our support for the Task Force on Climate-related Financial Disclosures (TCFD)^{*2} and are committed to disclosing proactively information on four areas: governance, strategy, risk management, and metrics and targets.

*1 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.

*2 Follow the link below for disclosed information in line with the TCFD recommendations.

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

Basic Policy of Environmental Integrity

1. We strive to continuously improve our environmental protection activities.
2. We work in full compliance with environmental laws & regulations and spirit thereof.
3. We endeavor to develop environmentally-friendly products and technologies.
4. We make efforts to well communicate with society.

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

Management system

In 2015, Fuji Oil Holdings Inc. established the ESG Committee as an advisory body to the Board of Directors. In 2022, we changed the name of this committee to the Sustainability Committee,^{*1} which now monitors the progress and results of sustainability initiatives. The Fuji Oil Group also has processes for identifying our material ESG issues.^{*2} We designate a person in charge^{*2} of each issue in line with specific company functions.

*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 and a list of persons in charge.

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

Goals / Results

Environmental Vision 2030

| | 2030 targets ^{*1} | FY2021 results ^{*1} | Progress |
|---------------------------|--|------------------------------|----------|
| CO ₂ emissions | Scopes 1 ^{*2} & 2 ^{*3} : 40% reduction in total CO ₂ emissions (All Group companies) | 21% reduction | 52% |
| | Scope 3 ^{*4} (Category 1 ^{*5}): 18% reduction in total CO ₂ emissions (All Group companies ^{*6}) | 0.1% increase | 0% |
| Water use | 20% reduction in water intensity ^{*7} (All Group companies) | 25% reduction | 124% |

| | 2030 targets*1 | FY2021 results*1 | Progress |
|--------------------|--|------------------|--------------|
| Waste | 10% reduction in waste intensity*8 (All Group companies*9) | 6.1% reduction | 61% |
| Resource recycling | Maintain a recycling rate of at least 99.8% (All Group companies in Japan) | 99.47% | Not achieved |

*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)

*7 Water use per unit of production

*8 Amount of waste per unit of production

*9 Excluding waste volume generated at Industrial Food Services (Australia)

Analysis

CO₂ emissions (Scope 1 & 2)

Scope 1 and 2 emissions in FY2021 were 21% lower than baseline, an 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 CO₂ 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 installed in FY2020 at Woodlands Sunny Foods Pte. Ltd. in Singapore.

CO₂ emissions (Scope 3 Category 1)

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. An increase in the volume of purchased raw materials to meet rising production levels contributed to this failure of reduction.

Water use (intensity)

Water use intensity in FY2021 was 25% lower than baseline, an improvement of three points from the previous year's 22% reduction. This represents a 124% achievement rate relative to our 20% reduction target. This decline in water use intensity was despite an increase in production levels resulting from initial signs of improvement in the COVID-19 pandemic. In Japan, production equipment cleaning methods were revised, which led to reductions in rinsing water use. Group companies in other countries reduced the number of times they cleaned production equipment and addressed water leaks.

Waste (intensity)

We corrected our waste data and recalculated waste intensity for the years FY2016 (base year) onward, since waste data calculated at certain Group companies outside Japan included valuables that should have been excluded according to company standards.

Waste generation intensity in FY2020 was 5.1% lower than baseline, a change of 5.7 points downward from the 0.6% increase previously reported.

Waste generation intensity in FY2021 was 6.1% lower than baseline, an additional one-point improvement from the previous year. This represents a 61% achievement rate relative to our 10% reduction target. This reduction in waste intensity was the result of limiting waste generation to a 2.2% increase from the previous year even as production levels increased by 3.2%. Group companies around the world limited waste by reducing the water content of organic sludge and reducing production losses.

Resource recycling

The resource recycling rate in FY2021 was 99.47%, an increase of 0.1 points from the previous year's 99.37% (target: over 99.8%). We promoted recycling by sorting waste more thoroughly.

Specific initiatives

Environmental audits

The Fuji Oil Group strives to promote and improve environmental conservation efforts across the Group by referring and conforming to ISO 14001, an international standard for environmental management systems, and other standards.

ISO 14001-certified operating sites undergo verification by external audits and conduct their own internal audits on safety, quality, and the environment. Operating sites outside Japan undergo safety, quality, and environmental audits by Fuji Oil Holdings Inc.; by verifying, evaluating, and encouraging improvements at these companies, we strive to raise environmental performance across the Group. Although the COVID-19 pandemic has prevented us from travelling and engaging Group companies directly through on-site visits, we have worked to increase awareness at Group companies by communicating with them virtually and by having local staff perform site inspections while using wearable cameras.*

Fuji Oil Co., Ltd., a Group company in Japan, undergoes both external and internal audits of its environmental management. External audits are conducted annually in accordance with ISO 14001 (surveillance audit for years one and two and a recertification audit for year three). Internal audits are conducted annually and include safety, quality, and environmental checks at ISO 14001-certified operating sites to improve production management at Group companies. No environmental nonconformities were found in the FY2021 external audits and internal audits. Our internal audits do not simply check for compliance or conformity with all relevant environmental laws, regulations and internal rules. They also serve as opportunities for auditors to explain important environmental matters. Through environmental audits, we examine and evaluate each Group company's environmental efforts and give advice on areas needing improvement, thereby promoting and improving the Group's environmental conservation activities.

Outside Japan, the Production Productivity Management Group, a strategy development unit with specialized knowledge in the fields of quality and safety, and Sustainability Development Group conduct safety, quality, and environmental audits to examine and evaluate each Group company's environmental efforts and give advice on areas needing improvement. This helps to raise management standards for the entire Group. In FY2021, four production sites outside Japan were audited.

* Wearable camera: A camera worn on the body that can record video hands-free



An audit at Industrial Food Services, a Group company located in Australia



An environmental audit conducted online due to COVID-19

Acquisition of management certifications

The Fuji Oil Group promotes the acquisition of ISO 14001* certification in order to advance legal compliance and environmental conservation activities. In Japan, two out of four Group companies with production sites have obtained ISO 14001 certification (a 50% certification rate). These two companies are Fuji Oil Co., Ltd. and Omu Milk Products Co., Ltd., which together account for about 99% of the Group's total production volume in Japan. Outside Japan, seven out of 17 Group companies with production sites are certified (a 41% certification rate). These seven companies account for about 45% of the Group's total production volume outside Japan.

One production site in China is certified to ISO 50001*, an international standard for improving energy use through the development of an energy management system (EnMS).

* Follow the link below to learn more about Group companies' latest certification statuses.

> <https://www.fujioilholdings.com/en/sustainability/authen/iso14001/>

Training

The Sustainability Development Group at Fuji Oil Holdings Inc., together with the company's Production Productivity Management Group, periodically visits Fuji Oil Group companies outside Japan to provide training and raise awareness on safety, quality, and the environment among management and staff in relevant departments. In FY2021, the team held briefings and discussions on Environmental Vision 2030 and other topics via video conferencing due to COVID-19. The team also conducted training and awareness activities at nine production sites at Group companies outside Japan. These activities are scheduled such that all sites are visited in a three to four-year cycle.

Compliance with environmental laws and regulations

In FY2021, there was one environmental legal violation in the Fuji Oil Group. We discovered that a sludge collection and transport company we had contracted was not properly licensed.

We promptly reported the matter to the local government, identified the cause, and took necessary actions. We were not subject to administrative actions such as fines or penalties. Processing of the waste concerned was properly completed.

External recognition

- Triple A (highest rating) from CDP in 2021 for all three categories: climate change, water security and forests

* Follow the link below to learn more about our external recognition.

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

Related documents

ESG Data Book (PDF 2.76MB) 

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 CO₂ 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 CO₂ emissions reduction across the Group with the announcement of Environmental Vision 2030.*¹ 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.*² We aim to advance CO₂ 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/

*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

CO₂ 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,*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

| 2030 targets* ¹ | FY2021 results* ¹ | Progress |
|--|------------------------------|----------|
| Scopes 1* ² & 2* ³ : 40% reduction in total CO ₂ emissions (All Group companies) | 21% reduction | 52% |
| Scope 3* ⁴ (Category 1* ⁵): 18% reduction in total CO ₂ emissions (All Group companies* ⁶) | 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"> Promoted understanding by explaining Environmental Vision 2030 to Group companies (held online) Provided feedback to Group companies regarding the aggregation and analysis of Group environmental data and shared best practices between companies | ○ |
| Take CO ₂ 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 ₂ emissions reduction strategy (e.g., introduce data collection systems that make it easier for managers to check their CO ₂ 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 ₂ 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 CO₂ 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.

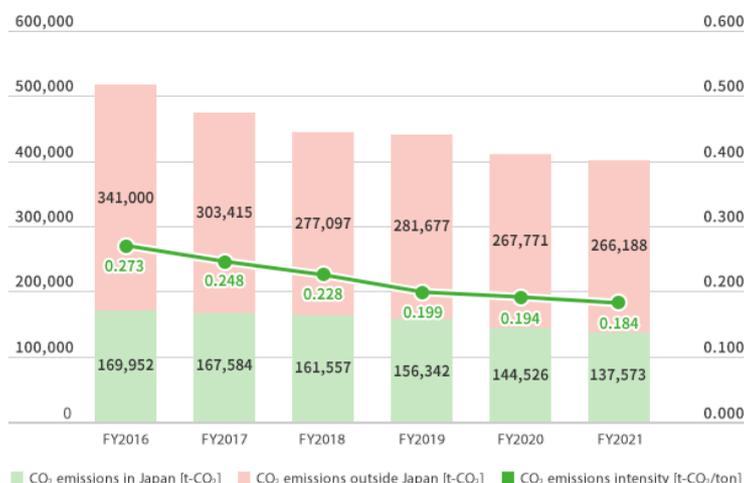
Scope 3 emissions in FY2021 were 0.1% higher than baseline, an improvement of 5.9 points from the previous year's 6% increase. This represents a 0% achievement rate relative to our 18% reduction target.

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 CO₂ 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) CO₂ emissions reduction.

Total annual CO₂ emissions (Scopes 1 & 2) and CO₂ emissions intensity



Next step

- 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

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^{*1}) and to achieve the CO₂ 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^{*2} and two acquired certification as a professional energy auditor,^{*3} 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

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 CO₂ 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 CO₂ emissions reduction of approximately 31 t-CO₂ equivalent in FY2021.

By the end of FY2021, renewable energy use has accounted for a 3.8% reduction of our CO₂ emissions (15,936 t-CO₂ 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 \(PDF 2.76MB\)](#) 

Management information

Relevance to our business

The Fuji Oil Group's business requires the use and discharge of water to grow crops (our main raw materials) and manufacture our products. We therefore recognize water stewardship as a material business issue.

Basic approach

Water shortages are intensifying around the world. Because of global warming, hundreds of millions of people will face rising water stress in the coming decades.*1 By 2080, an additional 1.8 billion people may no longer have access to the water they need.*2 Against this backdrop, the Fuji Oil Group aims to conserve water resources in our product manufacturing processes based on the Basic Policy of Environmental Integrity. Environmental Vision 2030*3 expresses our Group-wide commitment to make significant water use reductions by 2030. We monitor water-related risks and implement necessary countermeasures to identify and correct the impact of our operations on water resources. To minimize the environmental impact of our water withdrawals and discharges, we manage water use based on the standards and regulations of each country or region in which we operate or based on our own, higher-level standards.

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

*1 Intergovernmental Panel on Climate Change (IPCC) Special Report on Global Warming of 1.5°C

*2 UNDP Human Development Report 2007/8

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

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

Management system

Water use reduction initiatives 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,*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

| 2030 targets*1 | FY2021 results*1 | Progress |
|--|------------------|----------|
| 20% reduction in water intensity*2 (All Group companies) | 25% reduction | 124% |

*1 Base year: 2016

*2 Water use per unit of production

| FY2021 Goals | FY2021 Results | Self-assessment |
|---|--|-----------------|
| Make sure all employees are familiar with Environmental Vision 2030 | <ul style="list-style-type: none"> Promoted understanding by explaining Environmental Vision 2030 to Group companies (held online) Provided feedback to Group companies regarding the aggregation and analysis of Group environmental data and shared best practices between companies | ○ |
| Take water use 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 water use reduction strategy (e.g. introduce data collection systems that make it easier for managers to check their water data quickly and easily; share best practices, such as water recycling methods and installation of water-efficient equipment, between Group companies) | Enabled timely collection of environmental data by installing data collection systems | ○ |

Analysis

Status of progress on 2030 targets

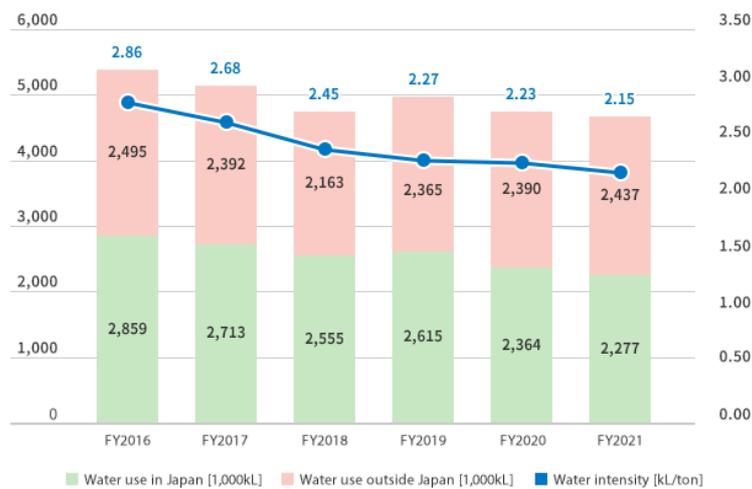
Water use intensity in FY2021 was 25% lower than baseline, an improvement of three points from the previous year's 22% reduction. This represents a 124% achievement rate relative to our 20% reduction target. This decline in water use intensity was despite an increase in production levels resulting from initial signs of improvement in the COVID-19 pandemic. In Japan, production facility cleaning methods were revised, which led to reductions in rinsing water use. Group companies in other countries reduced the number of times they cleaned production facilities and addressed water leaks.

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 water conservation with Group companies.

We also collected and analyzed data using the environmental data collection systems we introduced in FY2021. We plan to use the insights from this timely analysis to pursue further reductions going forward.

Annual water use and water intensity



Next step

- Start collecting environmental data in a timely manner using environmental data collection systems
- Deliberate and decide on new reduction targets
- Promote reduction efforts and pursue innovations

Specific initiatives

Risk management and countermeasures

The Fuji Oil Group manages water risks as one of many risks to our business. Water risks include water withdrawal, impact on water quality, storms, floods, and violations of wastewater regulations. To manage these risks, each Group company follows a PDCA cycle, which includes identifying material risks, planning and implementing a management strategy, evaluating results, and making improvements. We assess water risks in each region where Group companies have operations. This assessment takes into account Aqeduct* analysis results and is based on the Group's risk management system, which utilizes risk maps. This assessment helped us identify wastewater compliance risks at a Group company in China and flooding risk at a Group company in Indonesia as new material risks. We are now developing measures to prevent new risks from arising and to mitigate losses from risks that do occur.

* A global water-risk mapping tool provided by the World Resources Institute (WRI)

Water conservation efforts at Group companies

In FY2021, we carried out the following initiatives to conserve water, among others.

- Companies such as Fuji Oil Co., Ltd. Kanto Plant and F&F Co., Ltd. (Japan) saved water by changing the way they clean production equipment.
- Fuji Oil Co., Ltd. Chiba Plant (Japan) cleaned production equipment less often because of an increase in the operation rate of its production lines.
- Fuji Oil (Zhang Jia Gang) Co., Ltd. (China) reused steam condensate for fire extinguishing purposes.
- PT. Freyabadi Indotama (Indonesia), Fuji Oil (Thailand) Co., Ltd. (Thailand), and Fuji Oil (Zhaoqing) Co., Ltd. (China) repaired water leaks in their production processes.

Related documents

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

Management information

Relevance to our business

As a natural consequence of Fuji Oil Group's business characteristics, the Group's manufacturing processes produce waste. Most of the waste is organic sludge contained in wastewater from the plants and spent bleaching earth generated after adsorbing impurities in the oil and fat refining process. We also pay close attention to product disposal, given its role in food loss and waste.

Reducing waste is important because it conserves the environment through the efficient use of materials and energy resources necessary for our business, and because it helps to reduce the cost of manufacturing. Reusing resources will be increasingly important in the coming years to achieve the circular economy.

Basic approach

The Fuji Oil Group aims to reduce waste in our product manufacturing processes based on the Basic Policy of Environmental Integrity. Our Environmental Vision 2030* shows our Group-wide commitment to a 10% reduction in waste intensity.

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

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

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

Management system

Waste reduction initiatives 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,*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

| 2030 targets* ¹ | FY2021 results* ¹ | Progress |
|---|------------------------------|--------------|
| 10% reduction in waste intensity* ² (All Group companies* ³) | 6.1% reduction | 61% |
| Maintain a recycling rate of at least 99.8% (All Group companies in Japan) | 99.47% | Not achieved |

*¹ Base year: 2016

*² Amount of waste per unit of production

*³ Excluding waste volume generated at Industrial Food Services (Australia)

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

| FY2021 Goals | FY2021 Results | Self-assessment |
|---|--|-----------------|
| Make sure all employees are familiar with Environmental Vision 2030 | <ul style="list-style-type: none"> Promoted understanding by explaining Environmental Vision 2030 to Group companies (held online) Provided feedback to Group companies regarding the aggregation and analysis of Group environmental data and shared best practices between companies | ○ |
| Take waste 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 waste reduction strategy (e.g. introduce data collection systems that make it easier for managers to check their waste data quickly and easily; share best practices, such as ways to make use of animal and plant byproducts* and convert industrial waste into salable material, between Group companies) | Enabled timely collection of environmental data by installing data collection systems | ○ |

* Such as processing residues and product samples

Analysis

Status of progress on 2030 targets

We corrected our waste data and recalculated waste intensity for the years FY2016 (base year) onward, since waste data calculated at certain Group companies outside Japan included valuables that should have been excluded according to company standards.

Waste generation intensity in FY2020 was 5.1% lower than baseline, a change of 5.7 points downward from the 0.6% increase previously reported.

Waste generation intensity in FY2021 was 6.1% lower than baseline, an additional one-point improvement from the previous year. This represents a 61% achievement rate relative to our 10% reduction target. This reduction in waste intensity was the result of limiting waste generation to a 2.2% increase from the previous year even as production levels increased by 3.2%. Group companies around the world limited waste by reducing the water content of sludge and reducing production losses.

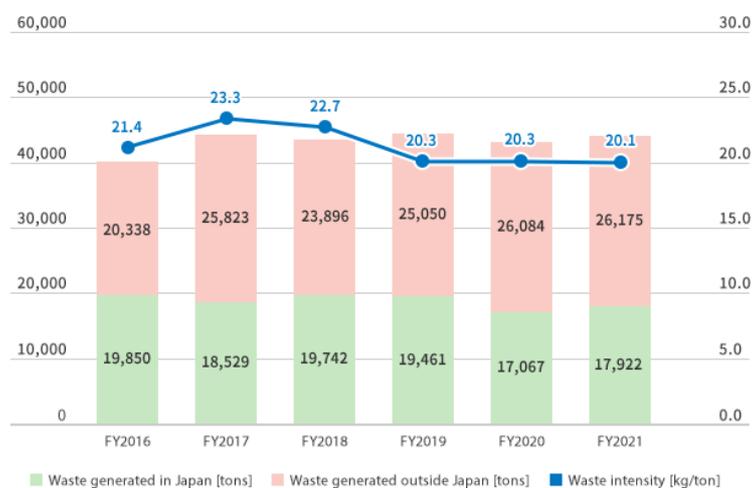
At Group companies in Japan, the resource recycling rate in FY2021 was 99.47%, an increase of 0.1 points from the previous year's 99.37% (target: over 99.8%). We promoted recycling by sorting waste more thoroughly.

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 resource recycling with Group companies.

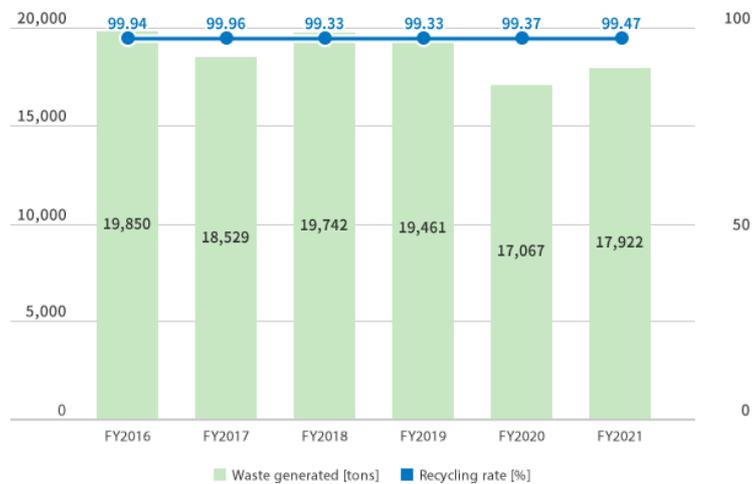
We also collected and analyzed data using the environmental data collection systems we introduced in FY2021. We plan to use the insights from this timely analysis to pursue further reductions going forward.

Annual waste generation and waste intensity



*Waste intensity was recalculated for years FY2016 onward after making a correction to waste generated outside Japan.

Annual waste generation and recycling rate at Fuji Oil Group companies in Japan



Next step

- Start collecting environmental data in a timely manner using environmental data collection systems
- Promote reduction efforts and pursue innovations

Specific initiatives

Waste reduction initiatives

In FY2021, we carried out the following initiatives to reduce waste, among others.

- Fuji Oil Co., Ltd. Hannan Business Operations Complex and Kobe Plant reduced waste by removing water content from organic sludge and reducing its weight.
- Fuji Oil Co., Ltd. Chiba Plant and Fuji Tsukuba Foods Co., Ltd. reduced product waste by improving production stability through process improvements.
- Fuji Oil (Singapore) Pte. Ltd. and Fuji Oil (Thailand) Co., Ltd. reduced organic sludge and spent bleaching earth through process improvements.
- Group companies such as Blommer Chocolate Company (U.S.) and PT. Freyabadi Indotama (Indonesia) worked to reduce product waste.

Food recycling initiatives in Japan

Group companies in Japan are working to reuse and recycle food waste pursuant to Japan's Food Recycling Act. The recycling rate in FY2021 was 98.9%, a decline of 0.4 points from the previous year. The amount of food waste generated in FY2021 was 33,755 tons, increasing by 729 tons (2%) from the previous fiscal year due to higher production levels.

For the food industry, the Act sets a recycling target of 95% for recyclable food resources. The Fuji Oil Group has exceeded a food recycling rate of 97.3% since FY2007, when it first set a food recycling target, and has maintained the rate at such a level or higher. However, expanding production in the future could increase the absolute volume of waste we generate, and we recognize this as an issue. For this reason, we will continue our efforts to maintain a high recycling rate while also developing new ways to reuse or upcycle byproducts.

Related documents

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

Reduction and Upcycling of Food Waste

Management information

Relevance to our business

As a manufacturer of food ingredients, the Fuji Oil Group recognizes the efficient use of limited food resources as a material issue, given the concerns over future food supply posed by population growth, climate change, and biodiversity loss. Food loss and waste reduction is an explicitly defined target of Goal 12 of the SDGs. Leveraging our position as a B-to-B food ingredient manufacturer, we help reduce food loss in our operations and the operations of our customers, B-to-C food manufacturers, and reduce food waste at retailers through our product development.

Basic approach

The Fuji Oil Group develops technologies to reduce waste at several steps in the food value chain. The goal of these technologies is to reduce losses in our manufacturing and distribution processes, extend the best-before date of our products and customers' products that use our products, and to enable reprocessing of customers' products. Upcycling materials that otherwise would be wasted through the remarketing of food resources is an important strategy for reducing loss during manufacturing.

Management system

Based on an ESG materiality assessment conducted in FY2022, we changed the name of this material ESG issue*1 from "food loss and waste reduction," which was used until FY2021, to "reduction and upcycling of food waste." This theme forms part of the "circular economy" category of our material ESG issues. The Chief Technology Officer (CTO) oversees initiatives in this area, while the Sustainability Committee,*2 an advisory body to the Board of Directors, monitors progress and results.

*1 Follow the link below to learn more about material ESG issues.
 > <https://www.fujioilholdings.com/en/sustainability/materiality/>
 *2 Follow the link below to learn more about the Sustainability Committee.
 > https://www.fujioilholdings.com/en/sustainability/sustainability_management/

Goals / Results

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

| FY2021 Goals | FY2021 Results | Self-assessment |
|---|---|-----------------|
| Develop and propose technologies that maintain product quality (extend freshness) and technologies for secondary processing (repurposing) | Developed new ingredients that maintain product quality, pitched the ingredients to customers, and achieved customer adoption | ○ |

Analysis

We gained customers' understanding of our strategy of extending best-before dates by maintaining the quality of products during storage. This made it easier to partner with customers, which led to the development and adoption of new ingredients. We continue to work on addressing quality-related issues to achieve further reductions of food loss and waste.

Next step

We will focus our efforts on developing ingredients and technologies that preserve the "freshly made" quality of foods and extend best-before dates. We will also search ways to make good use of what is typically discarded as waste. We set the following goals for FY2022.

- Develop technologies and ingredients that prevent deterioration when food products are stored for long periods
- Develop technologies for transforming byproducts into value-added products

Developing ingredients that preserve food quality

Frozen foods have gained prominence as a solution for preventing food loss and waste, but deterioration during long-term frozen storage remains a problem. To address this issue, the Fuji Oil Group has developed GRANDMOIST, an ingredient that can be incorporated into dough to prevent deterioration in taste and texture over time. This product is being offered to the frozen bread market. We expect GRANDMOIST will achieve increasing market penetration going forward, due to its ability to maintain product freshness during storage, extend the best-before dates of products, and contribute to food waste reduction.



Product with conventional ingredients
Moisture from the bread sublimates and freezes during storage, clinging to the bread's surface as ice crystals. Deterioration becomes apparent when the bread is defrosted, at which point its surface becomes sticky and its texture becomes dry.



Product that uses GRANDMOIST
No sign of ice crystals forming on the surface when stored in the freezer. The bread remains moist and has the same quality after defrosting as it did prior to being frozen.

Creating functional food ingredients through upcycling

The Fuji Oil Group sells food ingredients made by separating plant-based raw materials into their constituent elements, such as oils, fats and protein. Using components of a raw material effectively is a crucial aspect of resource efficiency. Upcycling process streams in the production of soybean oil is an example of this. After pressing the soybeans for oil, we separate the soy protein, and from the curd byproduct we separate the water-soluble soy polysaccharides. In addition to food loss reduction through upcycling, we also work on creating new functional ingredients. One example of this is our effective use of starch residues, that tend to go to waste. The manufacturing process for pea starch, which is used to make noodles, generates large volumes of fiber as a byproduct. Making effective use of this fiber, we developed an upcycling technology for manufacturing soluble pea fiber that can be used as a stabilizer to prevent whey separation of drinkable yogurt. We built a plant in Germany dedicated to manufacturing soluble pea fiber from pea residues generated in Europe. The plant will start its commercial operation in 2022.



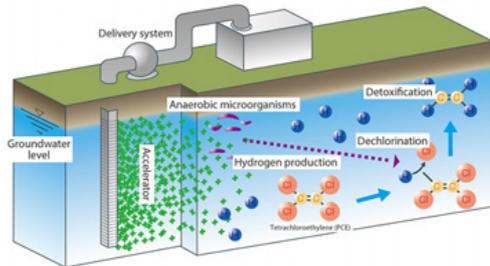
Fuji Brandenburg GmbH

Market launch of upcycled product SoyBio MA

In October 2021, Fuji Oil Co., Ltd. began sales of SoyBio MA, a bioremediation* agent for detoxifying polluted soils. SoyBio MA works by serving as a source of nutrition for microorganisms that break down toxic substances. The product has proven to be especially effective in remediating industrial brownfield sites that have been polluted by volatile organic compounds (VOCs) and oil. SoyBio MA is also priced lower than other soil amendments on the market, helping to reduce project costs.

The product draws on Fuji Oil's expertise in making nutritionally rich soy food products such as soy protein, soy peptides, and soy meat, which has become popular as a plant-based food. Soy whey, the main ingredient used to make SoyBio MA, is a byproduct of food production where the soy protein is separated, heated and concentrated, which is naturally rich in nutrients. Upcycling this whey to produce SoyBio MA helps to reduce food loss.

* A process of repairing environmental pollution that harnesses the natural activity of microorganisms.



Conceptual diagram of *in situ* bioremediation



In situ bioremediation* site where SoyBio MA is delivered via a well

* Remediation conducted at the actual site (in situ) of the polluted soil or groundwater.

Plastic Use in Product Packaging

Management information

Relevance to our business

Due to the fact our customers are businesses, many of our products, such as oils and fats, are shipped in bulk via tank trucks, ton containers, and steel drums. Other products, such as chocolate, whipping cream and solid fats, are packaged in plastic and shipped in cardboard boxes. Plastic accounts for about 20% of the entire volume of packaging materials we use. We recognize the problems with plastic and believe it is essential to reduce our usage.

Basic approach

Packaging serves three key functions: keeping food safe to eat; maintaining food quality; and communicating product information. Amid growing concerns about resource depletion and marine plastic pollution, we aim to reduce our plastic use by reducing (thinning, decreasing weight, and replacing with a recyclable material), reusing, and recycling plastic packaging materials in a manner that also maintains these three functions.

Management system

Initiatives relating to plastic use in product packaging are carried out by each Group company. In addition, the Production Productivity Management Group at Fuji Oil Holdings Inc. collects information on initiatives for reducing environmental impact, such as circular economy, the 3Rs concept (reduce, reuse, recycle), and plastic alternatives with reduced fossil content. The collected information is then shared with relevant Group companies.

Specific initiatives

Reducing plastic use

To reduce plastic use, Fuji Oil Co., Ltd. buys pallets made of recycled plastic and sells plastic pallets we can no longer use at our factories to other companies for reusing. In addition, Fuji Fresh Foods Co., Ltd. began replacing the material used in food packaging films with environmentally responsible recycled PET containing 80% recycled resin.

Environmentally Responsible Production

Management information

Relevance to our business

Some Fuji Oil Group manufacturing processes impact the environment by emitting high levels of CO₂. We have the responsibility to reduce such environmental impacts as much as possible. It is also important that we assess environmental impacts at every stage in the lifecycle of our products and reduce such impacts efficiently. These stages include the cultivation of raw materials and processing of our products by customers, in addition to our own manufacturing processes.

Basic approach

We will work to develop processing technologies that have a low environmental impact and help us achieve our reduction targets for CO₂ emissions, water usage, and waste outlined in our Environmental Vision 2030.* Aside from reducing the environmental impact of our own manufacturing process, we will also conduct comprehensive assessments and pursue technological innovation to reduce environmental impacts across all our business activities, including environmental conservation during the production process of raw materials.

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

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

Management system

Based on an ESG materiality assessment conducted in FY2022, we changed the name of this material ESG issue*¹ from “reduction of the environmental impact of products and raw materials,” which was used until FY2021, to “environmentally responsible production.” This theme forms part of the “climate change” category of our material ESG issues. The Chief Technology Officer (CTO) oversees initiatives in this area, while the Sustainability Committee,*² an advisory body to the board of directors, monitors progress and results.

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

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

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

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

Goals / Results

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

| FY2021 Goals | FY2021 Results | Self-assessment |
|---|--|-----------------|
| Develop manufacturing methods that achieve higher efficiency and reduced environmental impact through the application of a new enzyme-based oil and fat processing technology in commercial production. | Preliminary estimates of our study on the manufacturing methods showed that it would be possible to reduce CO ₂ emissions by 20%. However, the actual impact reduction could not be calculated as enzyme reaction rates at the production plant did not reach the target. | △ |
| Conduct a survey on the environmental impact of our granulated soy protein products. Draft a strategy to reduce lifecycle impact. | An LCA* of soy protein products showed that the highest impact across the life cycle comes from the drying process. | ○ |

* LCA: life cycle assessment. A methodology for assessing quantitatively the environmental impact of a product or service throughout its life cycle (resource extraction, raw material production, product manufacturing, distribution and consumption, disposal and recycling) or at a specific stage of its life cycle.

Analysis

Amid the COVID-19 pandemic, the personnel in charge could not be physically present on site during a trial of a new enzyme-based oil and fat processing technology. As a result, we could not conduct a detailed feasibility assessment, and we were unable to complete the technology development. We will identify the possible reasons as to why the enzyme reaction did not reach the target rates and aim to complete the technology development in FY2022 by enhancing coordination with the plant and analyzing the trial data. Regarding the production of granulated soy protein materials, since we have confirmed that the drying process generates the most CO₂ emissions, we will share the assessment result with relevant parties and propose improvements.

Next step

With regard to environmentally responsible production, we aim at reducing our environmental impact by cutting and utilizing CO₂ emissions. Our challenge is to implement initiatives not only in our own production process but also across the entire life cycle of our products, including the raw material stage, as we aim to reduce our environmental impact through cutting or effectively utilizing CO₂ emissions. To address this issue, we set the following goals for FY2022.

- Solve issues in the production plant trial of the new enzyme-based oil and fat processing technology and develop manufacturing methods for commercial production
- Effectively utilize the CO₂ emissions in our soy protein business by launching initiatives to achieve carbon neutrality in raw soybean production and selecting suitable soybean varieties
- Use breeding technology to create new plant breeds for raw material that can lead to more efficient production of oils and fats, study the commercialization of oil and fat materials, and estimate their effect on reducing environmental impact

Specific initiatives

Research project on soybean cultivation in Japan utilizing carbon emissions from a waste incineration facility

Developing technology that helps address shortages in food resources caused by the climate crisis and population growth is an important issue for the Fuji Oil Group. To counter the recent price increases in food and energy resources, and from the standpoint of food security, we believe that providing delicious, healthy and sustainable foods that use domestic crops is indispensable. While we have been studying the potential of soybeans over many years, we have renewed our interest on domestic production. In May 2022, we launched a joint research project with Saga City, Saga University, and ITOCHU ENEX Co., Ltd. to capture and utilize CO₂ in the production of soybeans in Japan. We will carry out research and development on efficient cultivation methods that make the most of the properties of soybeans, which grow faster by absorbing CO₂. We will initially conduct a demonstration test at an experimental facility at Saga University. Eventually, we aim to supply our plant factory with CO₂ from a carbon dioxide capture and utilization (CCU) facility at a waste incineration facility in Saga City. In the future, we will use our Group's technology to commercialize the domestic soybeans grown through this cultivation system as sustainable soy products for our customers.



CCU facility at the waste incineration facility in Saga City



From left: Fumiya Tanaka, Chief Operating Officer (Power & Utility Division), ITOCHU ENEX Co., Ltd.; Satoshi Watanabe, Associate Professor at the Faculty of Agriculture (Plant Breeding and Genetics), Saga University; Hidetaka Sakai, Mayor of Saga City; Fumiyuki Goto, Professor at the Faculty of Agriculture (Controlled Environment Horticulture), Saga University; Takashi Kadota, Director and Senior Executive Officer (Chief Technology Officer (CTO) and ESG Representative), Fuji Oil Holdings Inc.

Human Rights Management

Management information

Basic approach

The Fuji Oil Group has a responsibility to respect the human rights of all who can be impacted by our global business. This responsibility is expressed in our Group Management Philosophy, which upholds a commitment to “Work for people” as a core value.

Due to the environmental and human rights risks associated to agricultural products such as palm oil and cocoa, which are key raw materials for the Fuji Oil Group, respecting human rights is crucial not just in our own operations but at every step in our supply chain.

Based on stakeholder dialogues and our participation in the 2016 United Nations Forum on Business and Human Rights, we reformulated our view on human rights and announced the Fuji Oil Group Human Rights Policy in April 2017.

> [Fuji Oil Group Human Rights Policy PDF \(388KB\)](#) 

Management system

Under the supervision of the ESG Representative, the Sustainability Development Group promotes Group-wide efforts to raise awareness of human rights issues, to identify and manage human rights risks, and to ensure that human rights are respected at all workplaces and business sites.

Key human rights risks are incorporated into our material ESG issues.^{*1} The Sustainability Committee,^{*2} an advisory body to the Board of Directors, monitors the progress and results of initiatives.

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

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

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

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

Specific initiatives

Educational, promotion and awareness activities

The Fuji Oil Group promotes educational and awareness activities on business and human rights.

We designated the week of December 10, international Human Rights Day, as Fuji Oil Group Human Rights Week to raise awareness among all Group employees on our Human Rights Policy and the issue of business and human rights. In FY2021, we sought to raise internal awareness by issuing leadership statements on business and human rights and distributing articles and e-mail messages explaining the Group's approach and initiatives.



A leadership statement posted on our internal communication site

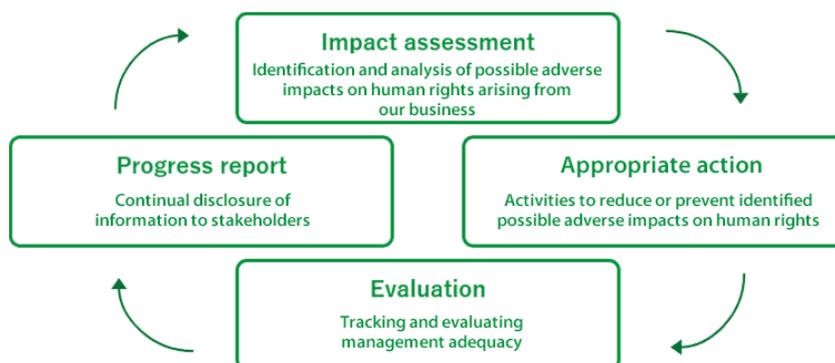
* The C'ESG'O position was discontinued in April 2022 and changed to ESG Representative.



Human rights due diligence

Overview

The UN Guiding Principles on Business and Human Rights, which present the fundamental principles in this respect, clearly state that businesses also have the responsibility to respect human rights. The principles require that businesses comply with all the applicable laws and regulations. This corporate responsibility consists of three components: policy commitment, human rights due diligence, and remediation. The Fuji Oil Group specifies our “implementation of the responsibility to respect human rights” in the Group’s Human Rights Policy, and conducts human rights due diligence as part of our responsibilities.



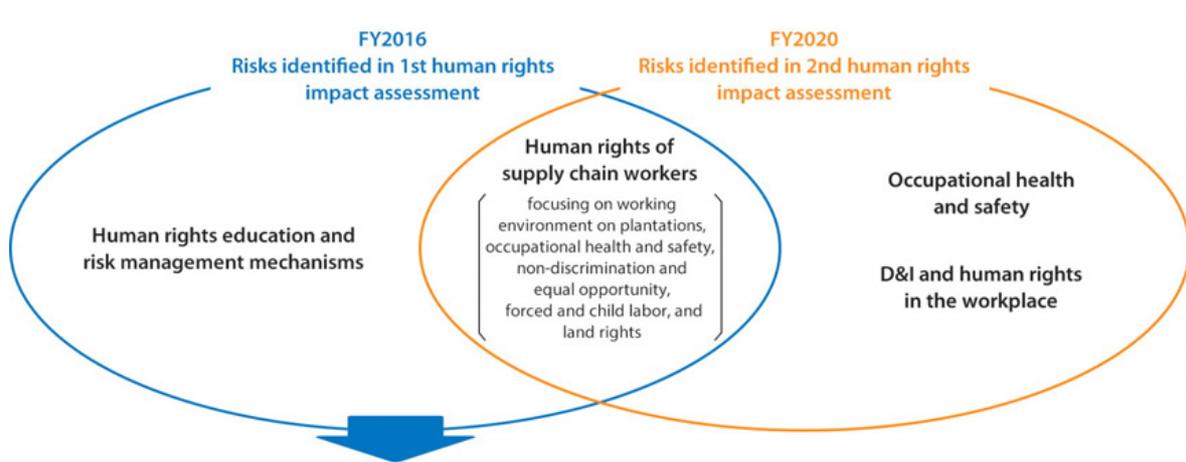
Impact assessment process

The Fuji Oil Group conducts human rights impact assessments following the process advocated by the UN Guiding Principles on Business and Human Rights and with guidance from outside experts to identify and evaluate the possible adverse impacts of our business activities on human rights and to identify priority key issues. We conducted our first human rights impact assessment in FY2016, and second assessment in FY2020, to identify our human rights risks. During the second assessment in FY2020, we received guidance from BSR, a third-party expert on business and human rights. In the first stage, based on BSR's expertise, we identified human rights risks based on the nature of the Group's business and our operating locations. In the second stage, we conducted interviews with relevant in-house parties to incorporate as much information from our actual operations as possible. In this stage, done in collaboration with BSR, we identified six categories where our business can have a human rights impact: 1) Occupational health and safety, 2) Human rights of supply chain workers, 3) Diversity and inclusion (D&I) and human rights in the workplace, 4) Food safety, 5) GRC,* and 6) Climate impact on human rights. In the third stage, following expert guidance, we selected three categories of human rights risks to address as priority issues: 1) Occupational health and safety, 2) Human rights of supply chain workers, and 3) D&I and human rights in the workplace. These identified risks have been reported to our

executive team. We carry out medium-term initiatives to reduce these risks and disclose our progress to stakeholders through sustainability reports and other channels.

* Governance, risk, and compliance

Results of 1st and 2nd human rights impact assessments and progress on addressing risks identified in 1st assessment



Summary of progress since FY2016

Human rights education and risk management mechanisms

- Conducted human rights education within the Group (held Human Rights Week, distributed educational videos)
- Explained human rights risks to Group companies
- Incorporated human rights risks into Group companies' risk assessment process

Human rights of supply chain workers

(focusing on working environment on plantations, occupational health and safety, non-discrimination and equal opportunity, forced and child labor, and land rights)

- Promoted sustainable procurement of palm oil
- Promoted sustainable procurement of cocoa
- Built and began operating a grievance mechanism for palm oil

In-depth look at risks identified in 2nd human rights impact assessment

| Risks identified in 2nd human rights impact assessment | Special points to confirm/consider (recommended by experts) | Actions | FY2021 Results |
|---|--|---|---|
| Occupational health and safety Relevant stakeholder group: Employees | <ul style="list-style-type: none"> Prevent spread of infection during COVID-19 pandemic Strengthen management system by third-party assessment | <ul style="list-style-type: none"> Continue applying strict measures to prevent infection in the workplace Continue to improve our occupational health and safety management system by incorporating perspectives of third-party organizations | <ul style="list-style-type: none"> Promoted staggered working hours, remote work, flextime system Carried out group COVID-19 vaccination at business sites Carried out joint remote audits of individual companies which included safety officials from regional headquarters |
| Human rights of supply chain workers (focusing on working environment on plantations, occupational health and safety, non-discrimination, and equal opportunity, forced and child labor, and land rights) Relevant stakeholder group: Supply chain workers | <ul style="list-style-type: none"> General: Establish supplier code of conduct that applies to all suppliers and expand grievance mechanisms Palm oil and cocoa: Implement measures based on sourcing policies and medium-to-long-term targets Soy: Formulate sourcing policy and establish monitoring system | <ul style="list-style-type: none"> Ensure suppliers are well informed of supplier code of conduct Evaluate effectiveness of revised palm oil grievance mechanism Monitor human rights due diligence trends in the EU and apply to the supply chain in a timely manner For child labor risks in West Africa, conduct traceability and mapping, promote the Child Labour Monitoring and Remediation System (CLMRS), and participate in educational assistance program Establish and disclose responsible sourcing policy and KPIs for soybeans and soy products Establish and disclose responsible sourcing policy and KPIs (especially to empower women) for West African shea kernels | <ul style="list-style-type: none"> Formulated and published the Supplier Code of Conduct, which was distributed to suppliers Addressed the increase in number of grievances Established a Sustainable Development Team as a hub for ESG information (in Fuji Europe Africa B.V.) Implemented initiatives to end child labor in Ghana and Côte d'Ivoire Formulated the Responsible Soybeans and Soy Products Sourcing Policy, set and disclosed KPIs Formulated the Responsible Shea Kernels Sourcing Policy, set and disclosed KPIs |
| D&I and human rights in the workplace (harassment, forced labor) Relevant stakeholder group: Employees | <ul style="list-style-type: none"> Strengthen system for promoting D&I globally Strengthen harassment prevention measures Identify and reduce forced labor risks | <ul style="list-style-type: none"> Promote diversity, equity and inclusion (DE&I) globally Consider possible mechanisms/systems for identifying and addressing human rights issues in the workplace | <ul style="list-style-type: none"> Identified human rights issues in each region and incorporated in our material ESG issues for FY2022 Conducted anti-harassment lectures in management training Posted informational posters on harassment prevention during Human Rights Week, informed and raised awareness among managers |

Grievance mechanisms

Internal hotline system for employees

We have established a whistleblowing hotline system* for employees of Group companies inside and outside Japan and employees of some cooperating companies.

* Follow the link below to learn more about the internal hotline system.

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

Grievance mechanism for our supply chains

In May 2018, we established and announced a grievance mechanism* based on our Responsible Palm Oil Sourcing Policy. We set up a grievance mechanism webpage in English on the Fuji Oil Group website to announce the mechanism and its progress.

* Follow the link below to learn more about the grievance mechanism.

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

Review of initiatives (expert dialogue)

From 2016 to 2020, the Fuji Oil Group held annual dialogues with business and human rights experts to seek advice on our human rights initiatives. In FY2021, we did not carry out a talk-format dialogue. Instead BSR, our Human Resources Department and our Sustainability Department discussed specific measures to deal with human rights in the workplace (harassment, forced labor), which was identified as a risk in the 2nd human rights impact assessment. During the discussion, we considered how to ensure an effective, comprehensive human rights risk management system.

Related documents

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

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 | Launched CLMRS ⁶ 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) 

Creation of Plant-based Protein Resources

 **Material Issue**
Creation of Sustainable Food Resources

Management information

Relevance to our business

Since its early days, around 1950, the Fuji Oil Group has been considering the future problem of food resources caused by the growing global population. We have explored the possibilities of soy protein and developed plant-based protein ingredients that can complement animal protein sources. We started our research on soybeans in 1957 and began selling textured soy protein in 1969. Through the years, we have developed over 70 kinds of soy meat ingredients and provided them to food manufacturers and other customers. With the world population expected to reach 9.7 billion by 2050, we need to provide solutions to the problem of food scarcity by developing healthy plant-based protein ingredients with lower impact on the global environment. We also believe that providing wider choices of plant-based food products and creating a world where everyone can truly enjoy their meal is an important mission for the Group.

Basic approach

In recent years, there has been growing global interest in physical and mental disorders, global environmental problems, uneven distribution of food resources, and other social issues. Instead of merely replacing animal-based food with plant-based ones, our aim is to establish new markets for plant-based food products by creating delicious plant-based food ingredients that consider the health of people and the planet, thereby contributing to solving these social issues. We develop flavor technologies using only plant-based ingredients through a combination of fats, oils and proteins, with emulsified and fermented ingredients. We also create a wide range of textures and tastes through a combination of various isolated soy protein ingredients with fat and oil products. Our aim is to continue providing a variety of plant-based food ingredients in a way that supports food cultures around the world as well as all kinds of people with special dietary needs.

Management system

In line with our identification of material ESG issues*¹ in FY2022, we changed the name of this material issue from “solutions to food insecurity,” which was used until FY2021, to “creation of plant-based protein resources.” This theme forms part of the “creation of sustainable food resources” category of our material ESG issues. The Chief Technology Officer (CTO) oversees initiatives in this area, while the Sustainability Committee,*² an advisory body to the Board of Directors, monitors progress and results.

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

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

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

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

Goals / Results

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

| FY2021 Goals | FY2021 Results | Self-assessment |
|--|--|-----------------|
| Develop delicious soy meat ingredients and products that look and taste like real meat* ¹ | Marketed 10 soy meat food products and ingredients that can replace animal meat ingredients or meat products | ○ |
| Develop plant-based milk and cream* ² | Marketed 5 plant-based milk and cream products | ○ |

*1 Products that use plant-based food ingredients and have comparable texture (chewiness) and taste (juiciness resembling meat) to regular meat ingredients and products

*2 See the section “R&D for the next-generation of plant-based protein ingredients” below.

Analysis

With the expanding market for meat alternatives, the Fuji Oil Group leveraged the technologies for combining flavors and textures that we have developed over many years to develop new products with the flavors and textures that are as close to real livestock meat products as never before. These have been well received and used by our customers in various products.

Next step

Creating an enjoyable experience with food, rather than simply offering plant-based protein as a meat alternative, is a key aspect of creating plant-based protein resources. To address this issue, we set the following goals for FY2022.

- Develop next-generation soy meat ingredients that provide new value
- Develop plant-based processed foods (for side dishes, etc.)

Specific initiatives

R&D for the next-generation of plant-based protein ingredients

The Fuji Oil Group strives to develop products that bring out the flavor of plant-based food ingredients to help solve food insecurity and global environmental challenges. These products harness the development technologies of oils and fats and soy protein ingredients we have cultivated over many years.

In FY2021, we developed Almond Whip, a dessert ingredient that brings out the best of almonds, which have been gaining a lot of interest for their health benefits. As the need for plant-based sweets ingredients grows with the rising health awareness and environmental concerns, this dairy-free product is versatile, easy to work with, and has a long shelf life; it can be used for decorating cakes, mousse, and other preparations.



Almond Whip



Used in Mont Blanc tart (whipped cream only)

In addition, through joint research by Fuji Oil Co., Ltd., Tokyo Institute of Technology and Gurunavi, Inc., we developed Soy Delice KOJI, a soy cheese made using our Double Fermentation method — a technology to ferment low-fat soy milk using lactic acid bacteria and traditional Japanese koji mold. Soy Delice Koji has a deep, rich and full flavor that is satisfying, and can be used as an alternative to butter, cream or egg yolk in a wide range of dishes in Japanese, Chinese or Western cuisines.



Soy Delice KOJI



Used in tomato cream pasta

Proposing new values to consumers

To bring popular plant-based dishes to consumers, Fuji Oil Holdings Inc. has been offering plant-based food (PBF) delicatessen through pop-up restaurants and food trucks called UPGRADE Plant Based Kitchen. Continuing from 2020, we substantially increased the number of items in the menu from 2020 and offered 17 items at the pop-up event held in Yurakucho, Tokyo in November 2021. The rice gratin using Plant-based Paste S (sea urchin flavor), our alternative seafood product, attracted a lot of attention due to poor sea urchin catches since September 2021 caused by rising sea temperatures. Media companies came over to cover the event and helped make PBF more widely known in Japan. Moreover, in a survey performed during this event, the percentage of those who answered that they had actually eaten PBF rose significantly from 32% in 2020 to 68% in 2021. Although gradually, PBF is steadily gaining ground. With our ongoing mobile sales through the UPGRADE food truck, we offer PBF menus at various locations.



Menu at the UPGRADE pop-up event



Rice gratin using Plant-Based Paste S (sea urchin flavor)



Pop-up restaurant event

Value co-creation with our customers

Fuji Oil Co., Ltd. engages in co-creation activities together with our customers to expand the range of PBF.

Chikaranomoto Holdings Co., Ltd. (Ippudo): Plant-based Akamaru ramen

In February and December 2021, the ramen restaurant brand Ippudo, operated by Chikaranomoto Holdings Co., Ltd., commercialized the product called Plant-based Akamaru ramen. It uses our product based on Fuji Oil Co., Ltd.'s MIRACORE® technology, which produces the feeling of satisfaction that animal-based products deliver without using any animal-based ingredients, providing a groundbreaking ramen soup base with the full flavor of pork bone. Ippudo's press release highlighted the food crisis caused by the rising global population and the need for creating a decarbonized society, as well as the development of proteins as meat alternatives and the increasing diversity of diet. The ramen was well received by many customers for its high quality and helped raise awareness of PBF.



Ippudo's Plant-based Akamaru ramen (Image: Chikaranomoto Holdings Co., Ltd.)

FamilyMart Co., Ltd.: Bento and delicatessen using soy meat

In January and June 2021, FamilyMart Co., Ltd. released a line of soy meat products at approximately 16,600 FamilyMart stores across Japan. Soy meat was used in a wide variety of products ranging from burgers, Chinese noodles, pasta salads to tortillas, as well as soy meat buns sold in the fall.

We received much positive feedback for the high-quality products that do not have the look and feel of soy while providing an environment-conscious sustainable diet. We also receive messages that show that soybeans have become a more familiar food.



Soy meat products (Image: FamilyMart Co., Ltd. website)

Lotteria Co., Ltd.: Soy BBQ cheeseburger

Soy BBQ cheeseburger went on sale in February 2021. Since 2019, the company had constantly used and widely promoted soy meat, which has attracted attention as a low environmental impact food.



Soy BBQ cheeseburger (Image: Lotteria Co., Ltd.)

MIRACORE® technology brand

MIRACORE® is a core technology for food that leverages the potential of plants, creating food that is both healthy for everyone and always delicious. The feeling of satisfaction that animal-based products deliver is critical for people to continue eating PBF and create a sustainable future. We have established MIRACORE® as a new technology brand that reproduces this satisfaction. MIRACORE® fully recreates the aroma, flavor and texture of animal-based products, and delivers delicious, satisfying food. This collaborative technology was made possible by the Fuji Oil Group's bedrock of research on plant-based oils and fats and proteins for over 60 years.



Investing in a major Dutch fund dedicated to food technologies

In FY2021, Fuji Oil Holdings Inc. invested in Unovis NCAP Fund II through its subsidiary. This is a major fund dedicated to food technologies based in the Netherlands. Unovis Asset Management B.V., which manages the fund, is a pioneer in this field, particularly in the alternative protein sector, finding food tech businesses seeking to build new food systems at an early stage and helping them grow. The company also has specialists with extensive experience in the field of ESG who constantly analyze the impact of the companies they invest in.

Aiming to create a sustainable world through plant-based ingredients, the Fuji Oil Group positioned this investment as an initiative linking the Group's wide range of unique technologies with solutions to the world's food issues, in order to accelerate development of our PBF business globally. Through this, we will move forward to enter a wider range of alternative protein business sectors and build our business based on consumer needs, using the market-in approach.

Partnering with other companies on sustainable food

Unlike in other countries, PBF is not well known in Japan, where ethical consumption has yet to gain ground and choices are limited. The Plant Based Lifestyle Lab (P-LAB)*¹ was founded in March 2021 by 15 companies from a range of business domains. It became a general incorporated association in November of the same year and launched full-scale activities with a total of 40 companies (Directors: Fuji Oil Holdings Inc., Kagome Co., Ltd., and Pasona Group Inc.; Auditor: Pasco Shikishima Corporation). In FY2021, P-LAB engaged in discussions on consumer awareness surveys and on the Q&A on Plant-based Food Labeling*² prepared and published by the Consumer Affairs Agency of Japan in August of the same year, as well as held a dialogue with the PBF Promotion Working Team of the Council for Public-Private Partnership in Food Technology of Japan's Ministry of Agriculture, Forestry and Fisheries. We have laid the foundation for spreading fun, healthy and delicious culinary lifestyles that naturally include PBF. Going forward, we will organize educational events for both members and the public to maintain our communication base, develop new foods and products through collaboration between members, and continue to promote value creation by merging PBF with health, beauty, tourism, agriculture, education and other sectors. Through the industry-government-academia-private partnership in P-LAB, the Fuji Oil Group will work for healthy diets and lifestyles filled with joy and in harmony with the planet, and develop sustainable food systems.

*1 Follow the link below to learn more about P-LAB.

> <https://pbl-lab.net/> (In Japanese)

*2 Follow the link below to learn more about the Q&A on Plant-based Food Labeling by the Consumer Affairs Agency of Japan.

> https://www.caa.go.jp/notice/other/plant_based/ (In Japanese)

Developing a soy business to improve nutrition and increase women farmers' income in Burkina Faso

Fuji Oil Ghana Ltd., a Fuji Oil Group company, imports most of the shea kernels it uses from the neighboring Burkina Faso. Many of the women who harvest shea kernels in the region are also engaged in soybean cultivation.

Since 2019, the Fuji Oil Group has been conducting a business feasibility study on the procurement of soybeans and the development, manufacture and sale of soy meat in Burkina Faso. The aim is to improve the nutrition of local consumers and increase local farmers' income. This study was selected as a 2018 Survey on Businesses to Address Developing Country Issues (SDG Business)* by the Japan International Cooperation Agency (JICA). Within the JICA framework, the contribution of this project to achieving specific SDG targets was also examined.

In FY2021, we studied production lines and factory investments with equipment manufacturers for soy meat production, as well as considered forms of collaboration and business structure with local companies. With the aim of helping improve nutrition, we carried out a survey of local nutritional health and further designed a survey to assess the impact that will be created by the business. Moving forward, we will continue to study the project to determine its potential for future commercialization so that we can make good use of the Group's protein technology and contribute to enriching the diets and lifestyles of local communities.

* JICA provides financial assistance of up to 50 million yen per proposal for a maximum of three years for Japanese companies planning to start a business that will contribute to the attainment of the SDGs in developing countries.

Solutions for healthy aging and well-being

Management information

Relevance to our business

Being one of the first super-aged societies in the world, Japan faces expanding healthcare costs and the potential collapse of its social welfare systems. One key to address this issue is extending healthy-life expectancy and supporting older people to live better and more meaningful lives. The Fuji Oil Group promotes well-being in an aging world by addressing some of the physical and mental health issues of older people and by providing healthy food ingredients made from plant-based oils, fats and proteins.

Basic approach

The Fuji Oil Group has carried out many years of research into the health functions and benefits of plant-based food ingredients such as soy, oils, and fats. Our research indicates a great potential of stabilized DHA/EPA*¹ and soy peptides*² for addressing age-related health issues, including dementia, mental illness, lifestyle diseases, and frailty.*³ We aim to help older people stay healthy in body and mind by providing these food ingredients to our customers and the consumers they serve, and by building a network of partners with municipalities and other relevant organizations.

*1 Docosahexaenoic acid (DHA) and eicosapentaenoic acid (EPA) are two types of essential fatty acids — meaning that they cannot be synthesized by the body but must be obtained from food. Studies have shown that DHA and EPA have several health benefits, including supporting memory and concentration and reducing neutral fats in the body.

*2 Peptides are substances created in the process of breaking down proteins. Peptides formed by enzymatic breakdown of soy proteins are called soy peptides.

*3 A state between good health and the need for living assistance that is associated with declining motor and cognitive function with increasing age.

Management system

Based on an ESG materiality assessment conducted in FY2022, we changed the name of this material ESG issue*¹ from “provision of healthy food,” which was used until FY2021, to “solutions for healthy aging and well-being.” This theme forms part of the “health and nutrition” category of our material ESG issues. The Chief Technology Officer (CTO) oversees initiatives in this area, while the Sustainability Committee,*² an advisory body to the Board of Directors, monitors progress and results.

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

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

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

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

Goals / Results

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

| FY2021 Goals | FY2021 Results | Self-assessment |
|--|--|-----------------|
| Verify the functional effects of next-generation core technologies that help to solve health issues in aging societies | <ul style="list-style-type: none"> Published research presenting new evidence on the health functions of stabilized DHA/EPA In a collaborative partnership, the Fuji Oil Group and Omu Milk Products Co., Ltd. registered a DHA-fortified milk beverage as a food with function claims (FFC) | △ |
| Prepare an action plan for delivering well-being solutions to aging societies | Based on industry and technology research, made plans for building a network of partnerships dedicated to preventing dementia | ○ |

Analysis

Our research shows new evidence on the potential benefits of stabilized DHA/EPA for preventing dementia and maintaining bone health. The research received high accolades from business and academic circles, was published in an academic journal, and received an Award for Achievement in Technological Research from the Japan Society for Bioscience, Biotechnology, and Agrochemistry (JSBBA).

Pre-symptomatic care is critical for preventing dementia. We need to do more than provide foods that contribute to prevention; we also need to build social systems that encourage prevention. To achieve this, we researched healthtech* and policy initiatives for measuring and detecting dementia risk before onset. We also drafted plans to build a network of partners that will facilitate dementia prevention.

Going forward, we aim to address age-related health issues through pre-symptomatic care by substantiating the various health advantages of our products and by building a network of partners with healthtech companies, municipalities, and other external stakeholders. We also identified technical barriers to using next-generation core technologies, and therefore decided to review our technology strategy and partnerships.

* Technologies that combine AI and IoT-powered sensing technologies with wearables and other digital devices to improve healthcare, such as through health management, prevention, and nursing care.

Next step

Establishing evidence and advantages of the health functions of the ingredients we supply, in addition to motivating older people to practice prevention, are important for addressing age-related physical and mental health issues. With these in mind, we set the following goals for FY2022.

- Establish differentiated advantages of the health functions of stabilized DHA/EPA
- Build a network of partners dedicated to dementia prevention

Specific initiatives

Publishing research on bone health maintenance and the prevention of age-related cognitive decline

A joint study conducted with Shimane University Faculty of Medicine showed that intake of a milk beverage containing stabilized DHA/EPA (developed by Fuji Oil Co., Ltd.) protected against age-related cognitive decline in healthy older people. A subgroup analysis from the same study also showed benefits of the beverage for maintaining bone health. These findings were published in the Journal of Oleo Science, a publication of the Japan Oil Chemists' Society. We expect that this research can contribute to the greater well-being for older adults, as osteoporosis and bone fractures can significantly reduce quality of life in old age.

In partnership with the Fuji Oil Group, our Group company Omu Milk Products Co., Ltd. has also registered a DHA-fortified milk beverage as a food with function claims (FFC). The beverage developed by Omu Milk Products Co., Ltd. based on scientific evidence published in the Journal of Functional Foods in 2020 contains a lower amount of DHA (297 mg) than conventional products. The reduced DHA content mitigates the risk of unpleasant fishy smell and taste, a problem with DHA/EPA caused by oxidation. This should open doors for using this ingredient in a broader range of food applications — making delicious DHA-enriched foods accessible to more consumers.

External recognition

In November 2021, a cross-sector initiative to prevent frailty, locomotive syndrome, and dementia was awarded by the Japan Ministry of Health, Labour and Welfare (MHLW) in its 10th Smart Life Project (Let's extend health life expectancy!) Awards program. This awarded initiative is a collaboration between Osaka Kawasaki Rehabilitation University, Kaizuka city in Osaka Prefecture and Fuji Oil Co., Ltd. for preventing long-term nursing care and living assistance for older adults. The Smart Life Project Awards, hosted by the MHLW and Japan Sports Agency, promotes efforts to prevent lifestyle diseases by recognizing outstanding contributions in this field.

In March 2022, Fuji Oil Co., Ltd. also received the Award for Achievement in Technological Research from the Japan Society for Bioscience, Biotechnology, and Agrochemistry (JSBBA). The awarded research led to the development and commercial application of PRORARE®, a DHA/EPA oil with advanced oxidation stabilization properties. We see the award as recognition of our technological assessment and the future commercial value of stabilized DHA/EPA. We plan to build on our success with the award to pursue further market opportunities and better health outcomes for older individuals.



10th Smart Life Project (Let's extend healthy life expectancy!) Awards



Medal of the Award for Achievement in Technological Research from JSBBA

Reduction of Sugars Intake

Management information

Relevance to our business

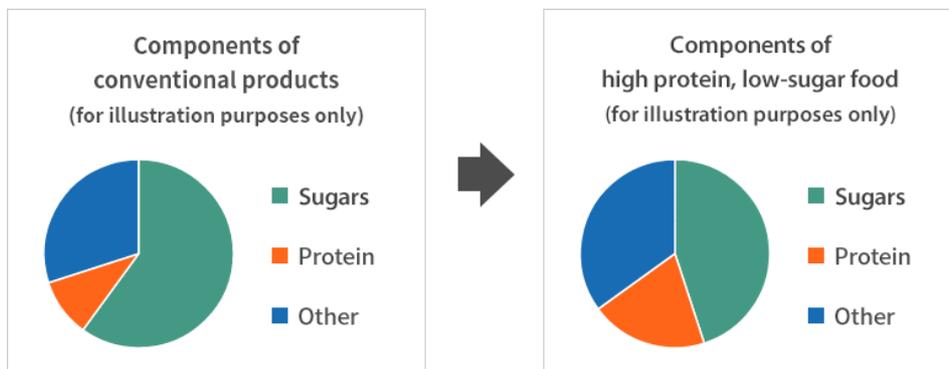
Efforts to prevent obesity and lifestyle diseases by eliminating the excessive intake of sugars are gaining interest worldwide. For instance, in 2015, the World Health Organization (WHO) published a guideline that recommends adults and children to reduce their daily intake of free sugars to less than 10% of the total energy intake.

As a B-to-B food ingredient manufacturer, the Fuji Oil Group has carried out extensive research into plant-based protein ingredients that can be used to replace certain sugars in food.* We are also working on developing and growing sales of sugar-free chocolate.

* Some of the available carbohydrates contained in staple foods (bread, rice, etc.) and confectioneries can be replaced with our plant-based protein ingredients without sacrificing taste. We suggest that customers use our plant-based protein ingredients as a portion of their recipe for making bread, rice balls, boxed meals, and other food products to reduce their carbohydrate content.

Basic approach

The Fuji Oil Group aims to improve global health by providing solutions for reducing sugars intake without sacrificing taste. We can provide customers and consumers with food ingredients that, by replacing some of the sugars with protein, have excellent nutritional balance and are still delicious. By proposing and providing high-protein foods that are low in sugars, we will help solve consumers' excessive intake of sugars.



Management system

The Chief Technology Officer (CTO) 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

| FY2021 Goals | FY2021 Results | Self-assessment |
|---|---|-----------------|
| Develop food ingredients to increase the percentage of protein in staple foods (to help customers reduce their products' sugar content) | Developed and commercialized food ingredients that increase the percentage of protein in staple foods | ○ |
| Provide protein-fortified staple food ingredients | Successfully developed ingredients in the lab (not yet commercialized) | △ |

Analysis

In Japan, sugar reduction is attracting a growing attention, prompting interest in staple foods with higher protein content. This leads to a greater demand for protein-fortified staple foods that are typically high-carb. We think that our offer of tasty plant-based foods fits this trend. Aiming at supplying protein-fortified staple food ingredients, we completed the development of fortified products in the lab, but did not reach the stage of marketing them in FY2021.

Next Step

An important part of reducing sugars intake, which is a risk factor in the development of lifestyle diseases and obesity, is to offer food ingredients that are low in sugars. To address this, we set the following goals for FY2022.

- Develop protein food ingredients suitable for staple food applications
- Develop reduced-sugar food products and ingredients

Specific initiatives

Expanding our lineup of low-sugar foods

The Fuji Oil Group is working to propose and provide nutritionally balanced food products that replace some of the sugars in high-carb foods (e.g., staple foods, sweets) with protein. For instance, by partially replacing the sugars in staple foods, such as bread and boxed meals, with proteins, it is possible to easily reduce the amount of sugars without sacrificing taste.



Bread and toppings with reduced sugars



Meal options with low-sugar rice ingredients

* The photos are for illustration purposes only.

Reduced-sugar and sugar-free chocolate

In North America, in 2021, the market for reduced-sugar and sugar-free chocolate showed once again a growth of above 20%, reflecting rising health awareness among consumers. Meanwhile, in a consumer survey conducted by Blommer Chocolate Company in the U.S.,* 73% of respondents answered that taste is the most important characteristic of chocolate. Consumers are increasingly voicing their desire for products that have the same taste and satisfaction as conventional chocolate but with less sugar. Responding to these calls, the Fuji Oil Group, in partnership with an ingredient manufacturer that owns a patented technology, developed a chocolate with a sugar content dramatically lower than existing products but with the same great taste. This chocolate cuts sugar content by 50% and uses sugar as the only sweetener.

* Follow the link below to learn more about Blommer Chocolate Company's consumer awareness survey.

> https://www.blommer.com/_documents/Blommer_Sensible-Indulgence-infographic.pdf

Reduction of Trans Fatty Acid Content

Management information

Relevance to our business

Trans fatty acids (TFA) created during the production of processed foods have been linked to increased risk of coronary heart disease. In 2018, the World Health Organization (WHO) released an action package to reduce TFA intake. This action recommends national governments and food manufacturers to limit industrially produced TFA to less than 2 g/100 g of total fat or oil. This action should cover all foods by 2023. The Fuji Oil Group has been working to ensure conformity to the WHO's recommendations by commercializing products with low-TFA oils and fats using interesterification and other technologies that do not create TFA in the production process.

Basic approach

The Fuji Oil Group has contributed to lowering the general TFA intake levels in various regions in cooperation with our customers. In FY2019, we defined a basic approach and strengthened our in-house system to further enhance our initiatives on this issue. In line with the WHO's recommendations, we aim by FY2023 to reduce TFA to less than 2 g/100 g of total fat or oil in our products in regions where the estimated TFA intake exceeds 1% of the total daily energy intake.

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

| FY2021 Goals | FY2021 Results | Self-assessment |
|--|---|-----------------|
| Reduce TFA in all products (to less than 2 g/100 g of total fat or oil) at Woodlands Sunny Foods Pte. Ltd. (Singapore), PT. Freyabadi Indotama (Indonesia), and Harald Indústria e Comércio de Alimentos Ltda (Brazil) | <ul style="list-style-type: none"> Woodlands Sunny Foods Pte. Ltd. (Singapore): Switched all products to low-TFA products by May 2021, ahead of new legislation that went into effect in June. PT. Freyabadi Indotama (Indonesia): For products we had planned to switch to low-TFA products in FY2021, customers have finished quality assessments and given their approval. We plan to make the switch for these products in FY2022. Harald Indústria e Comércio de Alimentos Ltda (Brazil): Switched all products to low-TFA products by June 2021, ahead of new legislation that went into effect in July. | ○ |

Analysis

We completed the switch to low-TFA products at two out of three companies planned for 2021, with the remaining company expected to complete the switch in summer of 2022. This progress was thanks to legislation in countries around the world, improving customer understanding of the need to reduce TFA intake, and developing a Group-wide system for making reductions. So far, ten out of 14 relevant Group companies outside Japan have completed the switch to low-TFA products by drawing on Fuji Oil Group expertise to maintain product taste and functionality.

* In FY2022, PT. Musim Mas-Fuji (Indonesia) was removed from our list of Group companies planned to make the switch, reflecting the wishes of our joint-venture partner.

| Group companies outside Japan | Target date for switching to low-TFA products | | | | |
|--|---|-----------|-----------|------|------|
| | 2019 or earlier | 2020 | 2021 | 2022 | 2023 |
| FUJI OIL (SINGAPORE) PTE. LTD. | | | | | ◎ |
| PALMAJU EDIBLE OIL SDN. BHD. (Malaysia) | | | | | ◎ |
| FUJI OIL (ZHANG JIA GANG) CO., LTD. (China) | | | | | ◎ |
| WOODLANDS SUNNY FOODS PTE. LTD. (Singapore) | | | Completed | | |
| PT. FREYABADI INDOTAMA (Indonesia) | | | | ◎ | |
| HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA (Brazil) | | | Completed | | |
| FUJI OIL EUROPE (Belgium) | | Completed | | | |
| FUJI GLOBAL CHOCOLATE (M) SDN. BHD. (Malaysia) | | Completed | | | |
| FREYABADI (THAILAND) CO., LTD. | Completed | | | | |
| INDUSTRIAL FOOD SERVICES PTY. LTD. (Australia) | Completed | | | | |
| FUJI OIL (THAILAND) CO., LTD. | Completed | | | | |
| TIANJIN FUJI PROTEIN CO., LTD. (China) | Completed | | | | |
| FUJI VEGETABLE OIL, INC. (America) | Completed | | | | |
| BLOMMER CHOCOLATE COMPANY (America) | Completed | | | | |

Next Step

Maintaining product quality is critical when reducing TFA in products. While keeping this in mind, we set the following goals for FY2022.

- Reduce TFA in all products (to less than 2 g/100 g of total fat or oil) at PT. Freyabadi Indotama (Indonesia)
- Coordinate final steps in switching one product (out of two products planned) at Fuji Oil (Singapore) Pte. Ltd. for which we have received quality approval
- Complete the switch for one of eight products planned at Fuji Oil (Zhang Jia Gang) Co., Ltd. (China)

Specific initiatives

Response to demand for low-trans acid oils and fats

Fuji Oil New Orleans, LLC (U.S.) launched its operations in August 2021. The new site strengthens our production system and will allow us to respond to increased demand for interesterified fats associated with low-TFA legislation.

In FY2022, we plan to continue conversations with customers about switching to products they have approved in quality assessments. For the remaining products, we will continue to carry out product development and propose solutions to customers.

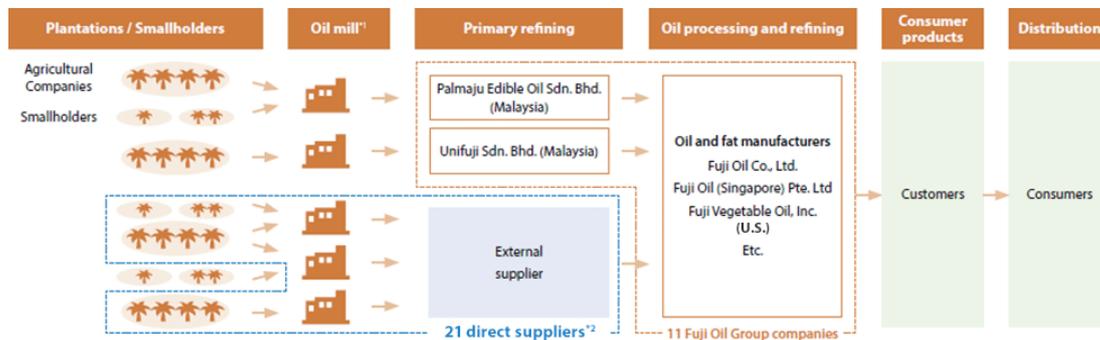


Fuji Oil New Orleans, LLC

Management information

Relevance to our business

Palm oil is extracted from the fruit of the oil palm, which grows in tropical regions like Southeast Asia. The Fuji Oil Group procures palm oil, mainly from plantations in Malaysia and Indonesia, as the key raw material for businesses like the Vegetable Oils and Fats Business. Palm oil is easier to process and has a higher yield per unit area than other vegetable oils. For this reason, palm oil is used in a wide range of applications, from foods to chemical products, and has the largest production volume among vegetable oil materials in the world. However, there have been concerns over environmental and social impacts tied to plantation development, such as deforestation and human rights violations, such as child labor and forced labor.



*1 More than 1,400 oil mills registered in July–December 2021 oil mill list. Follow the link below to access our mill list.

> https://www.fujiioilholdings.com/pdf/en/sustainability/supplychain_database/h2_2021_mill_list.pdf

Follow the link below to access our supply chain data base.

> https://www.fujiioilholdings.com/en/sustainability/supplychain_database/

*2 As of December 2021

Basic approach

In March 2016, we formulated the Fuji Oil Group’s Responsible Palm Oil Sourcing Policy. In this Policy, we state our commitment to No Deforestation, No Peatland Development and No Exploitation (NDPE) and to procuring palm oil produced in a responsible manner from suppliers who respect people and the global environment. We will continue to promote responsible palm oil procurement to ensure that palm oil becomes a sustainable raw material.

> [The Responsible Palm Oil Sourcing Policy \(PDF, 1.66MB\)](#)

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

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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 peatland development and no exploitation (NDPE) | Traceability to mill (TTM) | TTM : 100% | TTM : 100% | TTM : 100% | ○ |
| | Traceability to plantation (TTP): 100% | TTP : 85% | TTP : 73% | TTP : 85% | ○ |
| | N/A | N/A | Conduct regular monitoring using satellite images to prevent deforestation; use results to improve the supply chain and respond to grievance list*1 | The deforestation status at all our palm oil supply chains (Malaysia, Indonesia and Papua New Guinea) was constantly monitored in partnership with Earthqualizer. Monitoring reports were received about once every half month | ○ |
| | Labour Transformation Programme (LTP) implementation rate: 100% (all direct suppliers) | LTP implementation rate: 100% (all suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia))*2 | Implement LTP in Palmaju Edible Oil Sdn. Bhd. (Malaysia): 8% | 27% (all suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia)) | ○ |

*1 Follow the link below to access our grievance list, with updated information on our response to grievances.

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

*2 An oils and fats manufacturer wholly owned by the Fuji Oil Group

Analysis

The first step to improvement in the palm oil supply chain is to identify where the palm oil is produced. Companies that procure palm oil have made significant progress in recent years on information disclosure, providing traceability to their oil mills and disclosure documents such as a mill list and grievance list. This has made it easier for stakeholders to obtain supply chain data or understand the level of engagement a company has with its suppliers.

At the Fuji Oil Group, we set an initial-stage target to realize full traceability to mill (TTM) by 2020. We reached 100% TTM in 2019. Becoming a member of the non-profit Earthworm Foundation and partnering with suppliers helped us greatly in achieving this target. We maintained 100% TTM for palm oil and palm kernel oil during 2021.

We also introduced a traceability to plantation (TTP) system for all suppliers. Thanks to the cooperation of suppliers in improving the traceability, we significantly improved the Group's TTP score. However, due to the complexity of our supply chain (including procurement from dealers), confidentiality of information and other factors, further improvement will likely take time, causing the Group's TTP score to rise at a slower pace.

Given the high percentage of smallholders involved in palm oil production, we recognize that there are many issues left to address, including deforestation, land rights, and the rights of production workers. It is important that we continue to secure resources for supply chain improvement initiatives and maintain awareness of the issues at stake.

Next Step

Continued efforts to take even the smallest steps toward No Deforestation, No Peatland Development and No Exploitation (NDPE) are crucial for realizing sustainable procurement of palm oil. To address this issue, we set the following goals for FY2022 as a continuation of the previous year.

- TTM : 100%
- TTP : 85%
- Continue constant monitoring using satellite images to identify, observe, eliminate and verify deforestation in the palm oil supply chain
- Implement Labour Transformation Programme (LTP) at suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia)

Solution-based approaches to implementing the Responsible Palm Oil Sourcing Policy

| Social issue | Solution-based approach | Location/scope |
|-------------------------------------|--|---------------------------------------|
| Global environment | Satellite-based monitoring | Indonesia, Malaysia, Papua New Guinea |
| | Engagement toward zero deforestation | Malaysia |
| Human rights | Implement Labour Transformation Programme (LTP) | Malaysia |
| Global environment and human rights | Aceh Landscape Initiative | Aceh, Indonesia |
| | Use self-assessment Tools for Transformation (T4T) | Malaysia |
| | Scale up procurement of certified oil | Worldwide |
| | Grievance mechanism | The Group's palm oil supply chain |

Satellite-based monitoring

Since FY2020, the Fuji Oil Group has been obtaining satellite image data from the non-profit Earthqualizer to help us identify, monitor and verify deforestation that occurs in the Group's supply chain in places such as Indonesia and Malaysia. Powerful satellite data is extremely useful in preventing deforestation. Based on the reports received twice a month, we investigate all allegations related to deforestation submitted to the Group, and identify whether each allegation is relevant to the Group's supply chain. This is useful not only for responding to grievances and studying solutions with suppliers, but also for communicating with NGOs and other stakeholders. Although it takes time to investigate all cases, we incorporate the investigation results and update the information in our grievance list at least once a quarter.

Engagement toward zero deforestation

In Malaysia, we continuously reach out and work with plantations, farmers, oil mills and other stakeholders to deal with deforestation caused by palm plantation development. We develop and improve mechanisms to check for deforestation using satellite monitoring and TTP information. The aim is to ensure that oil mills supplying Palmaju Edible Oil Sdn. Bhd. (Malaysia) avoid deforestation in the procurement of palm fresh fruit bunches (FFB). This also involves FFB dealers, who mediate between smallholders and oil mills. In FY2021, we checked 83% of Palmaju Edible Oil's supply chain, which includes plantations and smallholders in the Peninsular Malaysia, and found that none of them was involved in deforestation.

The Fuji Oil Group is also preparing to engage for zero deforestation with suppliers in the southern part of the Peninsular Malaysia, which is also part of Palmaju Edible Oil's supply chain.

The Group will continue to work on increasing the traceability to plantations and making improvements to achieve zero deforestation and solve environmental problems.

Labour Transformation Programme (LTP)

In 2017, the Fuji Oil Group launched a supply chain Labour Transformation Programme (LTP) in collaboration with the non-profit Earthworm Foundation, our partner for promoting palm oil sustainability. LTP identifies labor-related issues in suppliers and helps suppliers build management systems to address these issues. We are gradually introducing this program at direct suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia). The scope of our LTP for suppliers includes the following eight elements.

1. Freedom of movement
2. Employment contract
3. Ethical employment
4. Grievance management (through grievance mechanism)
5. Wages and working hours
6. Freedom of association
7. Health and safety
8. Worker housing and dormitories

This program helps suppliers build capacity by carrying out the following activities to reduce human rights risks at suppliers' business and supply locations. These activities are typically done face-to-face with local factory and plantation managers.

- Provide information and supportive documents to help suppliers with compliance
- Conduct practical training of dedicated staff and departments

- Raise suppliers' awareness of industry requirements
- Help suppliers apply international standards to their labor standards
- Help suppliers meet certification and customer requirements

Because of the COVID-19 situation, we implemented the LTP online for 27% of all direct suppliers.

In 2022, we plan to resume visits to suppliers and wrap up the planned initiative. The Group will continue working toward our goal of 100% LTP implementation rate across the supply chain to achieve zero exploitation — an urgent issue from the perspective of consumers, governments and international opinion.

Aceh Landscape Initiative

Since 2018, we have been supporting landscaping efforts in the Aceh province of Indonesia, with the aim of showing the feasibility of dealing with deforestation and maintaining a balance between commodity production, protecting nature and good social and labor practices for crop procurement. Indonesia is an important supplier in the Fuji Oil Group's supply chain. We partnered with the non-profit Earthworm Foundation to keep working on this initiative.

Tracing the palm oil we use back to their oil mills revealed that areas of Sumatra, Indonesia that are important in terms of natural ecosystems are exposed to deforestation risks. Since FY2018, the Fuji Oil Group has participated in the Areal Prioritas Transformasi (APT) Landscape Initiative* to reduce and remediate these risks. In 2021, the program expanded its scope across a vast region of about 3.9 million hectares, which covers around 70% of the northernmost province of Aceh in Indonesia. The region spans 12 regencies, with one of the world's most valuable rainforests — the Leuser Ecosystem — at its center. This program was designed as a multi-stakeholder collaboration between the local governments, NGOs, businesses, farms and other stakeholders, working together to improve not only the palm plantations but also the entire designated region. Following this landscape approach, the initiative includes the following actions.

- Sign eight memorandums of understanding focused on environmental and social issues with the governments, local businesses, communities, National Land Agency (BPN) and other stakeholders
- Conduct training and engage with stakeholders conducting High Conservation Value (HCV) and High Carbon Stock (HCS) assessments and implementing land use plans (LUP), to better identify and manage conservation areas
- Develop land use plans to protect over 8,000 hectares of forests, and identify and protect 575 hectares of HCV/HCS land
- Conduct training on Best Management Practices (BMP), Good Agricultural Practices (GAP) and alternative livelihood activities for 589 agricultural workers
- Conduct training on proper labor standards for 11 businesses and provide direct benefits to 574 workers by improving labor practices
- Register 2,749 hectares of public land and land ownership to 407 people in two villages
- Resolve disputes between stakeholders for more than 2,700 hectares of land

* Follow the link below to learn more about the APT Landscape Initiative and Aceh Landscape Initiative activities.

> <https://www.earthworm.org/our-work/projects/aceh-indonesia>

Use self-assessment Tools for Transformation (T4T)

The Fuji Oil Group uses the self-assessment Tools for Transformation (T4T). T4T broadens the transformation of the Group's supply chain. It also helps palm oil suppliers to conduct self-assessments of their efforts, enabling them to understand how well they are doing in meeting the requirements of the Group's Responsible Palm Oil Sourcing Policy. At the same time, through T4T, we can quickly provide suppliers with practical recommendations, and make sure that they are advised on the activities needed to meet the Group's policies. This tool is useful for both our suppliers and the Group, allowing us to assess the current state of suppliers in terms of meeting the Group's policies. The following shows our progress in 2021.

Rate of self-assessment questionnaire and action plan submission

- Direct suppliers: 100%
- Indirect suppliers: 85%
- Plantations: From 24 plantations

Through this activity, we have deepened our understanding of our suppliers' operations and ensured that we can implement continued improvements to achieve our NDPE commitment. Moving forward, we will maintain communication with each supplier and at the same time check on the progress of their action plans.

Promote procurement of certified palm oil

In 2021, Certified Sustainable Palm Oil (CSPO) accounted for roughly 41% of the palm oil handled by the Fuji Oil Group, showing an increase of nine percentage points year on year. Contributing significantly to this increase was a growth in demand corresponding with an expansion in the supply capacity of Unifuji (Malaysia), a joint-venture with United Plantations Berhad.

The Group has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2004, endorsing the creation of a palm oil sustainable production and consumption system.

RSPO is the most widely recognized international certification system in the industry. RSPO is an NPO that unites stakeholders from the seven sectors of the palm oil industry to develop and implement global standards for sustainable palm oil. These standards include a set of environmental and social criteria which member companies must comply with in order to produce CSPO. When they are properly applied, these criteria can help to minimize the negative impact of palm oil cultivation on the environment and communities in palm oil-producing regions.

The Fuji Oil Group has been implementing the RSPO's new Shared Responsibility rules and expanding the volume of CSPO we procure every year. There is still room for improvement — such as the fact that CSPO supply exceeds demand, and that complying with the standards is difficult for smallholders. However, even taking these factors into account, RSPO is an essential partner in our effort to expand certified palm oil and participation in the RSPO is valuable for the Group.

Going forward, we plan to step up efforts to meet even more customer requests by deepening our partnership with strategic suppliers of Palmaju Edible Oil Sdn. Bhd., also located in Malaysia, to increase procurement of CSPO.*

* Check our progress at www.rspo.org/ 



Grievance mechanism

In May 2018, we established and announced a grievance mechanism* in order to put our Responsible Palm Oil Sourcing Policy into practice. Our grievance mechanism enables our stakeholders to inform us of any human rights and environmental issues in the supply chain. This allows us to engage with direct suppliers and take appropriate corrective action in accordance with our Responsible Palm Oil Sourcing Policy, together with our partners.

In FY2021, in addition to quarterly updates to the grievance list, we began issuing monthly grievance reports to internal and external stakeholders. The grievance report provides key customers and stakeholders with the latest progress status particularly on the most notable grievance cases. We believe that disclosing our progress in addressing grievances makes our grievance mechanism more transparent and helps us fulfill the Group's commitment to responding to grievances raised against the Group and its supply chain.

We also launched the Fuji Oil Group Grievance Mechanism webpage (English) on the Group website. The status of our response to the received grievances is updated and disclosed to stakeholders at least once each quarter on this webpage.

We strongly believe these efforts will lead to a fair, just, honest and transparent resolution of activities suspected of violating our Responsible Palm Oil Sourcing Policy.

* Follow the link below to learn more about our grievance mechanism.

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

Collaboration with academia, NGOs and industry

(1) Supporting smallholders in Sabah, Malaysia

Palm oil production is supported by a large number of smallholders. Engaging such smallholders in sustainable production is one of the major challenges for the palm oil industry. Since January 2016, the Fuji Oil Group has worked with other companies in the Wild Asia Group Scheme (WAGS), a support organization for smallholders organized by the Malaysian social enterprise Wild Asia. The aim is to help smallholders acquire the know-how for managing plantations in an environmentally, socially and economically sustainable manner. We provide support to a certification support project and a regenerative agriculture project (WAGS BIO) in Sabah (eastern Malaysia). The certification support project provides smallholders with the training and technical skills for acquiring RSPO and Malaysian Sustainable Palm Oil (MSPO) certifications, therefore improving their farm management practices. The WAGS BIO project conducts training on cultivation methods for farmers, with the goal of raising smallholders' income as well as improving soil health and biodiversity of agricultural lands. Work on this project also helps promote the activities of the certification support project.

In FY2021, as a result of strengthening collaboration with our local partners in the palm oil supply chain, we were able to increase the number of smallholders participating in the certification support project. From May to December 2021, 196 farms joined the certification support project as new members. Since we started providing support to the project in January 2016, the Group has helped a total of 703 smallholders to obtain certification through WAGS. Going forward, we plan to continue collaborating with various stakeholders to promote and support certification for smallholders in Sabah.

In the WAGS BIO project, we continued to conduct training at the pilot stage on organic farming methods for participating smallholders in FY2021. For example, we provide the technology for producing organic fertilizers utilizing oil palm leaves and damaged fruits that have been discarded after cutting at plantations. We also provided some farmers with ideas for intercropping to plant cash crops, such as ginger and timber trees, between oil palm

fields. Through this regenerative farming approach that utilizes such organic farming methods, we aim to reduce or stop the use of chemical fertilizers and improve soil health while improving farm productivity and profitability. As of December 2021, 12 farms in Sabah met the BIO Farm criteria defined by Wild Asia. In FY2022, we will continue training farmers for the BIO project, enlist the participation of new farmers, and investigate the effects on soil health and productivity.

(2) The Palm Oil Working Group, the Japan Sustainability Local Group of the Consumer Goods Forum

The Fuji Oil Group has participated in the Palm Oil Working Group since its inception in FY2017. The Working Group was set up in the Japan Sustainability Local Group of the Consumer Goods Forum (CGF), an international industry organization for consumer goods.

(3) Japan Sustainable Palm Oil Network

Fuji Oil Holdings Inc. has been a full member of the Japan Sustainable Palm Oil Network since FY2019, in support of its aim of promoting sustainable palm oil procurement and consumption throughout the Japanese industry.

(4) Palm Oil Collaboration Group

Since June 2020, Fuji Oil Holdings Inc. has been participating in the Palm Oil Collaboration Group (POCG),* which brings together companies from every stage of the palm oil supply chain with the aim of accelerating effective action toward NDPE commitments. Currently, we are an active member of the Social Issues Working Group, which addresses human rights issues. This working group created the Human Rights Due Diligence Library of Tools in FY2021 to support member companies in their implementation of human rights due diligence. It also identified the following three key areas that companies need to work on in the future.

- Human rights due diligence in management systems
- Responsible recruitment in Malaysia's palm oil industry, which is predominantly made up of foreign workers
- Indigenous peoples and local communities' rights

We will continue participating and contributing to the working group to develop effective solutions to achieve NDPE.

* Follow the link below to learn more about the Palm Oil Collaboration Group.

> <https://palmoilcollaborationgroup.net/>

Related documents

ESG Data Book (PDF 2.76MB) 

Management information

Relevance to our business

The Fuji Oil Group's industrial chocolate business purchases cocoa-derived raw materials such as cocoa beans, cocoa liquor,^{*1} cocoa butter,^{*2} and cocoa powder^{*3} as key raw materials, and uses them to produce chocolate products.

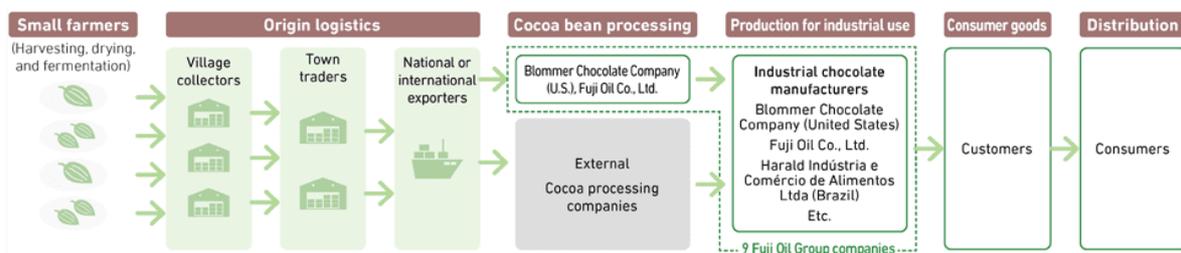
Small farmers make up the majority of producers in major cocoa-producing countries such as Côte d'Ivoire, Ghana and Ecuador, giving rise to a complex web of social issues. These include poverty and, linked to this, the challenges of children's education and child labor, climate change impacts, low productivity due to lack of knowledge and supplies, and the clearing of forests to make more room for farming. Addressing these issues requires a multifaceted approach, which includes agricultural land improvement, women's empowerment, ensuring access to education, reforestation and ending child labor.

By supporting cocoa farmers, we promote respect for human rights and eliminate poverty of producers, as well as encourage the protection of resources in cocoa-producing regions, in order to develop the cocoa supply chain and contribute to the sustainable procurement of cocoa.

*1 Cocoa liquor: Made by removing the shells of cocoa beans and grinding the nibs (inside the cocoa beans) into a smooth, liquid state

*2 Cocoa butter: Vegetable oil obtained by pressing cocoa beans

*3 Cocoa powder: Dry powder made by grinding what is left after the cocoa butter has been removed from the cocoa beans



Basic approach

In August 2018, the Fuji Oil Group formulated the Responsible Cocoa Beans Sourcing Policy. In 2020, we set medium- to long-term goals and KPIs to realize the sustainable procurement of cocoa beans.

Moving forward, we will work on raising farmers' income, ending child labor, restoring forests, and improving supply chain transparency by strengthening traceability.

> [Responsible Cocoa Beans Sourcing Policy \(PDF, 79KB\)](#)

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}

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

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> <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 | | | |
| Reforestation, elimination of child labor | One million trees planted*1 | 500,000 trees planted | Plant 100,000 trees in cocoa-growing regions of Ghana | 100,000 trees planted in western Ghana | ○ |
| | Elimination of child labor | No worst forms of child labor*2 | Increase transparency by mapping cocoa farmers using their GPS location | Conducted GPS mapping at 87% of cocoa farms that are direct suppliers of Blommer Chocolate Company (U.S.) | △ |
| | | | Conduct support program for 1,250 cocoa farming families in Ghana*3 | Conducted support program for 1,250 farms | ○ |
| | | | Begin gathering information on the family conditions of farmers participating in the program in Ghana, to prepare for child labor monitoring | <ul style="list-style-type: none"> Conducted surveys of 1,200 households in the Group's supply chain, from among 31 communities covered by the support program in Ghana Provided education against hazardous child labor and the worst forms of child labor Followed up and monitored farms suspected of conducting hazardous work | ○ |
| | | Provide farming assistance by introducing GAP*4 and market the beans produced in the program to Japan and the U.S. | <ul style="list-style-type: none"> Introduced GAP to supply chain directly involved with Blommer Chocolate Company (U.S.) Provided guidance by experts on pruning, controlling pod maturity, and managing disease, soil and sunlight to farms that have adopted GAP in the supply chain | ○ | |

*1 We plan to plant a variety of shade tree saplings, totaling one million trees over a 10-year period from 2021 through 2030.

*2 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.

*3 There was an error in a number in the Sustainability Report 2021. In its Next Step section, we stated that the total number of farming families to be covered by the program is 2,350; the correct number is 1,250. Hence, we revised our FY2021 goal to "Conduct support program for 1,250 cocoa farming families in Ghana."

*4 Good Agricultural Practices

Analysis

To implement the Responsible Cocoa Beans Sourcing Policy, in June 2020, we set KPIs and determined a direction for our efforts over the next 10 years. Blommer Chocolate Company (U.S.), which became a member of the Fuji Oil Group in 2019, played a major role in this. In its long history of supporting cocoa-producing regions, the company had taken the lead through the World Cocoa Foundation's*1 Cocoa & Forests Initiative,*2 which helped us ensure smooth operations of activities. In addition, the company's Sustainable Origins™ program has been expanding through the years, with a new opening in Ghana in 2021.

We will continue collaborating closely with our customers, suppliers, certification bodies and international organizations to develop programs and initiatives in line with the Group's sourcing policy.

*1 Follow the link below to learn more about the World Cocoa Foundation.

> <https://www.worldcocoafoundation.org/>

*2 Follow the link below to learn more about the Cocoa & Forests Initiative.

> <https://www.worldcocoafoundation.org/press-release/cocoa-forests-initiative-reports-progress-despite-challenging-year/>

Next step

Crucial elements of our initiatives for sustainable procurement of cocoa include raising the income of farmers, protecting children, providing educational opportunities to women working in cocoa farms, and conserving and regenerating forests. To address these issues, we set the following goals for FY2022.

- Complete GPS mapping of 90% of farms for direct procurement and improve traceability
- Implement a survey related to Child Labour Monitoring and Remediation System (CLMRS) for 90% or more of farms for direct procurement
- Implement comprehensive community development to support women's empowerment at 1,000 farms in 39 communities in the Group's supply chain
- Provide GAP training and/or coaching to farms for direct procurement
- Select partners for continuing initiative to plant one million trees

Specific initiatives

Solution-based approaches to implementing the Responsible Cocoa Beans Sourcing Policy

| Social issue | Solution-based approach | Location/scope |
|-------------------------------------|--|---|
| Global environment | Restore forests by planting trees in plantations and surrounding areas | Worldwide (especially Ghana, Côte d'Ivoire) |
| Human rights | Introduce CLMRS and provide educational opportunities to children | West Africa (Ghana, Côte d'Ivoire) |
| Global environment and human rights | Implement community development program | West Africa (Ghana, Côte d'Ivoire) |

Traceability

Improving traceability across the supply chain is critical to addressing social issues in the cocoa supply chain. Blommer Chocolate Company (U.S.) is in the process of creating GPS maps and entering information of all cocoa farmers that they are directly involved with in the supply chain for cocoa beans. To check the effectiveness of the initiative, the company constantly monitors their status and assesses their impact. Communities that act as suppliers for the company are audited annually by certification bodies and third-party auditing organizations.

Introducing CLMRS and providing educational opportunities to children

The Fuji Oil Group is working to end child labor — a significant human rights issue in the cocoa industry.

In major cocoa-producing countries, farms face several challenges that can lead to child labor, including poverty, lack of community infrastructure such as schools and health centers, and lack of farm workers, each of which has to be addressed appropriately. The Group focuses on creating an environment to prevent child labor and on developing a mechanism to remediate any violations of children's rights along the supply chain.

To identify the causal factors of child labor and be informed of potential violations, we set up the Child Labour Monitoring and Remediation System (CLMRS) on a cooperative level at all villages where Blommer Chocolate Company (U.S.) procures cocoa beans. Community agents who monitor and carry out remediation measures are trained on child protection and household surveys. They identify endangered children and reveal high-risk communities, as well as suggest action plans to remediate issues at the family level or throughout the community.

Initiatives on traceability,^{*1} supporting cocoa farmers,^{*2} women's empowerment,^{*3} and environmental conservation^{*4} also help significantly in preventing and remediating child labor.

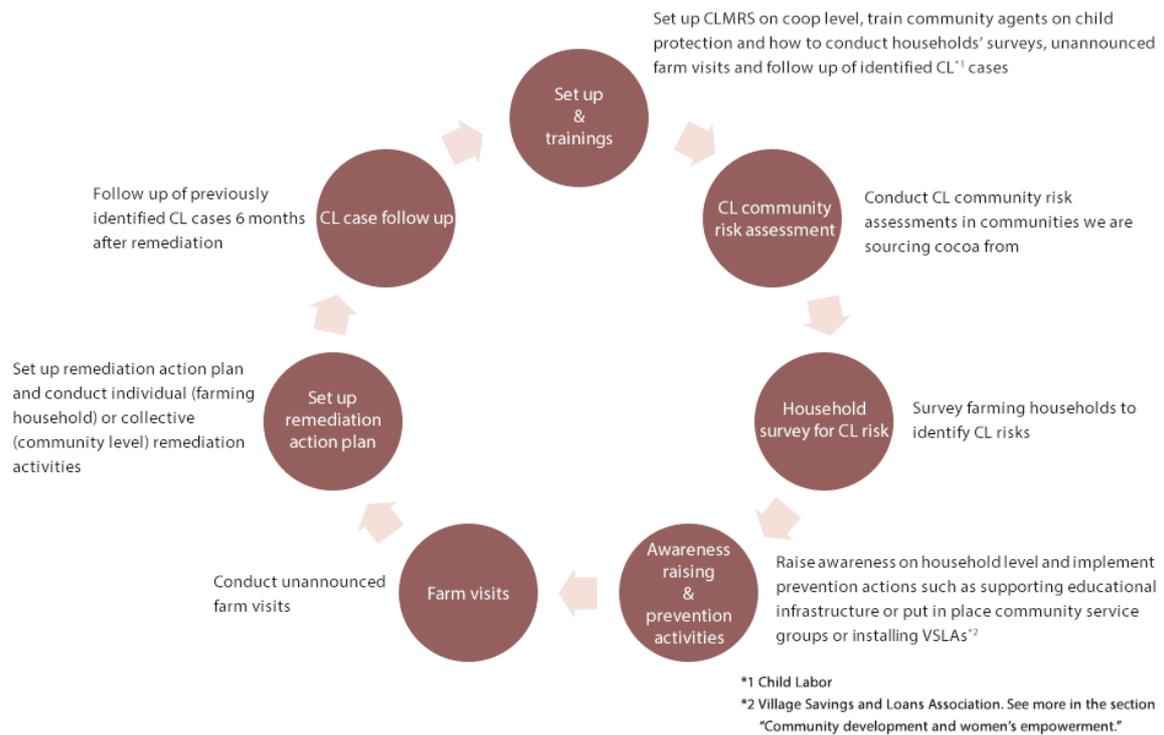
*1 See the section "Traceability."

*2 See the section "Supporting cocoa farmers."

*3 See the section "Community development and women's empowerment."

*4 See the section "Conserving and restoring forests by planting trees."

CLMRS (Child Labour Monitoring & Remediation System)



Supporting cocoa farmers

The Fuji Oil Group directly supports cocoa farms in Côte d'Ivoire (since 2004), Ghana (since 2014) and Ecuador (since 2018). By supporting cocoa cultivation in line with Good Agricultural Practices (GAP) and climate change, we work to improve issues across the supply chain of the cocoa beans procured by the Group. Although there are major issues such as pests, diseases and changes in climate patterns, we anticipate that the complete adoption of GAP will increase cocoa yields and lead to higher farm incomes.

Farmers and communities who participate in the program receive a premium (financial aid) for the cocoa covered by this initiative, leading to higher household incomes. Premiums are also paid as compensation for the additional work required to comply with the Group's internal and third-party standards, which also helps strengthen the supply chain. Premiums given in the past were used to benefit the entire cocoa farm community through the construction and repair of classrooms, school cafeterias and water pumps, among others.

Community development and women's empowerment

The Fuji Oil Group believes that to realize sustainable procurement, it is important to meet the needs, not only of cocoa farmers, but also of the local communities in the sourcing regions. We develop the social infrastructure, such as schools, health centers, maternity hospitals and access to safe water at cocoa-producing communities.

We recognize the huge role that women play in ensuring food security and access to nutrition, education and health in cocoa-producing communities and their families. Our community development projects in Ghana and Côte d'Ivoire focus on creating economic opportunities for women and empowering women in the communities. As part of these efforts, we offer literacy training courses for women and established a village savings and loans association (VSLA). The VSLA is a women-based, self-managed group that makes savings, loans and other capacity development opportunities available to its members. It is a system that allows women to save money, earn interest, and finance working capital. It can be used to invest in existing or new micro-businesses, to fund children's education, or to fund income generating activities. Initiatives based on this concept have been gaining ground.

Conserving and restoring forests by planting trees

The Fuji Oil Group partnered with the U.S. non-profit One Tree Planted and planted 100,000 shade trees of different varieties on cocoa plantations and surrounding areas in Ghana in 2021. This region has lost biodiversity due to widespread deforestation. Local communities and small farmers are also affected by an increased frequency of floods and droughts caused by the intensifying climate change. The project aims to reshape the forest canopy in buffer zones of forest reserves, which will help maintain the forest environment and ecosystem. By distributing a variety of saplings to cocoa farmers and encouraging them to plant trees in the region, we are helping protect the cocoa trees and improve soil health on agricultural lands. Cocoa farmers will also be able to earn a profit by selling the fruits and spices they harvest from the planted trees. Also known as agroforestry, this practice can contribute to better livelihoods for farmers.

Participation in the World Cocoa Foundation (WCF)

Fuji Oil Group is a member of the World Cocoa Foundation since February 2012. The World Cocoa Foundation is a non-profit international organization whose vision is a sustainable and thriving cocoa sector — where farmers prosper, cocoa-growing communities are empowered, human rights are respected, and the environment is conserved.

Blommer Chocolate Company (U.S.) is a founding member of the World Cocoa Foundation and currently holds a seat on the WCF Board. The company has demonstrated a leadership role through participation in the WCF flagship programs, such as African Cocoa Initiative, Cocoa Livelihoods Program, Cocoa Action, and the Cocoa and Forests Initiative.



Handling of certified cocoa-derived raw materials

Fairtrade

Industrial Food Services (Australia), Fuji Oil Europe (Belgium) and Blommer Chocolate Company (U.S.) obtained the Fairtrade International certification, which aims at promoting sustainable development of small producers and workers in developing countries. These companies of the Fuji Oil Group offer Fairtrade certified products for your manufacturing needs.



Fair Trade USA

Blommer Chocolate Company (U.S.) has obtained the Fair Trade USA certification.



Rainforest Alliance Certification

UTZ and Rainforest Alliance merged in 2018 with the goal of creating a better future for people and nature. The UTZ certification program is now part of the Rainforest Alliance. Although both certification programs have been running in parallel, a new Rainforest Alliance 2020 Certification Program was developed and launched in 2021. The Fuji Oil Hannan Business Operations Complex and Kanto Plant (Japan), Industrial Food Services (Australia), PT. Freyabadi Indotama (Indonesia), Freyabadi (Thailand) Co., Ltd. (Thailand), Fuji Oil Europe (Belgium), Blommer Chocolate Company (U.S.), Blommer Chocolate Manufacturing (Shanghai) Company Ltd. (China) and Fuji Oil (Zhang Jia Gang) Co., Ltd. (China) are shifting to the new certification program. Going forward, we will continue to work to meet the demands of our customers.



* Follow the link below for more about Rainforest Alliance Certification.

> <https://www.rainforest-alliance.org/>

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.

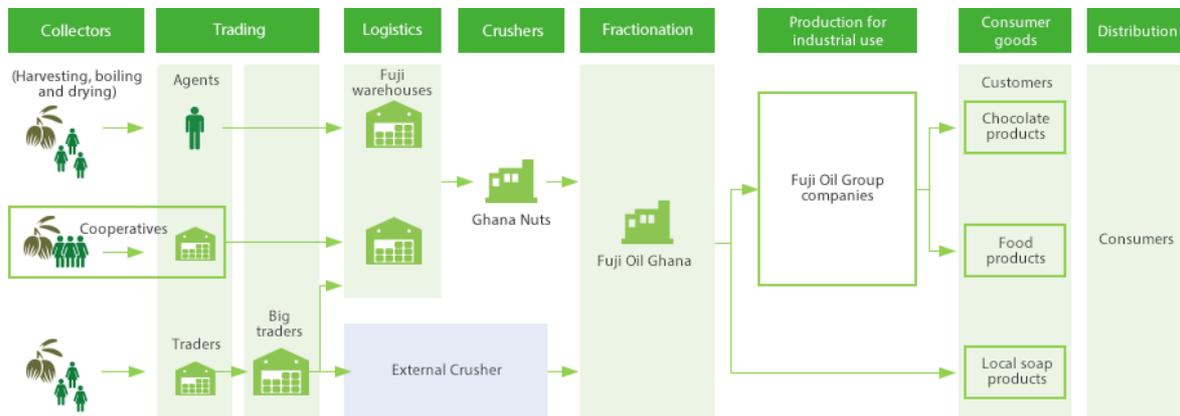
* Genetically modified (GM) soybeans: Soybeans that have been engineered through gene recombination to produce a more stable yield by adding functions such as herbicide resistance

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/afieldfile/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 shear 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/>

Ensuring Product Safety and Quality

Management information

Relevance to our business

As a food ingredient manufacturer and participant in food supply chains, we recognize our potential impact on food safety. We believe that it is important for us to ensure food safety and quality in full consideration of all processes, from product design, through raw material procurement, manufacturing, and shipping, to consumers' consumption of our products.

Basic approach

Providing safe, quality products is a prerequisite for a food manufacturer. The Fuji Oil Group has established a Basic Policy of Quality and a quality assurance system that we continually work to improve. This system covers all steps in the value chain from product design to delivery to the customer (both B-to-B customers and end consumers), with the highest priority placed on product safety and quality consistency. We believe that we can contribute to comprehensive food safety and quality by enhancing our quality and food safety management. We do this based on our Quality Assurance Regulations and by continuing to promote activities to raise employees' quality awareness.

Basic Policy of Quality

1. We work in full compliance with laws & regulations and spirit thereof, and strive to enhance product safety and reliability.
2. We develop creative products, and propose it to the customers in a timely manner.
3. We strive to enhance customer satisfaction.
4. We communicate precisely and cordially, and strive to solve a problem.

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

Management system

Based on an ESG materiality assessment conducted in FY2022, we changed the name of this material ESG issue^{*1} from "ensuring food safety and quality," which was used until FY2021, to "ensuring product safety and quality." This theme forms part of the "product safety and quality" category of our material ESG issues. We made this change based on our commitment to preventing any accident related to the safety of our food products and to pursuing full customer satisfaction. The Chief "ESG" Officer (C"ESG"O) oversaw initiatives in this area in FY2021; but that role has been transferred to the ESG Representative starting in FY2022. The Sustainability Committee,^{*2} an advisory body to the Board of Directors, monitors progress and results.

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

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

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

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

Goals / Results

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

| FY2021 Goals | FY2021 Results | Self-assessment |
|--|---|-----------------|
| Raise quality awareness of employees in order to achieve zero serious quality-related complaints* | <ul style="list-style-type: none"> No serious quality-related complaints Conducted remote audits and held follow-up meetings to check on improvements for non-conformities Held e-learning courses on the Quality Assurance Regulations (Group policies) and the 5S and 3T methodologies for quality managers at Group companies | ○ |
| Encourage use of the quality-related information platform, which is directly accessible to quality managers, and strengthen relationships between quality managers | <ul style="list-style-type: none"> Quality managers regularly (quarterly) reported quality-related information from their company and country Through posts/reports submitted on the platform, quality managers shared examples from their company of efforts to raise employees' quality and food safety awareness and measures for preventing contamination | ○ |

* Serious quality-related complaints: Incidents concerning food products that are harmful to health or violate the law, and require a recall.

Analysis

The COVID-19 pandemic has increased the workload of managers in various ways, including the need to prevent and control infections within their teams. However, thanks to efforts to maintain hygiene at production sites through continuous corrective actions and preventive measures, there were no serious quality-related complaints (recalls) in FY2021. Moreover, the quality-related information sharing platform we developed to improve quality assurance levels and share quality information across the Group has now made it possible to regularly send and share quality information across companies and national borders. We also strove to raise quality assurance levels by creating opportunities for quality managers to learn from other companies by sharing examples from their own company on specific topics.

Next step

To ensure product safety and quality, it is essential to reduce quality-related complaints and improve the level of quality assurance in Group companies. To address these issues, we set the following goals for FY2022.

- Raise quality awareness of employees in order to achieve zero serious quality-related complaints
- Strengthen communication with quality managers at Group companies and promote a food safety culture and the sharing of quality-related information

Specific initiatives

Risk management and countermeasures

Enhanced quality management system

Each Fuji Oil Group company has a quality management system to ensure that the Fuji Oil Group Basic Policy of Safety, Quality and Environment is applied to their business activities. In addition, the Group established the Quality Assurance Regulations in order to monitor the management status of each Group company based on these regulations through safety, quality and environmental audits.

Customer complaints and quality related inquiries are received by the Fuji Oil Group's sales division and customer service desks. This information is examined by the Quality Assurance Department or other teams responsible for quality assurance at each Group company and then further investigated by the relevant departments. From there, the department responsible for the quality-related issues carries out checks, and the sales division provides a response to the customer.

Each Group company also collects and analyzes data on the customer complaints they receive. Fuji Oil Holdings Inc. aggregates and analyzes this data and reports it to the Management Committee Meeting for sharing across the entire Group.

Fuji Oil Holdings Inc. also works to build the Group's network of quality managers and share initiatives, best practices, and management know-how across organizational boundaries within the Group, with the aim of promoting holistic information sharing among quality managers and improving the quality assurance system. We are leveraging this network to share experiential insights across Group companies and update each Group company on the latest food regulations and international trends in food. This enables us to reduce and eliminate new issues and potential risks related to product safety and quality and make continuous improvements toward higher standards of safety and customer trust, as well as to more quickly and collaboratively resolve problems that do arise.



Acquisition of Management Certifications

Follow the link below to learn more about Group companies' management certification status.

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

Risk management methods for food safety

Fuji Oil Group companies and their relevant organizational units manage and respond to food safety risks as part of the Group's overall risk management system.*

* Follow the link below to learn more about the risk management system.

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

Food safety-related risks and countermeasures

In FY2021, the risk assessment for the entire Fuji Oil Group once again identified food safety-related risks, including contamination with foreign matter, allergens and inappropriate raw materials. We have been working to reduce these risks by acquiring certifications on food safety and quality management, conducting focused evaluations, providing guidance and implementing improvements on these risks through internal audits, and intensifying the implementation of 3S and 5S methodologies.

Education

The Fuji Oil Group provides education to employees to raise quality awareness. Fuji Oil Co., Ltd. supports activities at each plant conducted in accordance with the action guidelines and holds lectures on hygiene and other matters. In FY2021, the annual hygiene lecture was canceled again due to COVID-19. Instead, we carried out educational and awareness programs in each workplace by creating and distributing quality-related educational materials along with a quiz for assessing employee understanding of the topics covered.

In addition, every November we participate in Quality Month, which is organized by the Quality Month Committee, a Japanese industry organization. During Quality Month, we conduct various activities focusing on predefined themes to raise awareness on quality among our employees.

We have also continued providing Group companies outside Japan with technical guidance on newly introduced analytical equipment to improve the overall quality management level of our Group. We will continue promoting technological exchange among Group companies to enable wider use of the Group's advanced analytical techniques, and to provide safer and more reliable products to our customers worldwide.

Product labeling

Information indicated on labels of products varies considerably depending on the country where the product is sold. The Quality Assurance Department or the department in charge of quality assurance at each Group company collects information to ensure that product labels comply with the laws and regulations of each country and region.

At Fuji Oil Co., Ltd., the Quality Assurance Department collects information daily on relevant laws and regulations, and issues updates on any revisions to the relevant departments via the regularly distributed "Food Safety Information," in order to ensure that these revisions are promptly and accurately reflected in product labels. We also have a system in place to ensure that the staff in the development, production and quality assurance departments check the content of product labels before printing to avoid any errors that would violate laws or regulations. We strive to enhance transparency by disclosing information to our customers in a timely fashion through product specifications and the Fuji Oil Co., Ltd. website.

In FY2021, no serious labeling violations occurred at Group companies in or outside Japan.

Related documents

ESG Data Book (PDF 2.76MB) 

Promoting Occupational Health and Safety **Material Issue** Occupational health and safety

Management information

Relevance to our business

The driving force behind Fuji Oil Group's business activities is our diverse human resources. Amid the diversification of working styles and increased labor mobility, ensuring the safety of our employees is our social responsibility as a corporate group and is essential to sustainable management. Our initiatives to promote occupational health and safety directly contribute to the health of our employees.

Basic approach

In the Fuji Oil Group Management Philosophy, the first of our values that inform our actions is "safety, quality, and the environment." Among these three, the Group places top priority on "occupational safety" to achieve continuous growth. We promote occupational health and safety through the six items of the Basic Policy of Safety and Health below. Our aim is to protect the lives and health of our employees and all the people working at our business sites, and eliminate work-related accidents.

Basic Policy of Safety and Health

1. The base of our thought is the dignity of human life.
2. The base of our safety activities is the participation by all our officers and employees.
3. Every manager has a responsibility of safety control.
4. Good physical and mental health makes you a safer worker.
5. Making our workplace safe.
6. Becoming aware of and avoiding safety risks.

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

Management system

Occupational health and safety initiatives 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,^{*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

| FY2021 Goals | FY2021 Results | Self-assessment |
|--|---|-----------------|
| <p>Eliminate the occurrence of serious accidents and serious property damage accidents</p> <ul style="list-style-type: none"> • Study measures to introduce the pointing and calling method, as well as to establish and maintain awareness programs • Continue programs that promote understanding of the effectiveness of risk prediction training • Launch initiatives that help raise safety awareness, such as adopting safety simulators using virtual reality (VR) | <p>Zero cases of serious accidents and serious property damage accidents</p> <ul style="list-style-type: none"> • Group companies outside Japan introduced the pointing and calling method; held remote meetings for promoting understanding of risk prediction training and for sharing current safety initiatives, in order to raise awareness and implement this method. Additionally, continued programs that promote understanding of the effectiveness of risk prediction training. • Recommended the adoption of safety VR simulators to improve safety awareness in Group companies | ○ |

Analysis

Although we have been carrying out training on the pointing and calling method and risk prediction to improve awareness of occupational safety, we recognize that these take time to introduce and establish. We believe that using VR helps improve safety awareness by simulating danger for our employees. We will continue to work on enhancing safety awareness through new initiatives introducing safety experience training using VR to overseas Group companies.

Next Step

Our goal for FY2022 is to eliminate the occurrence of serious accidents and serious property damage accidents. We believe that improving the safety awareness of employees is the key to achieving this goal. To address this issue, we will continue to work on the following measures in FY2022.

- Continue measures to introduce the pointing and calling method, as well as to establish and maintain awareness programs
- Continue programs that promote understanding of the effectiveness of risk prediction training
- Continue initiatives that help raise safety awareness, such as adopting safety VR simulators

Specific initiatives

Risk management and countermeasures

Occupational health and safety risks are designated as Group-wide significant risks. We work in collaboration with each Group company to eliminate accidents and raise the level of health management in line with the Fuji Oil Group Management Philosophy. This is accomplished by conducting occupational health and safety audits at each production site to assess risks.

Occupational health and safety audits

Fuji Oil Group companies and their business sites in Japan plan on conducting audits every year. In FY2021, nine production sites in Japan were audited by the Safety, Quality, and Environment Audit Team of the Safety, Quality, and Environment Audit Office at Fuji Oil Co., Ltd., the regional headquarters in Japan. For Group companies outside Japan, the next occupational health and safety audits are planned based on the results of their previous audits. In FY2021, the Production Productivity Management Group conducted occupational health and safety audits remotely on four production sites outside Japan due to the coronavirus outbreak. With the spread of COVID-19 continuing around the world, we have been using wearable cameras* on safety, quality and environmental audits of overseas Group companies, in addition to reviewing documents in advance and conducting reviews via online meetings. Production sites can be visually checked in Japan through live streaming by having people wear cameras onsite. For production sites where audits have been conducted, we will follow up on remediation issues that have been identified and make improvements, with the aim of eliminating work-related accidents at our sites.

* Wearable camera: A camera worn on the body that can record video hands-free

Multilingual reminders

At overseas Group companies, we display safety-related reminders in multiple languages for employees who use different languages so that they can carry out their work safely.



Example of a sign at Fuji Global Chocolate (M) Sdn. Bhd. (Malaysia)

Dialogue between labor and management

To evaluate and improve our risk management and countermeasures related to occupational health and safety, we attach greater importance to dialogue between labor and management. For example, Fuji Oil Co., Ltd. holds a monthly Safety and Health Committee meeting in accordance with the labor agreement, in order to discuss employees' expectations and concerns regarding occupational health and safety.

Acquisition of Management Certifications

Follow the link below to learn more about Group companies' management certification status.

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

Supplier safety and health

For the occupational health and safety of suppliers, the Fuji Oil Group stipulates the provision of safe and hygienic workplaces for all workers, legal compliance and risk management in the Occupational Safety and Health section of the Fuji Oil Group Supplier Code of Conduct^{*1} formulated and published in April 2021. We ask all our suppliers to agree to this policy and submit a consent form. In November 2021, we revised and published the third edition of the CSR Procurement Guidelines^{*2} for suppliers of Group companies in Japan. In the section regarding Respect for Human Rights and Consideration for Occupational Safety and Health, we ask that suppliers maintain and improve a safe and healthy work environment, and we confirm through a questionnaire that the products and services procured by Group companies in Japan are in line with our procurement policies.

*1 Follow the link below to learn more about the Supplier Code of Conduct.

> https://www.fujioilholdings.com/en/news/2021/_icsFiles/afieldfile/2021/04/02/En_SupplierCodeofConduct_1.pdf

*2 Follow the link below to learn more about the CSR Procurement Guidelines (3rd edition).

> https://www.fujioilholdings.com/pdf/en/sustainability/policy/csr_guidelines_03.pdf

Education

The Fuji Oil Group implements measures based on the belief that prevention of labor accidents at manufacturing sites is one of our most important responsibilities. We conduct checks to identify dangerous operations and situations that can lead to accidents and take necessary measures. We also promote the PDCA cycle for risk management, work to identify near-miss incidents, and implement the use of safety observation cards to suggest potential hazards and areas with safety concerns. Through these and other initiatives, the whole Group is committed to working together to prevent occupational accidents.

Disseminating safety-related information

In recognition of the importance of raising safety awareness among employees throughout the Group, we created safety leaflets and distributed them to Group companies. Group companies give employees daily safety warnings using electric bulletin boards or information boards.

Education to improve safety awareness

We believe that heightening our employees' sensitivity to danger leads to higher safety awareness. We set up safety experience rooms in Fuji Oil Co., Ltd. and Fuji Oil (Zhang Jia Gang) Co., Ltd., and let employees in Group companies outside Japan experience dangerous conditions through VR devices.

Group companies in Japan are engaged in activities aimed at raising safety awareness through simulation classes and safety education that enable employees to learn from past incidents. In this way, rules are observed and mistakes from the past are avoided. We are also working to create a safe and secure work environment by conducting emergency drills for natural disasters and installing motion sensor lights that are also useful when evacuating during a power outage. Group companies outside Japan are also engaged in various safety initiatives, including adopting the pointing and calling method, education on the effectiveness of risk prediction training, safety communication activities,^{*1} and safety meetings.^{*2}

*1 Safety communication activities: Activities to raise employees' safety awareness by handing down knowledge of past labor accidents and countermeasures to younger generations.

*2 Safety meetings: Meetings held before the day's work begins to inform workers about safety matters that require special attention that day.



VR simulator at PT. Freyabadi Indotama (Indonesia)

Related documents

ESG Data Book (PDF 2.76MB) 

Management information

Relevance to our business

As a corporate group operating globally, the Fuji Oil Group has an important social responsibility to respect the diversity of our human resources. We also believe that our Group needs more creativity in developing the business strategies that, by back-casting from a new future rather than extrapolating from the past, will allow us to contribute to society over the long term, even as social values change. For these reasons, we strive to remove the barriers experienced by people from disadvantaged communities and to provide the opportunities and conditions that empower everyone to succeed. We are committed to practicing diversity, equity and inclusion (DE&I) in the management of our business so that we can harness the power of diversity and build a corporate culture where everyone feels that they belong and that their voice is valuable.

Basic approach

Our energy to continuously create sustainable value for society is rooted in an environment where diverse human resources can use their different values and individuality. The Fuji Oil Group Management Philosophy defines “Work for people” as one of the Group’s values. This means that we must always consider the other person’s point of view when doing business. This is the basic guiding principle to embrace diversity and provide value to society. Among its principles, the Fuji Oil Group Management Philosophy also states that “we will respect the diversity and individuality of Fuji Oil Group employees.” This exemplifies our efforts to create fulfilling workplaces free from discrimination and harassment, to respect the basic human rights, diversity, personality and individuality of everyone who works with us, and our approach to proper and fair evaluation of employee efforts and contributions.

Based on this principle, we formulated the Fuji Oil Group Diversity Vision in May 2020. As a forerunner to this vision, Fuji Oil Co., Ltd. established its Basic Diversity Policy in FY2015.

Fuji Oil Group Diversity Vision

Enjoy diversity

Diverse human resources are a source of inspiration and innovation. We will contribute to society by “Work for people” and enjoying the synergy among us. In doing so, we will provide diverse people worldwide with deliciousness and health in a variety of food products.



Focus areas to promote diversity

On the Diversity Vision, the Fuji Oil Group defined gender, nationality, generation, specialization and experience as focus areas to promote diversity. We foresee awareness and system reforms to enable all our employees to use their diverse backgrounds and individuality as their strengths.



Fuji Oil Basic Diversity Policy

We will accelerate the creation and delivery of new value to society by seeking talented individuals from diverse backgrounds and by fostering a corporate culture, where everyone can demonstrate their abilities to the fullest.

1. Pay attention to diversity in personnel composition at all stages of employment, including: recruitment, training and job assignment/promotion.
2. Implement flexible personnel systems so that diverse human resources can fully demonstrate their abilities.
3. Use diverse human resources in a strategic manner, thereby contributing to society and company growth.

Management system

Based on an ESG materiality assessment conducted in FY2022, we changed the name of this material ESG issue*¹ from “diversity management,” which was used until FY2021, to “DE&I management (leveraging diverse human resources through inclusive management and equitable opportunities and evaluations).” This theme forms part of the “DE&I” category of our material ESG issues. The Global HR Group at Fuji Oil Holdings Inc. and the Human Resource and Administration Division at Fuji Oil Co., Ltd. have overseen initiatives in this area since FY2022. The Sustainability Committee,*² an advisory body to the Board of Directors, monitors progress and results.

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

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

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

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

Management system



Goals / Results

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

| FY2021 Goals | FY2021 Results | Self-assessment |
|--|--|-----------------|
| Instill the Fuji Oil Group Management Philosophy | Conducted global e-learning in nine languages (Group-wide completion rate: 95.4%) | ○ |
| Seek to understand region-specific issues and current status of initiatives | <ul style="list-style-type: none"> • Interviewed Group companies outside Japan and reported to the Management Committee Meeting on the future advancement of DE&I within the Group • Incorporated information from the interviews into the next medium-term management plan to be discussed by global senior managers. | ○ |
| Select and train future/ successive managerial talent | <ul style="list-style-type: none"> • In FY2020, launched a Talent Development Committee to foster the next generation of executive candidates • In FY2021, documented the qualities required of executive managers. This was translated into implemented measures. | ○ |
| Appoint more local staff to positions outside Japan previously filled by employees dispatched from Japan | Conducted interviews with employees leaving for and returning from assignments outside Japan. Based on the interviews, identified which positions require dispatching employees from Japan and made efforts to localize positions that do not require relocation. | ○ |

| FY2021 Goals | FY2021 Results | Self-assessment |
|--|--|-----------------|
| Develop executive candidates outside Japan who are fit for a global business environment | Sent two trainees on an international assignment <ul style="list-style-type: none"> • After language training, began on-the-job training • Selected trainee candidates for FY2022 | ○ |
| Japan: Encourage diverse work styles | <ul style="list-style-type: none"> • Revised our contracted reemployment program (went into effect in April 2022) | ○ |
| Japan: Ensure equity | <ul style="list-style-type: none"> • Improved conditions to enable diverse employees to achieve work-life balance according to their unique circumstances • Promoted men's use of parental leave by holding a management training to raise awareness and improve understanding of the parental leave system • Provided equal educational opportunities for self-development to all employees, regardless of employment arrangement, including through the offering of subsidies | ○ |
| Japan: Support long-term, meaningful employment of people with disabilities | <ul style="list-style-type: none"> • Opened a new workplace for people with disabilities to work long-term • Provided continuous follow up to support employees with assimilating to their work-life through four-party discussions (between the employee being onboarded, their vocational rehabilitation services provider, their supervisor, and Human Resources department staff) and regular discussions between the employee and Human Resources Department staff | ○ |

Analysis

To foster the next generation of executive talent, our current executive team held comprehensive discussions in the Talent Development Committee to approach development strategically based on their future vision of the Fuji Oil Group. We aim to improve executive diversity going forward.

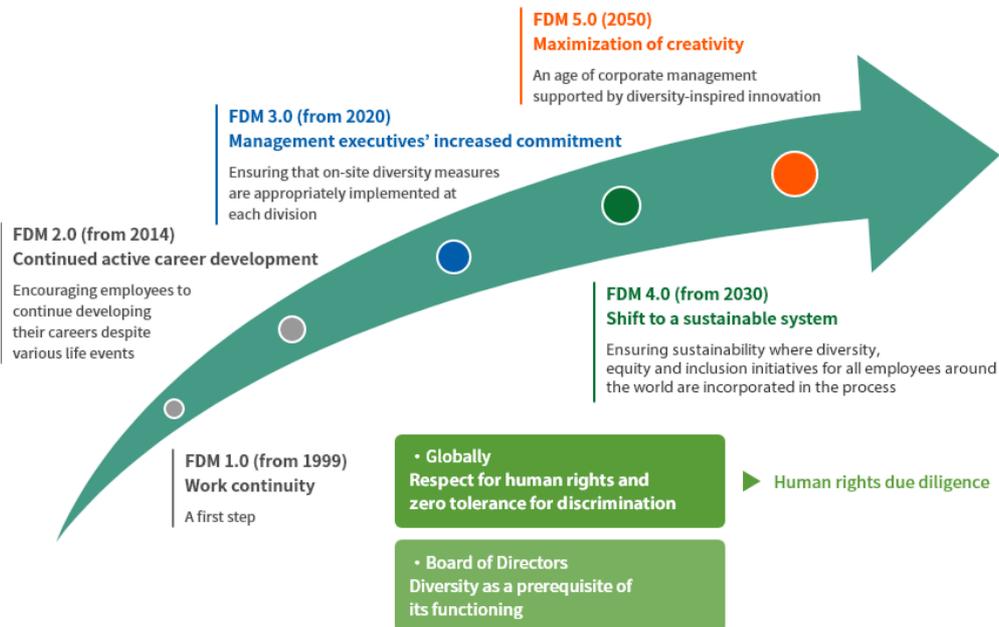
To promote active careers for older employees, we revised our contracted reemployment program in April FY2022 to provide them with a wider range of options. Based on the revised program, we plan to start a career education program for older employees in FY2022.

The employment rate for people with disabilities temporarily decreased due to an increase in the number of retiring employees and a change in policy toward measures that place more emphasis on post-recruitment retention.

For other types of employees, we plan to overhaul our education and training system and rebuild it in stages in FY2022. Our goal is to roll out measures that enable employees to pursue diverse career development more autonomously.

Roadmap

As shown below, we drew a roadmap for our achievement of diversity as a source of innovation supporting our corporate management and contribution to society by creating the future of delicious and healthy food. Since FY1999, the Fuji Oil Group has promoted diversity and enhanced Group-wide systems and measures to enable our employees to continue pursuing their career goals. In the new phase, started in FY2020, we are practicing diversity in each department, with the strong commitment of management executives.



* FDM: Fuji Diversity Management

Next step

We recognize that the Group-wide efforts we have carried out so far in our DE&I management practices have been inadequate. To address this issue, we set the following goals for FY2022.

Group-wide

- Increase diversity on executive teams
- Develop the next generation of executive talent
- Develop global talent through our global trainee program

Japan

- Encourage diverse work styles
- Ensure equity
- Support long-term, meaningful employment of people with disabilities

Other countries

- Embed DE&I into company culture
- Promote cultural reforms

FDM 3.0 measures



Initiatives in Japan

Supporting continued active career development

Active careers for older employees

As one of the main pillars of our diversity management for the current fiscal year, we focused on drawing out the potential of the older employee class, which all employees will eventually belong to. In FY2021, we reviewed our reemployment system to offer more choices to older staff. The revised system went into effect in April 2022. We also expanded our career development education for older employees in line with the philosophy of the new system, as part of our efforts to facilitate active career development in every working life stage.

Female employees' continued career development in balance with private life

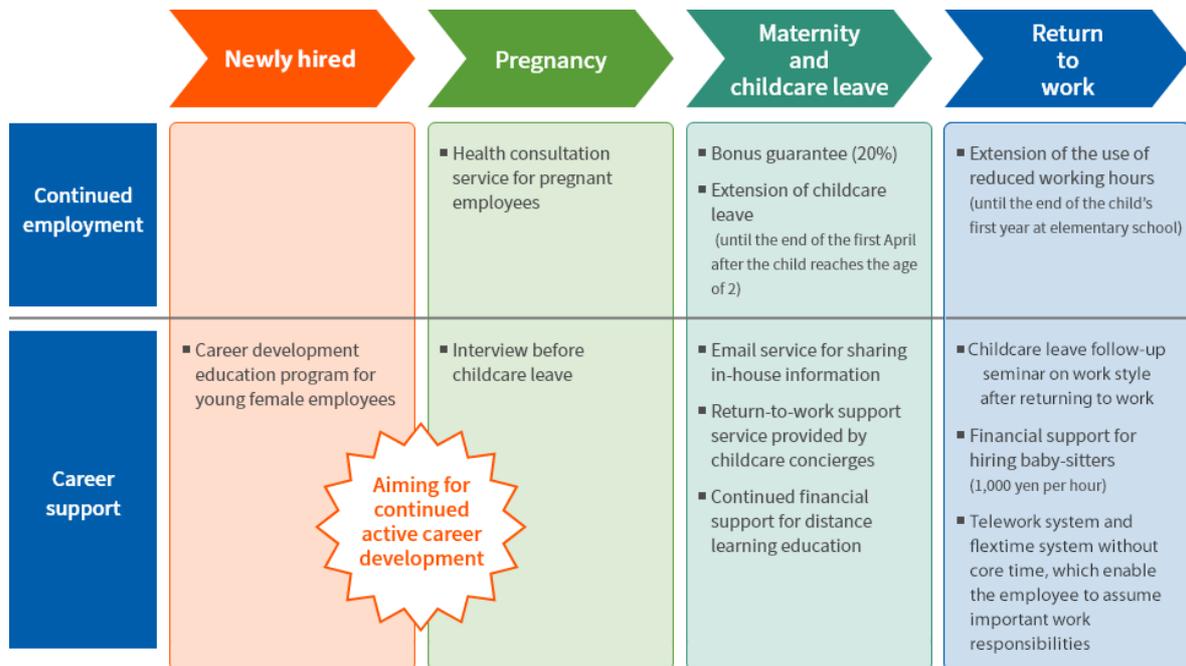
While at Fuji Oil Co., Ltd. we have long maintained a 100% parental leave usage rate among female employees, many female employees see career continuity after parental leave as challenging. In FY2014 we drastically changed our way of supporting female employees. We adopted various new systems to support female employees who aim to continue actively developing their careers after life events.

We have been conducting follow-up seminars since FY2014 for employees returning to work from parental leave. This seminar has been held in the form of an interview with three parties: the parenting employee, their supervisor and their partner. It has helped form circles of supporters for parenting employees at home and in the workplace, and has been instrumental in changing the awareness of parenting employees themselves. In FY2019, we distributed booklets compiling the essentials of the seminar titled Guide to Returning to Work from Parental Leave (different versions for parenting employees and their supervisors).

We also make efforts to encourage male employees to participate in childrearing. For example, we distribute materials explaining the parental leave system to male employees when their partner has given birth. In FY2021, men's participation rate in parental leave was 73%. The length of leave taken has also increased in recent years, with eight in 32 employees taking more than a month off in FY2021.

As of April 2021, approximately 40% of female managers were working while parenting their children, which indicates the significant progress that we have made in establishing systems for supporting continued career development regardless of life events.

System to support employees at life events



Ensuring equity

Managers' attitude reform

The key to ensuring equal opportunity is held by managers who play a central role in human resource development. For this reason, since FY2019, we have enhanced the manager education program focusing on human resource development and diversity management. In FY2020 we held unconscious bias* seminars, and in FY2021 we conducted training to develop managers' understanding of how to support people with disabilities in their work and careers.

* Individuals' unconscious patterns and thinking orientations. People process and respond to a large amount of information available in the natural world in an instant. Although the human race acquired this ability to survive, it often causes problems in today's world because it prevents humans from responding to environmental changes appropriately. Therefore, this bias should be raised to the level of consciousness and corrected from time to time.

Promotion of personnel diversity

Support for the active participation of women

In FY1999, the top management of the Fuji Oil Co., Ltd. adopted the policy of supporting the active participation of women. Full-scale initiatives were launched to pursue the policy under the newly established Committee for Women's Empowerment (currently Fuji Active Network). As of April 2022, the percentage of women in managerial positions is 11.42%. Moving forward, we recognize the need for a greater focus on equal opportunity in recruitment and training. In the five years through FY2022, women have accounted for 44% of new graduates hired into management-track positions.* We also ensure a higher level of fairness in human resource development, including work assignment, on-the-job training, and off-the-job-training. Furthermore, in FY2016, the CEO of Fuji Oil Holdings Inc. endorsed the Declaration on Action by a Group of Male Leaders Who Will Create a Society in Which Women Shine, which was formed under the initiative of Japan's Cabinet Office. The CEO has been sending out messages to employees and society, regarding the importance of diversity in management.



Employment of foreign nationals

At Fuji Oil Co., Ltd., we employ foreign nationals with various capabilities, who play important roles in many fields like research and development, planning and management. There is no difference in treatment on grounds of nationality. We assign employees to work based on their characteristics and skills. We also create a workplace environment that respects employees' religious beliefs and customs by for example, creating multipurpose rooms where employees can pray.

Support for the active participation of people with disabilities

Fuji Oil Co., Ltd. has been working on employing people with disabilities. Since FY2015, we have been focusing on creating workplace environments where they can play active roles. To do so, we collaborate with local schools, offer hands-on work experience programs, and exchange information with leading companies in this field. Going back to the fundamental principle of providing employees with opportunities to play an active role while taking into consideration their characteristics has also changed the attitude of managers in charge of training. In FY2021, we created multiple general administrative positions and recruited employees through individual interviews at a local public employment services agency. After hiring, we have supported their continued employment by holding assimilation support discussions involving a vocational rehabilitation services partner. The employment rate for people with disabilities temporarily decreased partly due to an increase in the number of retiring employees. Going forward, we will strive to achieve the statutory rate through continued efforts in recruitment and assimilation support.

Promoting non-regular employees to regular employees

The Group conducts a test once a year for highly motivated non-regular employees wishing to become regular employees. In FY2021, eight non-regular employees, both men and women, have passed the test. We will continue to actively promote talented and highly motivated individuals to regular employee status through this system.

* One of two hiring categories commonly used by Japanese companies. The other is a non-career track for administrative support roles.

Encouragement of program use

When it comes to promoting DE&I in the Fuji Oil Group, we place great importance on the autonomy of employees in heightening their own awareness and taking action. Rather than pursuing mere superficial results, we aim to achieve a form of DE&I that is firmly rooted in our corporate culture and fully understood and accepted by our employees.

As part of this, we encourage a wider range of employees to use our work-life balance support programs. We have recently been trying to increase the use of two programs: the nursing care leave program, which has been created based on the notion that many employees may become caregivers in the future, and the parental leave program targeting male employees. Since FY2013, we have been educating employees to create a corporate culture in which consulting about nursing care is always accepted. This is done by holding nursing care seminars and distributing a nursing care handbook. Since FY2016, we have been providing financial support for nursing care expenses. These initiatives resulted in a gradual increase in the use of nursing care leave program by employees, including managers and male employees. With a basic policy based on the voluntary decision of male employees to take parental leave, we have also continued our efforts to encourage male employees to take parental leave since FY2014. We make efforts to encourage male employees to take parental leave when their partner has given birth, in part by distributing materials that explain the parental leave system. In FY2021, 73% of eligible male employees took parental leave. The length of leave taken has also increased in recent years, with eight in 32 employees taking more than a month off in FY2021. Going forward, we will promote the use of parental leave further by presenting examples of employees who have taken leave, in addition to educating managers about the system and conducting surveys of men who have taken leave.

Work style reform

At Fuji Oil Co., Ltd., in FY2016 we launched the Creative Work Project (currently the CWORK Promotion Committee) to promote work style reform, which is essential for achieving diversity. Aiming to reduce the total work hours by raising productivity and improving work-life balance, we have implemented four reform initiatives over the roughly five years through April 2022: attitude reform, operational reform, system reform and workplace reform. As part of the reform, we have been exploring new work style possibilities. For example, since FY2017 we have assigned some employees to telework on a trial basis and introduced a satellite office to further develop our telework system. We also facilitated active communication and promoted paperless operations by introducing robotic process automation (RPA), digitizing application procedures, and actively using video conference systems. As a result, in response to the COVID-19 pandemic, we succeeded in shifting smoothly to Company-wide teleworking and continued business

operations without any serious delays. Taking advantage of this experience, we will use IT effectively to firmly establish a system that allows employees to produce results regardless of time and place of work. In FY2021, around half of all direct employees used our telework system.

Global DE&I management

Each company in the Fuji Oil Group operates within a unique regional context and has a unique history and business characteristics. For this reason, in FY2022 we appointed a new person to be in charge of advancing DE&I in each region or company. They identify DE&I-related issues in their locale and set targets and propose measures to address them. We also set up a process in which the measures they propose are reviewed and monitored by the Sustainability Committee. Rather than setting targets that apply uniformly to all Group companies, this program will help us strengthen DE&I management across the Group by empowering each region or company to carry out their own DE&I initiatives in the spirit of the Fuji Oil Group Management Philosophy.

External recognition

By the end of June 2022, we received the following external recognition for our diversity initiatives:

- March 2017: Commended by the Osaka City Mayor as a Leading Company in Women's Participation in Osaka City
- August 2017: Obtained "Platinum Kurumin" certification from Japan's Ministry of Health, Labour and Welfare
- June 2022: Continued as a constituent of MSCI Japan Empowering Women Index (WIN) (fourth consecutive year) and MSCI Japan Empowering Women (WIN) Select Index (fourth consecutive year)

* Follow the link below to learn more about other external recognition

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

Related documents

ESG Data Book (PDF 2.76MB) 

Human Resource Development

Management information

Relevance to our business

Having major bases in 14 countries, the Fuji Oil Group is expanding our business globally (as of June 2022). Our business is supported by about 6,000 employees. They are our important stakeholders who make the Group's value creation possible. Human resource development forms the foundation of our value creation while contributing to each employee's capacity development and skill improvement.

Basic approach

The Fuji Oil Group believes that developing an organization with people capable of responding flexibly to unforeseen circumstances is important to adapt to every change in the business environment and continue contributing to society. Under the concept that a company and its employees grow together and support each other, we focus on the fostering of management personnel to strengthen our organizational capability. We also develop human resources to support global business expansion and employees' autonomous learning.

Based on this notion, the Fuji Oil Group established the Human Resources Policy.

Human Resources Policy

1. Providing highly motivated employees with a workplace where they are encouraged to make the most of their abilities.
2. As a global company, providing a working environment where a diverse range of employees are encouraged to play an active role.
3. Establishing and operating a fair and equitable personnel system (appraisal/benefits/training).
4. Providing well-structured educational and training programs and creating a corporate culture that supports the fostering of one's skills and capabilities.
5. Supporting diversified working styles and providing a safe workplace that is comfortable to work in.

Management system

Initiatives for human resource development were overseen by the Chief Administrative Officer (CAO) in FY2021. Since FY2022, that role has been transferred to the Global HR Group at Fuji Oil Holdings Inc. and to the Human Resources Department at Fuji Oil Co., Ltd. The president of each Group company also serves a central role in advancing human resource development. Important initiatives are reported and reviewed at the Management Committee Meeting.

Specific initiatives

Development of human resources with global business skills

To keep up with the accelerating pace of our global strategies, we conduct initiatives to recruit, promote, and develop human resources that can demonstrate their capabilities globally.

Cultivating management personnel

In FY2020 we launched the Talent Development Committee to carry out comprehensive discussions on the global and strategic development of executive candidates and foster the next generation of Group leaders. In FY2021, we documented the qualities required of future executive managers and implemented measures based on those requirements. Going forward, we will strengthen the development of diverse executive managers who can move the Group forward regardless their nationality, gender, or background.

In addition, aiming to develop candidates for future management positions at an early stage, Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd. have been conducting a training program since FY2016. This program incorporates performance assessments and aims at helping trainees to grasp their behavior trends in group and individual situations through group discussions and interview exercises. Eighteen employees underwent the training in FY2021. The program is designed to help the trainees understand what a manager should be like, and objectively identify their own strengths and weaknesses. Moreover, it involves post-training feedback meetings with their supervisors and HR Department staff, and on-the-job training (from planning to review). We aim to achieve trainees' steady growth by ensuring close involvement of supervisors and other relevant people in the training.

Human resource development to support globalization

At Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd., we place great importance on developing personnel who will lead the Fuji Oil Group's global management, as well as personnel who will manage and lead business operations at corporations outside Japan. We consider them as the core management resource for continued growth and development of our business globally.

We conduct self-development and off-the-job training to improve the language skills of employees. We are also working to develop their global mindset and have them gain business experience from a global perspective through postings at Group companies outside Japan according to their area of expertise.

In FY2020, we introduced a new global trainee program to work on early-stage development of candidates for future corporate management positions at companies outside Japan. The program selects the most qualified candidates from an applicant pool for a six-month foreign language study, followed by on-the-job training at their assigned Group company. It also seeks to encourage trainees to develop practical skills for identifying and solving problems as well as the capacity to be immersed in, and adapt to a different cultural environment. In FY2020, two employees were selected as the first cohort of trainees and sent on global assignment.

Career support system

At Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd., we provide hierarchical training programs for executives, managers, general employees, and new hires, and also support employees' skill development through various programs, like providing financial assistance to employees taking distance learning. We provide employees with the opportunity to share growth and enlightenment points with their supervisors during their annual evaluation. Individual employees also have a meeting with their supervisors once a year based on the Career Advancement Communication Sheet for reviewing the progress made toward their goals and their career aspirations. We endeavor to provide opportunities to foster career development, where employees flourish through suitable job assignments.

We also provide educational support and incentives for getting the necessary qualifications at each department, in order to meet the differences and variations in knowledge and skills required at each workplace and job occupation.

FY2021 training system for regular employees

| Class | By level | Selective programs | | Business skills | |
|----------------------------|-----------------------|--|---------------------------|--------------------------------------|---|
| | | Management programs | Global programs | By level | Elective/ personal development |
| Executive Officer | Officer training | | | | |
| General Manager | | Training to cultivate potential executives | | Pre-assignment training | Incentives for distance learning or obtaining official certifications |
| Section Manager | New manager training | | | | |
| Class 4 | | Training to develop management skills | English speaking training | Global trainee training | |
| Class 5 | | | | | |
| Class 6 | | | | Logical thinking training (3rd year) | |
| Class 7 | Key person training | | | | |
| Class 8 | New employee training | | | | |
| Class 9 | Follow-up training | | | | |
| Tentative job offer period | | | | Business fundamentals training | |

Employee engagement

Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd. conduct an annual employee engagement survey. In this survey, we ask employees for their honest opinions on a wide range of topics, such as workplace environment and systems. The survey analysis results are given to executives and managers to improve business operations and the workplace environment.

Overall satisfaction in FY2021 declined from the previous year, but remained high compared to benchmark. We believe that the extraordinary conditions of the COVID-19 pandemic, such as the sudden increase in childcare responsibilities from school closures and the difficulty of communicating virtually, played a role in this change. Specifically, there was a significant increase in the burden felt from work in terms of both quality and quantity. In a survey briefing with all managers, we encouraged supervisors to strive to make improvements, and presented them with specific examples of how to do so (such as checking in with employees more often, adopting a listening attitude, and increasing collaboration across the company).

Dialogue between labor and management

The dialogue between labor and management is important for Fuji Oil Co., Ltd. since employees and the company should support each other. The HR Department serves as the company's contact point for dialogue with the Fuji Oil Workers Union, which represents the employees. The workers union was established at the same time as the company. Both entities have worked hard for 70 years to create a comfortable work environment for employees. The dialogue between labor and management takes place in a monthly forum consisting of representatives of the HR and Administration Departments of the Company and the executive committee members of the workers union. The aim of this forum is to encourage employees to maximize their potential, improve themselves and play active roles. When revising labor systems, we actively listen to the opinions of union members at each business site nationwide and make sure to increase the frequency of dialogues as necessary. The Fuji Oil Workers Union adopted a union shop system, and the participation rate of the Company's regular employees other than managers is 100%.

Related documents

ESG Data Book (PDF 2.76MB) 

Employee Health (Health Management)

Management information

Relevance to our business

The Fuji Oil Group considers employees as the company's capital, and recognizes that the health and well-being of employees are also important management measures from the perspective of enhancing the quality of human capital.

Basic approach

In January 2017, we announced the Fuji Oil Group Health Management Declaration, which states that we will proactively engage in health management. Based on this declaration, we have been implementing various measures to enhance employee health. Boosting the energy of our employees encourages an active organization and leads to growth for the whole Group. Through corporate growth, we can continue to contribute to social development.

Fuji Oil Group Health Management Declaration

In Fuji Oil Group's Management Philosophy, we set forth our Vision: "We seek to contribute to society by creating a future of delicious and healthy foods using our core technologies in oils/fats and soy." Health is important not only for the happiness of our employees and their families, but also to raise the strength of our Group. So here, Fuji Oil Group declares that we proactively engage in Health Management.

The highest priority in Health Management is the health and happiness of our employees, and we believe that a fulfilling work life will enhance our corporate value. The most important aspect of Health Management is individual health awareness. In other words, we need to take care of our own health. We will keep health in mind and work ethically, righteously, positively and vigorously. In this way we can work for people, solve their problems, and drive forward our contribution to society.

As part of Health Management, we take actions to support our employees to keep and improve their health. Specifically, we implement initiatives in areas such as prevention of lifestyle-related diseases and mental health problems, and activities to promote physical health.

Management system

Initiatives for health management across the Group were overseen by the Chief Administrative Officer (CAO) in FY2021. Since FY2022, that role has been transferred to the Global HR Group at Fuji Oil Holdings Inc. and to the Human Resource and Administration Division at Fuji Oil Co., Ltd. We work to improve the health of our employees and create a rewarding workplace in collaboration with occupational physicians, public health nurses, nurses, occupational counselors and other specialists, as well as the Health Management Unit of the Human Resources Department, the General Affairs Department and the Health Insurance Society.

Specific initiatives

Better mental and physical health management system

At Fuji Oil Group, we have all employees undergo regular health examinations. At Fuji Oil Co., Ltd., 100% of employees have had a regular health examination and 89.3% of eligible employees have had a secondary health examination (as of March 31, 2022). We aim for a target of 100% of eligible employees undergoing the secondary health examination, and strive to make good use of the examination results for the health of individual employees by enhancing health guidance. In addition to these initiatives, in FY2021, we carried out COVID-19 vaccination three times at Fuji Oil Co., Ltd.'s Hannan Business Operations Complex. Considering that we play a social role as an essential food-related business, we expanded the eligibility for vaccination to include not only our employees but also their families and our third-party partners, so that our employees can feel safer at work. To prevent mental health problems, we have employees respond to a stress check questionnaire (93.1% response rate in FY2021), and support each workplace's efforts to solve issues identified there and improve the working environment by conducting psychological assessments. We also offer Life Career Counseling services, including consultation on career concerns with full-time in-house counselors, support for employees suffering mental health problems, and the availability of an affiliated external counseling room. We thus provide a favorable environment for all employees to use counseling services without hesitation in order to respond to employees' mental health problems at an early stage.

If employees have to take leave for a long time due to an illness or injury, the health staff will help them manage their health while they are on leave so that they can concentrate on treatment without worry. During the Occupational Health Week in October 2021, we held a speech by an external lecturer on health, entitled "Support for Balancing Medical Treatment and Work," which was attended by more than 100 employees and helped deepen their

understanding of the subject. We aim to create a system for smooth reinstatement of employees even after a long-term leave due to illness or injury by providing health-related support during the leave period, as well as to create an organization where both those returning employees and their coworkers can continue to enjoy their work.

We will also continue to publish health columns and mental health columns, which started in FY2020 as part of our information sharing via our Japan-wide intranet. Employees who saw shocking photos of the health damage from drinking in a column sharing the risks of heavy drinking said that they will “refrain from drinking alcohol.”

Measures to prevent lifestyle-related diseases

Under Fuji Oil Co., Ltd.’s “100-year Healthy Active Life” initiative, occupational physicians and health staff promote measures to help employees prevent serious diseases. We are committed to improving the health literacy of all employees by enhancing our health guidance as well as providing constant interventions, ranging from treatment recommendations advice on healthier lifestyles. By launching a health management system to better visualize health data, we enable our employees to track their own health indicators, including the results of their own health examinations.

| Program | Content |
|------------------------------|--|
| Offering healthy menus | Our company cafeterias offer menus using our own soybean products (Soybean Plus Dishes), low-salt dishes, and healthy dishes (Body-friendly Dishes), which are designed to raise employees’ awareness of improving their own eating habits |
| Providing health information | Provide health information related to meals and food ingredients according to the times and seasons at the company cafeterias |
| | Provide health information on drinking and smoking through the Japan-wide intranet and the Safety and Health Committee |
| Supporting exercise | Conduct lower back pain stretches and radio calisthenics daily at the start of work |
| | Create and distribute company walking maps (inside company offices and neighboring areas) |
| | Shoulder the costs of exercise-related services as part of the welfare program |

External recognition

Named among the top 500 in the large enterprises category (White 500) of the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program by Japan’s Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi

- Fuji Oil Holdings Inc. (fifth consecutive year)
- Fuji Oil Co., Ltd. (fifth consecutive year)
- Fuji Sunny Foods Co., Ltd. (fourth consecutive year)

Named among the top 500 in the SME category of the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program by Japan’s Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi

- Fuji Tsukuba Foods Co., Ltd. (fourth consecutive year)
- Omu Milk Products Co., Ltd. (fourth consecutive year)

* Follow the link below to learn more about other external recognitions.

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

Related documents

ESG Data Book (PDF 2.76MB) 

Partnership with Communities

Management information

Relevance to our business

The Fuji Oil Group has key operating sites in 14 countries (as of July 2022). While food culture varies from region to region, our activities as a food ingredient manufacturer, including plant operations and product sales, requires cultivating close relationships with local people. Our business success relies on a partnership with these communities. The work we do in community development also enables employees to find greater satisfaction in their work and raises their awareness of sustainability.

Basic approach

We recognize companies as citizens and, as such, aim to contribute to the development of local communities through dialogue and community service. A guiding principle of our business is to “engage in corporate activities rooted in our communities and actively contribute to society,” as expressed in the Fuji Oil Group Management Philosophy.* One way we contribute to local communities is by providing food education, which draws on our business expertise.

* Follow the link below to learn more about the Fuji Oil Group Management Philosophy.

> <https://www.fujioilholdings.com/en/about/constitution/>

Management system

Each company in the Fuji Oil Group carries out community development activities specific to the country and region in which they operate. Group-wide and interregional activities were overseen by the Chief “ESG” Officer (C“ESG”O) in FY2021. Since FY2022, that role has been transferred to the ESG Representative, with initiatives led by the Sustainability Development Group, ESG Division, Fuji Oil Holdings Inc.

Specific initiatives

Food education using our main raw materials (soybeans and palm oil)

Since FY2014, Fuji Oil Co., Ltd. has been conducting a food education project in Japan in cooperation with the nonprofit Houkago NPO AFTER-SCHOOL. The objective is to get children to become curious about human and planetary health by teaching them about global food issues and the importance of food.

In FY2021, we held two programs on soybeans (“The Global Environment and Our Food” and “Food Education Bingo”) and one on palm oil. Given the continued spread of COVID-19, we offered all programs either in-person or online, depending on exposure risks and the preferences of each school.

In FY2021, we taught a combined 37 classes, in-person and online, on the power of soy and palm oil to 1,188 students at 21 elementary schools. A total of 4,292 children have participated in the food education project since it began.

In addition to elementary school students, in FY2021 we also held food education events for junior and senior high school students, college students, customers, and consumers. More than 450 people across 10 locations explored the topic of global sustainability through familiar foods, using ingredients used by the Fuji Oil Group as subject matter. We plan to continue offering programs like these, focusing on speed and timeliness in contributing to society through food and to accelerate action on the SDGs as well.



Online class on soybeans (“Food Education Bingo”)



In-person class on palm oil

Comments from participants:

- I learned that palm oil is in all kinds of things I eat and use every day. (4th grader)
- I don't like most foods made from soy very much. But after learning more about soybeans, I think I might give it another shot. (2nd grader)
- Thank you for teaching me about the current state of the world and nutrition. What I learned today made me want to work in a field that feeds people. (6th grader)
- There were a lot of things I didn't know about vegetable oils and fats. I think everyone should hear what was presented in today's lecture. I want to think more seriously about what we should all be doing to address the problems described today. (University student)
- I was amazed to learn about the complex process that palm oil goes through, and the great number of people involved in its production, before it reaches consumers. I also learned that growing palm trees destroys the habitat for animals; but eliminating palm oil means being unable to prepare food, and taking away the livelihoods of people who work in the supply chain. It's a challenging problem. (High schooler)

Support for SDGs for School

SDGs for School* is a program run by non-profit Think the Earth to spread knowledge of the SDGs among junior and senior high school students and encourage learning and action for creating a more sustainable society. In 2021, the program was officially designated by the Japan Ministry of the Environment as an initiative that supports environmental education through conservation and partnership efforts. The Fuji Oil Group has sponsored this program since 2018. Continuing the project started in FY2020, in FY2021 the Fuji Oil Group donated chocolate (two types: with cocoa butter and with vegetable oil) to three high schools in Japan to use as aids for teaching about environmental problems through familiar foods. A combined 350 students learned about climate change and the importance of forest conservation.

Comments from participants (high-school students):

- Price was the biggest factor that influenced my purchasing decisions, but now I feel like I need to take responsibility as a consumer.
- I think everyone should learn about the SDGs and make it part of their daily lives.
- I have a part to play in the planet's future, and yet I felt disappointed in myself for knowing so little. Ignorance may be bliss, but I realized it's also scary.
- If action on the SDGs accelerates, people around the world will be more focused on sustainability and make it a conscious choice.
- Every child should know about climate change, since we are the ones who have to live in the future.

* Follow the link below to learn more about the SDGs for School program.

> <https://www.thinktheearth.net/sdgs/>

Hannan Forest Project

Since March 2018, Fuji Oil Co., Ltd. employees have volunteered their time and labor to support park development at Izumisano Kyuryo Ryokuchi in Osaka Prefecture, Japan. Local volunteers, the Osaka prefectural government, and companies come together once a month to manage the forest and bamboo groves in a designated area of the park.

In FY2021, the volunteering events were held only three times (43 participants in total), due to the many months when the COVID-19 state of emergency was in effect. Still, the volunteers continued to thin the bamboo groves, which has produced the following outcomes:

- Opened views along the trail previously obscured by bamboo, such as flowering cherry trees, Kansai International Airport floating in Osaka Bay, and Awaji Island in the distance.
- Let light in through the canopy, allowing the forest to regenerate. Insects, birds, and other life are now being spotted with increasing frequency.

Employees plan to continue volunteering in FY2022, with the goal of creating habitat for owls, giant flying squirrels, and other wildlife.



Thinning a bamboo grove



Employee volunteers helping manage the park

Fuji Foundation for Protein Research

The Fuji Oil Group has been funding academic research on soy protein since 1979. The Fuji Foundation for Protein Research, restructured as a public interest foundation in 2012, continues and builds upon this legacy while communicating it broadly to the Japanese public. To date, the Foundation has awarded approximately 1.2 billion yen to more than 1,200 studies covering subjects from the life sciences to dietary culture, and to the science of cooking including food-tech.

In addition to funding research, the Foundation also holds free open lectures, an important part of its public interest mandate. In FY2021, we hosted a series of lectures in Kyoto, with precautions taken to prevent the spread of COVID-19 for in-person attendees (around 100 people participated in-person and another 100 watched via livestream). In addition to talks by leading researchers, the program also included a panel discussion joined by renowned Kyoto chefs who also hold a PhD.

In the lectures, Prof. Naoto Minami of Ritsumeikan University spoke on the tensions between legumes and animal meat as sources of protein in dietary culture. He discussed how legumes, once regarded as “poor people’s food” in the West, are being reinterpreted as “wise people’s food” that contributes to more sustainable modern diets, and that this change is due to the spread of Asian culinary traditions, which relied more on legumes than animals for protein. Prof. Hirofumi Tachibana of Kyushu University presented the latest research findings on the protective effects of soy isoflavones on bones. In the panel discussion, moderated by Prof. Hanae Yamazaki of Ryukoku University, the lecturers talked about how Japanese cuisine, being short on animal-based ingredients, uses age-old wisdom, technique, time, and labor to draw out the best flavors from plant-based ingredients. They suggested that this in itself contributes to the SDGs.

Follow the link below to learn more about the Fuji Foundation for Protein Research.

> <https://www.fujifoundation.or.jp/english/>



The panel discussion, moderated by Prof. Hanae Yamazaki, Professor of Agriculture at Ryukoku University

Empowering low-income earners in Brazil through a chocolate business startup program and free workshops

Brazil, home of Fuji Oil Group company Harald, is seeing economic hardship reach new extremes, with the average income at its lowest level in a decade, 12.8% of the population below the extreme poverty line, and more than 12 million people unemployed.

To address these conditions, Harald offers a chocolate business startup program to low-income earners since 2019, in partnership with a local NGO and municipalities. Some 925 people have taken part in the program so far.

In an expert online course (also held in community kitchens in Sao Paulo when COVID-19 cases are low), participants receive free online tools, ingredients, and other resources donated by Harald, and leave with high-quality, practical knowledge and skills for developing their own recipes and for selling their products. The program is popular among young adults and women (making up 80% of the participants) due to the low startup costs and quick returns of running a chocolate candy business.

In addition to the startup program, Harald also held more than 2,700 free workshops in 2021 on how to manufacture chocolate and candies for consumers. More than 40 experts explained basic recipes for selling chocolate, providing the roughly 50,000 participants from across Brazil with valuable guidance for growing their business.



Chocolate business startup program



A training session

Food donations that bring hope to the most vulnerable people

In November 2021, Harald organized “Transform Christmas with Harald” in partnership with the NGO Central Única das Favelas (CUFA), which aids poor communities. For a limited time, Harald allocated a portion of revenues from its products to purchase food baskets, providing a delicious Christmas meal to more than 12,000 socially vulnerable people. The campaign was supported by thousands of consumers.

The company also donated food throughout the year to the following organizations and communities in need.

- Organizations working on the front lines of the COVID-19 pandemic
- NGOs and municipal projects that directly support socially vulnerable people
- A municipality affected by extreme precipitation, where thousands lost their homes



Food baskets donated in the project

Related documents

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

Management information

Relevance to our business

The Fuji Oil Group operates four business segments (Vegetable Oils and Fats, Industrial Chocolate, Emulsified and Fermented Ingredients, and Soy-Based Ingredients) covering Japan, the Americas, Europe, Southeast Asia, and China. This diversified, global presence exposes the Group's value chain to a wide gamut of potential risks, including impacts on numerous fronts arising from social issues and economic changes. To address these risks, we developed a Group-wide risk management system led by the Management Committee Meeting aimed at identifying significant risks and managing them. This is done through a process of developing and implementing responsive measures, monitoring, evaluating results, and making improvements. Risks are identified and selected for management considering a comprehensive list of factors including the level of impact on Group business, likelihood of occurrence, and time of onset. This is done based on information sources that reflect the Group's operating environment, including risks identified by executive teams, our ESG materiality map, and risk maps created by individual Group companies.

Basic approach

The Fuji Oil Group has selected 12 items as significant risks that need to be managed. We designated Chief Officers and formulated response plans for each of these risks. In addition, we created a framework for reporting and monitoring the status of our risk responses to the Board of Directors.

| Significant Group-wide Risks in FY2022 | |
|--|--|
| 1 | Risks related to fluctuations in raw material prices |
| 2 | Financial and tax risk |
| 3 | Legal and compliance risk |
| 4 | Management risk of Group companies |
| 5 | Risks related to food safety |
| 6 | Supply chain-related risk |
| 7 | Risks related to disasters, accidents, and infectious diseases |
| 8 | Information system and security-related risk |
| 9 | Risks related to human resource hiring and development |
| 10 | Business transformation and reform-related risk |
| 11 | Environmental and human rights risks |
| 12 | Country risks of regions comprising the Group's global network |

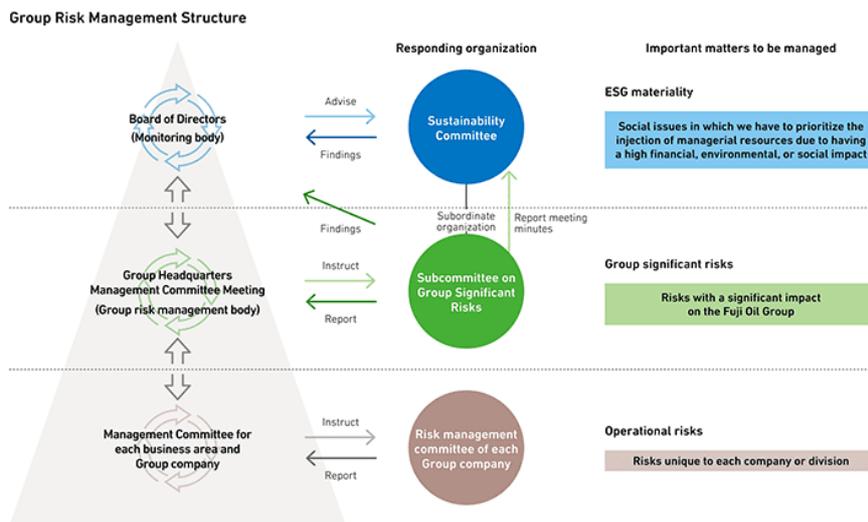
* Follow the link below to learn more about the identified significant Group-wide risks.

> https://www.fujioilholdings.com/en/ir/policies_and_systems/risk/

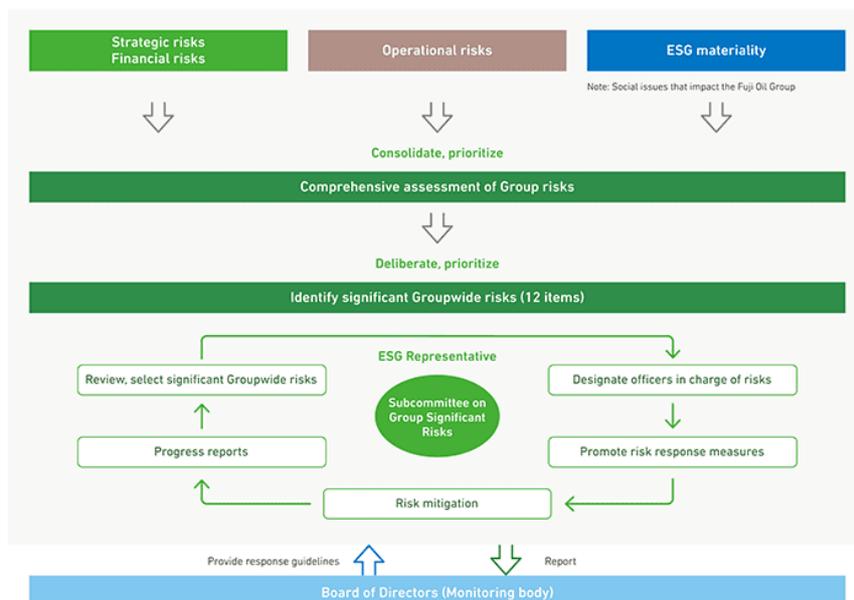
Management system

Each Group company creates a risk map and identifies their specific operational risks. At the same time, the Group determines strategic and financial risks through the Management Committee Meeting. After comprehensively identifying all the risks through these measures, the Board of Directors decides which risks are of particular significance. The Subcommittee on Group Significant Risks, established in FY2022 under the Sustainability Committee,^{*1} uses the members' diverse perspectives to review these particularly significant risks and assess the appropriateness of responsive measures to aid in further mitigating risks that could damage the Group's corporate value.

Fuji Oil Group Risk Management Structure



For each particularly significant risk identified through the abovementioned process, a Chief Officer is designated and response measures are established. In addition, the ESG Representative in charge of risk management supervises the monitoring of these risks and reports regularly to the Board of Directors.



The risk management system was 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,^{*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

| FY2021 Goals | FY2021 Results | Self-assessment |
|--|---|-----------------|
| Properly manage significant Group-wide risks and disclose information in a manner that is easy for stakeholders to understand | <ul style="list-style-type: none"> Carried out appropriate risk management by identifying significant Group-wide risks, conducting PDCA-based management and periodic reviews of responsive measures, and reporting the status to the Management Committee Meeting and the Board of Directors Held discussions with relevant departments on information disclosure from a stakeholder perspective | ○ |
| Following TCFD recommendations, select appropriate climate risks and opportunities for the Group, prepare and disclose information on realistic climate change scenarios for embedding a climate strategy into our business and operations | <ul style="list-style-type: none"> In partnership with relevant departments, prepared unified climate change scenarios for the Group based on the latest data from reliable, objective sources Explored ways of quantifying financial impacts Planned to disclose the above information in FY2022 via the Group's securities reports, sustainability report, and integrated report | ○ |

Analysis

The 12 significant risk items that we selected for management were properly managed by their respective Chief Officers and their status was reported to the Management Committee Meeting and the Board of Directors. As a result, all goals were achieved.

Next step

We recognize that properly managing risks using the PDCA method and disclosing relevant information are crucial to creating a functioning risk management system and to making a risk-proof, trusted company, which is an integral part of society. To address these issues, we set the following goals for FY2022.

- Strengthen risk management in the Group
- Properly disclose information on the financial implications of climate-related risks based on the TCFD recommendations
- Prepare to comply with TNFD disclosures

Specific initiatives

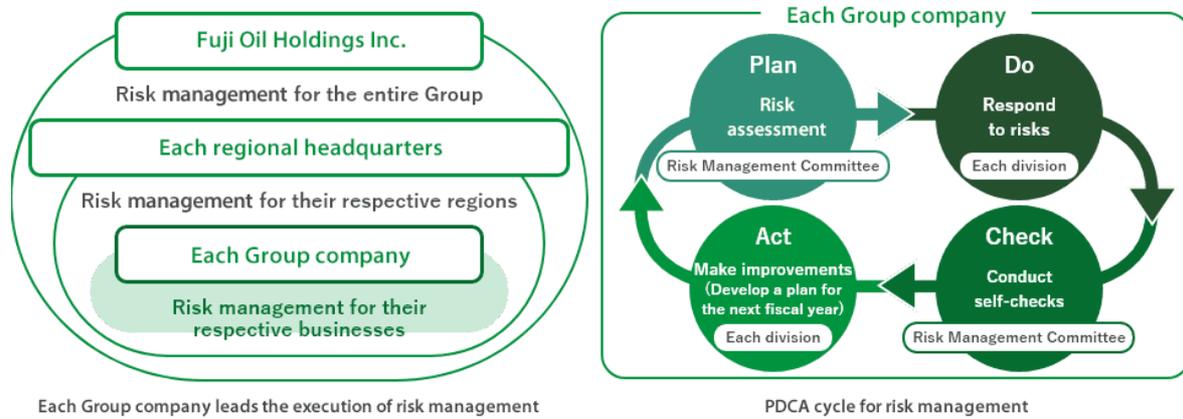
Risk management method adopted by each Group company

PDCA

The Fuji Oil Group clearly defined the roles of Fuji Oil Holdings Inc., companies acting as regional headquarters and each Group company, and established a Risk Management Committee at each company. The Risk Management Committee takes the lead in managing the risks at each Group company by implementing the PDCA cycle, going from assessing risks (Plan), implementing countermeasures (Do), conducting self-checks (Check), and to making improvements and developing a plan for the next fiscal year (Act). It also promotes risk management through close collaboration between Fuji Oil Holdings Inc., companies acting as regional headquarters, and Group companies. In risk assessment, the Risk Management Committee of each Group company identifies all potential risks for the company and assesses them by plotting them on a risk map (vertical axis: degree of damage to/impact on the company; horizontal axis: likelihood of occurrence). Based on the assessment, the Committee specifies risks that would cause a significant degree of damage to/impact on the company as "significant risks." It then decides on how to respond to all significant risks to mitigate their potential impact.

In the event of an emergency, an Emergency Headquarters will be established based on the Risk Management Committee, which promotes risk management activities in ordinary times, so that we can respond to the emergency quickly and appropriately across the Group.

Fuji Oil Group's risk management



Response to the TCFD recommendations

In May 2019, the Fuji Oil Group declared our support for the Task Force on Climate-related Financial Disclosures (TCFD). Based on recommendations by the TCFD, we are committed to proactively disclosing information on four areas: governance, strategy, risk management, and metrics and targets.

Information disclosure based on the TCFD recommendations

Governance

Under the supervision of the ESG Representative, the Fuji Oil Group manages climate change risks and opportunities through a Group-wide risk management structure that handles significant Group-wide risks. We perform scenario analysis based on the TCFD recommendations, and the results are reported and approved in the Management Committee Meeting and the Board of Directors meeting at least once a year.

Strategy

We performed the TCFD-recommended climate change scenario analysis, selected climate change risks and opportunities, and qualitatively assessed their financial impact for Group companies in Japan in FY2019, and for major Group companies outside Japan in FY2020. In FY2021, we conducted a quantitative assessment of the financial impacts* of climate-related risks after conducting the scenario analysis again based on 1.5°C/4°C climate scenarios instead of 2°C/4°C, with the goal of achieving a more aggressive climate intervention.

Going forward, we will continue to promote initiatives that are currently being carried out by the Group to reduce CO₂ emissions based on Environmental Vision 2030. This includes energy saving and renewable energy initiatives aimed at creating a positive impact on the Group, society, and planet. Moreover, the market for plant-based foods, one of the Group's strengths, is expected to grow as concerns rise over practices that negatively affect climate change such as the conversion of forest to farmland and livestock fattening. The Group will continue to work on solutions to global issues and for a decarbonized society. We will do so by conserving the environment through sustainable procurement and by supplying plant-based food ingredients.

* Refer to "Assessment of Climate Change Risks and Opportunities and their Financial Impact on the Fuji Oil Group" below for details.

Risk management

We identify significant Group-wide risks, including climate risks, considering a comprehensive list of factors including the level of impact on Group business, likelihood of occurrence, and time of onset. This is done based on information sources that reflect the Group's operating environment, including risks identified by executive teams, our ESG materiality map, and risk maps created by individual Group companies. We have developed a Group-wide risk management system led by the Management Committee Meeting aimed at managing these risks through a process of developing and implementing responsive measures, monitoring, evaluating results, and making improvements. Climate change risks are considered as one of the significant Group-wide risk, and are managed through the Group-wide risk management system. The details of discussions and responses are reported to the Board of Directors at least once a year.

Metrics and targets

In Environmental Vision 2030, the Fuji Oil Group committed to a 40% reduction in Scope 1 and 2 CO₂ emissions by 2030 compared to 2016. Going forward, we will proactively engage in energy conservation initiatives, introduce new facilities that use less energy, and use renewable energy at production sites to achieve our Environmental Vision 2030 targets.

To reduce Scope 3^{*1} Category 1^{*2} emissions, which account for the largest percentage of Group emissions in Scope 3, we created a survey form that assesses suppliers' progress in reducing their CO₂ emissions and began the process of engaging several suppliers to our production sites in Europe. We will continue to work to reduce CO₂ emissions across the Group value chain.

2030 CO₂ emissions reduction targets (base year: 2016)

- Reduce Scopes 1^{*3} and 2^{*4} emissions by 40%
- Reduce Scope 3 (Category 1) emissions by 18%

We are also exploring the adoption of an internal carbon pricing system^{*5} 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 CO₂ 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 optimum pricing and other factors before a full-scale introduction.

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

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

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

*2 Category 1: Raw materials

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

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

*5 An internal scheme for promoting low-carbon investment and initiatives by placing a price on carbon based on estimates conducted within the organization.

Assessment of Climate Change Risks and Opportunities and their Financial Impact on the Fuji Oil Group

Level of impact

The level of impact categories — small, medium, and large — refer to the magnitude of financial impact that is projected to occur around the year 2050 based on estimates that assume a certain set of conditions, including but not limited to the Fuji Oil Group's current business portfolio, financial condition, and business performance. This financial impact assessment is based on these impact categories and therefore is subject to change.

Large: Potential profit impact of 10 billion yen or more

Medium: Potential profit impact of 2 billion yen to less than 10 billion yen

Small: Potential profit impact of less than 2 billion yen

Risks

| Item | Details | Financial impact | Assessment of financial impact around 2050 | | | | | |
|---|--|---|---|----------------------|------------------|--|----------------------|------------------|
| | | | 1.5°C scenario | | | 4°C scenario | | |
| | | | Details | | | Details | | |
| Policy & regulations | Risk of increased cost of complying with environmental regulations | Increased cost due to adoption of carbon taxes | Environmental regulations around the world are tightened to address climate change, and costs increase due to the following factors. | | | Compared to the 1.5°C scenario, environmental regulations for addressing climate change are not tightened as much and carbon taxes are smaller. | | |
| | | | <ul style="list-style-type: none"> Introduction of carbon taxes, carbon border adjustment mechanisms (CBAM), emissions trading systems (ETS) and other schemes in countries where Group companies are located. Capital investment and depreciation of existing assets for reducing greenhouse gas emissions, including replacing gasoline, diesel, and other fossil fuels used in logistics vehicles and fossil fuels used for electricity and for boiler operation in certain production processes with renewable energy sources. | | | <ul style="list-style-type: none"> However, carbon taxes may be levied in countries where Group companies are located, resulting in increased costs. | | |
| | | | Time of onset | Duration of impacts | Impact level | Time of onset | Duration of impacts | Impact level |
| | | | Within 5 years | Longer than 10 years | 4.2 billion yen* | Within 10 years | Longer than 10 years | 0.5 billion yen* |
| Response approach <ul style="list-style-type: none"> Comply with CO₂ emissions reduction targets by promoting Environmental Vision 2030 For CO₂ emissions reduction, we have set a 40% reduction of Scopes 1^{*)} and 2^{*)} emissions and an 18% reduction of Scope 3^{*)} (Category 1^{*)}) emissions as 2030 targets (base year: 2016). To achieve Environmental Vision 2030, we will actively work on energy conservation initiatives, adopt new facilities that use less energy, and use renewable energy at production sites. We will also improve the accuracy of our Scope 3 emissions data, devise ways to reduce the large volume of Category 1 emissions, and conduct briefings and information campaigns within the Group to achieve our SBT-approved targets, in order to promote further reduction of CO₂ emissions throughout the Group. Pilot introduction of internal carbon pricing^{*)} We began piloting an internal carbon pricing scheme at Fuji Oil Co., Ltd. in April 2022 and plan to use this system in investment planning, as an incentive for energy efficiency and conservation, and as guidance for investment decision-making. | | | | | | | | |
| Transition risks | Reputation | Risks associated with deforestation and parkland loss in our supply chain | Increased cost associated with supplier engagement and lost sales due to suspended transactions from major customers | | | Costs will increase and sales will decline due to the following risks associated with deforestation and loss of parkland in the supply chain of the Group's major raw materials (palm oil, cocoa, soybeans, shea kernel, etc.). | | |
| | | | <ul style="list-style-type: none"> Increased cost associated with strengthening engagement with suppliers to ensure that deforestation and parkland loss, which increase atmospheric CO₂ concentrations and exacerbate climate change, do not occur. The spread of SDG values in society drives the introduction of stricter environmental regulations and increases public awareness of the need for action to conserve the environment. The Group faces criticism and damage to its reputation when deforestation and parkland loss occur in its supply chain, leading to the suspension of transactions from major customers. | | | <ul style="list-style-type: none"> Compared to the 1.5°C scenario, increased cost associated with strengthening supplier engagement is limited. While the Group makes advances as necessary in purchasing raw materials from suppliers that are implementing appropriate environmental conservation based on the Group's sustainable sourcing policies, society makes little progress in sustainability awareness and has a high tolerance of climate change, reducing the Group's need to strengthen supplier engagement on its own. | | |
| | | | Time of onset | Duration of impacts | Impact level | Time of onset | Duration of impacts | Impact level |
| | | | Within 5 years | Longer than 10 years | Medium | At least 11 years from now | Longer than 10 years | Small |
| Response approach <ul style="list-style-type: none"> Strengthen efforts to prevent or mitigate environmental risks in the supply chain based on the Group's sourcing policies For palm oil, we will improve traceability with the aim of achieving 100% traceability to palm oil mills and 100% traceability to plantations, as well as promote efforts that improve the supply chain with the aim of solving environmental problems at palm oil production sites (plantations), based on our medium- to long-term goals for sustainable procurement of palm oil. Our aim is to achieve No Deforestation, No Peatland Development, and No Exploitation (NDPE) as stated in the Group's Responsible Palm Oil Sourcing Policy. For cocoa, we will plant one million trees on cocoa-growing regions by 2030 to promote efforts that reduce the negative impact on forests, based on our medium- to long-term goals for sustainable procurement of cocoa. Our aim is to achieve sustainable cocoa procurement as stated in the Group's Responsible Cocoa Beans Sourcing Policy. For soybeans, we are working to achieve traceability to the community level, No Deforestation and No Exploitation, and 100% procurement of RTRS (Round Table on Responsible Soy Association)-certified products or products certified to equivalent standards. For shea kernels, we are working to plant 6,000 trees per year and achieve 75% traceability to the village level, with the goals of conserving forest and supporting women's empowerment. Supplier Code of Conduct We developed a Supplier Code of Conduct to serve as a high-level policy to existing guidelines and policies for communicating the Group's overall approach to procurement to all suppliers. The code urges suppliers to comply with a list of basic principles (e.g., environmental conservation) and to devise preventive and remedial measures for identifying code violations and making improvements. | | | | | | | | |
| Acute risks | Risk of more severe natural disasters due to extreme weather | Losses incurred by Group companies from storms and floods | More frequent and intense storms and floods cause damage and suspend operations at Group companies, such as Fuji Oil Co., Ltd. in Japan, which is prone to typhoon damage, and Fuji Vegetable Oil, with plants in New Orleans and Georgia, U.S., which are prone to hurricane damage. | | | Storms and floods of even greater frequency and intensity than in the 1.5°C scenario cause greater devastation and suspend operations at Group companies, such as Fuji Oil Co., Ltd. in Japan, which is prone to typhoon damage, and Fuji Vegetable Oil, with plants in New Orleans and Georgia, U.S., which are prone to hurricane damage. | | |
| | | | Time of onset | Duration of impacts | Impact level | Time of onset | Duration of impacts | Impact level |
| | | | | | | At least 11 years from now | Longer than 10 years | Medium |
| Response approach <ul style="list-style-type: none"> Formulate a BCP incorporating a framework that leverages complementary strengths throughout the Group, prepare a response manual in the event of a crisis, and encourage risk transfer through the use of insurance | | | | | | | | |
| Physical risks | Chronic risks | Risk of global shortages of major raw materials and soaring prices | Sales decline due to decrease in procurable volume of major raw materials | | | The following factors cause a major decline in yields and supply shortages of major raw materials procured by the Group (palm oil, cocoa, soybeans, shea kernel, etc.), making it impossible to procure some of the raw materials needed, disrupting the manufacture of Group products, and causing a decline in sales. | | |
| | | | <ul style="list-style-type: none"> Impacts from extreme weather events (heat waves, droughts, increased annual precipitation, rainstorms, etc.) and natural disasters Increased demand caused by global population growth The spread of SDG values in society drives greater restrictions on forest conversion and the introduction of new agricultural methods such as regenerative agriculture, limiting the amount of farmland to a level that cannot meet the needs of a larger global population. | | | <ul style="list-style-type: none"> The following factors cause a major decline in yields and major supply shortages of major raw materials procured by the Group (palm oil, cocoa, soybeans, shea kernel, etc.), making it impossible to procure most of the raw materials needed, significantly disrupting the manufacture of Group products, and causing a dramatic decline in sales. Impacts from extreme weather events (heat waves, droughts, increased annual precipitation, rainstorms, etc.) and natural disasters exceeding those in the 1.5°C scenario The rise in the average global temperature shifts the location of arable lands and reduces the amount of land suitable for cultivating the Group's major raw materials. Increased demand caused by global population growth | | |
| | | | Time of onset | Duration of impacts | Impact level | Time of onset | Duration of impacts | Impact level |
| | | | Within 10 years | Longer than 10 years | Small | At least 11 years from now | Longer than 10 years | Medium |
| Response approach <ul style="list-style-type: none"> Improve sustainability of raw material procurement and strengthen supply sources Continue with our supplier engagement Carry out our programs on farming guidance and agricultural support to improve productivity, such as by improving unit crop yields of farmers Diversify our raw materials Encourage boosting productivity through breeding research, in collaboration with academic institutions, governments, and industries | | | | | | | | |

*1 The level of financial impact of "increased cost due to adoption of carbon taxes" associated with "risk of increased cost of complying with environmental regulations" was calculated for around the year 2030 based on carbon tax projections published by the IEA, IPCC, and other third-party entities and on projections of the Group's CO₂ emissions.

*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 An internal scheme for promoting low-carbon investment and initiatives by placing a price on carbon based on estimates conducted within the organization.

Opportunities

| Item | Details | Financial impact | Assessment of financial impact around 2050 | | | | | |
|---|--|---|---|----------------------|--------------|----------------------------|----------------------|--------------|
| | | | 1.5°C scenario | | | 4°C scenario | | |
| | | | Details | | | Details | | |
| Market | Opportunity of expanded PBF*1 market | Increased sales of Group products in the plant-based protein (e.g., meat and dairy alternatives) market | <p>The Group seizes the following opportunities by leveraging its differentiated and integrated technologies and by co-creating solutions with customers to enhance product competitiveness through the plant-based addition of better flavor, richness of taste, and aroma, resulting in dramatically increased sales for the Group.</p> <ul style="list-style-type: none"> As the values of the SDGs spread in society, consumption of plant-based protein (e.g., meat and dairy alternatives) thrives and the global market for such alternatives grows dramatically, mainly among Millennials, Generation Z, and vegetarians. These groups hold the view that raising livestock requires large amounts of feed, water, and land, causing water shortages and deforestation and exacerbating climate change. Therefore, they attach greater importance to sustainability and express their values through their consumption behavior. While the demand for meat and dairy increases mainly in low- and middle-income countries, there is a global supply shortage of meat and dairy. This is due to global population growth, economic development and dietary changes as well as adverse impacts on livestock production caused by extreme weather events, natural disasters, and the rise in the average global temperature due to climate change. Demand for plant-based protein (e.g., meat and dairy alternatives) increases to make up for this shortage. Demand for plant-based protein expands as Japan, the U.S., and Europe transition away from their dependency on animal protein toward plant-based protein, and due to a shortage of protein in regions such as Sub-Saharan Africa and South Asia. | | | | | |
| | | | Time of onset | Duration of impacts | Impact level | Time of onset | Duration of impacts | Impact level |
| | | | Within 5 years | Longer than 10 years | Medium | At least 11 years from now | Longer than 10 years | Small |
| Resilience | Opportunity relating to new health issues caused by climate change | Increased sales due to growing consumer needs for immunity-boosting, highly nutritious, high-protein, and low-sugar foods | <p>The Group seizes the following opportunities by leveraging new and existing technologies from the Group's R&D in the polysaccharide business, stabilized DHA/EPA business, and other functional high-value-added products businesses, as well as the chocolate and plant-based protein businesses, leading to increased sales for the Group.</p> <ul style="list-style-type: none"> Global climate change has shifted the temperature region of infectious diseases such as dengue fever and malaria, causing outbreaks in countries and regions where they have never occurred before. Also, there are new health issues such as higher cases of heat stroke. Health awareness grows over time as a result. Adding to these infectious disease outbreaks and higher cases of heat stroke is a sharp rise in lifestyle diseases such as obesity and diabetes and age-related illnesses such as dementia in regions including South Asia, Europe, Africa, North America, and Central and South America. This leads to greater consumer needs for immunity-boosting, highly nutritious, high-protein, and low-sugar foods that help prevent such health issues, driving increased demand and market expansion for lactic acid bacteria, DHA/EPA, polyphenols, proteins, peptides, and low-sugar chocolates. The values of the SDGs spread in society and the concept of One Health² gain traction across all generations, increasing demand for products focused on human and environmental health. As a result, the Group sees rising demand for its PBF products, which contribute to environmental conservation and improved health through their potential benefits in preventing infectious diseases, heat stroke, lifestyle diseases such as obesity and diabetes, and age-related illnesses such as dementia. | | | | | |
| | | | Time of onset | Duration of impacts | Impact level | Time of onset | Duration of impacts | Impact level |
| | | | Within 10 years | Longer than 10 years | Medium | At least 11 years from now | Longer than 10 years | Medium |
| Response approach <ul style="list-style-type: none"> We recognize changing market dynamics and needs, such as rising health consciousness and ethical awareness due to climate change impacts, as an opportunity. By establishing the systems needed to develop products and business strategies for capturing effectively the demand for PBF and other market trends, we will revise our business portfolio and optimize our production across the Group in anticipation of these future changes in the business environment. We will strengthen our efforts to share and address global issues through the construction of a global R&D network. We will also strengthen co-creation activities with customers and open innovation with universities and research institutions worldwide, with the aim of speeding up the growth of new businesses and acquiring technologies that are currently not in our portfolio. | | | | | | | | |

*1 PBF: Plant-based food

*2 One Health: A concept recognizing the fact that safeguarding the health of ecosystems and animals serves the health of humans as well, inviting everyone to think of and work to protect the health of people, animals and ecosystems as one living system.

Business continuity plan (BCP)

A host of environmental risks — from the rising frequency of natural disasters such as earthquakes, tsunamis, storms and floods, to pandemics of infectious diseases such as COVID-19 — cause damage that interrupts socioeconomic activity. As a company engaged in the food industry, which is indispensable to daily living and serves life-critical functions, the Fuji Oil Group has a social responsibility to keep delivering products to customers even in such crises. To that end, a business continuity plan (BCP) is essential. We are developing our BCP and implementing initiatives under the following BCP Policy in order to ensure employee safety, minimize damage to business assets, and enable the continuation or early restoration of our core businesses.

For natural disasters, we are carrying out a range of measures including introducing a safety confirmation system for quickly verifying the safety of Group employees; safety confirmation training using the safety confirmation system and an emergency contact tree; conducting periodic disaster preparedness training for major earthquakes; and securing the continuity of information systems. As a response to COVID-19, we have been implementing safety precautions at workplaces, staggering commuting hours, and actively promoting working from home and telework using satellite offices. Through activities like these, we strive to stage a rapid and appropriate first response in emergencies, balance employee safety with business continuity, and minimize damage.

BCP Policy

1. Give priority to the lives of employees and visitors.
2. Prevent secondary disasters and do not disturb local communities.
3. Fulfill our responsibility as a company to supply products.

Education and awareness-raising

The Production Productivity Management Group's Risk Management Team at Fuji Oil Holdings Inc. conducts risk management education and awareness-raising activities for our Group companies through regular visits, video conferences, etc. In this way, we firmly establish the risk management PDCA cycle and improve the quality of risk management at each Group company. In FY2021, we increased preparations for supply chain disruption risk at Group companies, created a response checklist to be used by our Emergency Headquarters during various types of potential crises, and reviewed the risk assessment methodology used in our annual risk assessment of Group companies. In addition, we provided training to employees newly posted to international assignments on the fundamentals of risk management and the risk management system of the Fuji Oil Group. This is done as part of their pre-assignment training. Through these activities, we strive to raise our employees' risk awareness and their sensitivity to risks.

Management information

Relevance to our business

The Fuji Oil Group recognizes information security as a category of risk directly tied to our business, and is working to strengthen our information security management.

As information technology and digital data become increasingly vital to our operations, we have a responsibility to our employees, business partners, suppliers, and other stakeholders to ensure our business continuity by countering external threats and protecting information. We seek to meet this social responsibility and achieve sustained improvements in our corporate value.

Basic approach

The Fuji Oil Group works to improve our security level in order to safeguard our information systems against surrounding threats, and to protect and maintain the confidentiality, integrity and availability of our information assets. We formulated the Information Management and Information Security Regulations. Employees are trained on a continual basis to ensure that they understand and follow these regulations. On a technical level we are taking multilayered measures to prevent unauthorized access from outside the Group's information systems and to protect against computer viruses. We will further raise our information security level through a process of review, verification and improvement.

Management system

The Chief Financial Officer (CFO) oversees initiatives in this area. An Information Officer and a Computer Security Incident Response Team (CSIRT) were established under the CFO at each Group company. The CSIRT also appointed an Information Management Director and an Information Security Manager for each Group company. We aim to systematically raise the information security level of all Group companies, with the advice of external experts.

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

| FY2021 Goals | FY2021 Results | Self-assessment |
|--|---|-----------------|
| Continue to conduct internal security audits that reflect risk trends and expand the scope of audits to cover systems that are not controlled by the IT Division | <ul style="list-style-type: none"> Added audit items to address new threats, such as supply chain security risks and threats arising from increased telework. Conducted internal audits at 13 Group companies worldwide as scheduled. No serious security incidents occurred, thanks to the increased internal awareness of security risks. | ○ |

Analysis

COBIT Level 4 requires the ability to demonstrate implementation of activities that guarantee IT security, to measure the status of information asset protection and IT security assurance compliance, and to be ready to implement improvements when necessary. We adopted an internal security audit to meet these requirements.

In FY2020, we expanded the scope of the audit to include more systems. In FY2021, eight Group companies carried out a self-assessment to follow up on improvements made after audits conducted in FY2020, and additional 13 Group companies were audited. This shows that the PDCA process for information security management is reliable.

When the audits identify areas requiring improvement, each Group company devises measures with assistance from the CSIRT and implements them after approval from the Information Management Director at each company.

Next step

Cyber threats are constantly evolving. To follow the latest trends in security risk across the Group, we set the following goal for FY2022.

- Review and update the Group's Information Security Regulations to reflect the latest risk trends

Specific initiatives

Education

Since FY2018, we have been conducting IT security awareness training for Group company employees mainly by e-learning. The completion rate in FY2021 was 93.5%.* We will work to develop the content of the training and encourage participation with the aim of achieving 100% participation in the future.

* Targeted at employees who have a company email address and use a computer in their day-to-day operations.

Internal security audit

Since FY2020, we have been conducting internal security audits at Group companies in order to assess the state of compliance with security requirements together with explicit evidence, and to set up a PDCA cycle for correction. In FY2022, we plan to continue conducting internal audits and self-assessments following on an audit program that incorporates the updated Group policies and additional items focused on manufacturing facility security and supply chain security.

Management information

Relevance to our business

Fair and transparent business activities form the foundation of corporations as public institutions in the global community. To that end, we are engaged in various measures related to compliance throughout the Group.

Basic approach

The Fuji Oil Group believes it is important that we act with high ethical standards not only to comply with laws and regulations as well as internal policies and rules in daily business operations but also to meet the expectations and needs of society (stakeholders). This notion of employee ethics and compliance is embedded in the Fuji Oil Group Management Philosophy.*

Furthermore, we defined the Fuji Oil Group Three Principles of the Code of Conduct to clarify specific behavior that all Group members are expected to display in order to ensure ethics and compliance.

* Refer to the link below for the Fuji Oil Group Management Philosophy.

> <https://www.fujioilholdings.com/en/about/constitution/>

Fuji Oil Group Three Principles of the Code of Conduct (Developed in February 2003)

1. Follow the rules.
 - Observe the laws and regulations applicable in the respective countries and regions.
 - Act according to the rules and procedures established by the company.
 - Follow social norms and live up to society's expectations and trust.
2. Act honestly.
 - Act on one's own conscience.
 - Do not hide one's mistakes or failures.
 - Give reports and explanations which are properly based on the facts, and in a timely manner.
3. Act fairly.
 - Engage in fair and proper transactions.
 - Draw a line between public and private matters and do not commit any illegal conduct.
 - Respect the human rights of the people involved in business activities and consider racial, gender, and religious sensitivities.
 - Do not do anything that may lead to constraint, bribery, or any other form of corruption.
 - Do not allow any antisocial forces to intervene and disrupt the workplace.

Management system

Initiatives for compliance were overseen by the Chief Administrative Officer (CAO) in FY2021. Since FY2022, that role has been transferred to the Legal & General Affairs Division Head of Fuji Oil Holdings Inc. The Legal Affairs Department of Fuji Oil Holdings Inc. plans various measures to increase compliance awareness and works to address compliance issues throughout the Group. 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 including initiatives to assess compliance risks in our business operations and formulate measures against bribery, corruption, and other risks relating to fair transactions.

*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

| FY2021 Goals | FY2021 Results | Self-assessment |
|---|--|-----------------|
| Strengthen collaboration with the Legal Affairs Department of Fuji Oil Holdings Inc. by appointing staff responsible for legal affairs at the regional headquarters or their subsidiary Group companies | Appointed staff responsible for legal affairs at each Group company, and set up communication lines between Fuji Oil Holdings Inc. and these staff | ○ |
| Have regional headquarters or their subsidiary Group companies conduct a self-assessment on compliance management, and have the Legal Affairs Department of Fuji Oil Holdings Inc. review the results | Conducted self-assessment on the risk of bribery of public officials at each Group company. Also conducted additional self-assessment on preventive systems for higher-risk workplaces | ○ |
| Conduct compliance training | <ul style="list-style-type: none"> Held antitrust compliance group trainings in Japan, China, North America and Singapore Carried out e-learning for anti-bribery at each Fuji Oil Group company | ○ |

Analysis

In FY2021, we set up communication lines with legal staff at each Group company and were able to lay down the foundation for future collaboration. However, we will not handle companies uniformly going forward, since the scale and human resources of each company are different. We believe that it is necessary and important to provide the appropriate legal support from Fuji Oil Holdings Inc. according to the level of maturity and unique circumstances of each company's legal function.

Next step

We recognize that to strengthen our compliance, we need to develop a compliance risk management system (including prevention of bribery and other corruption) for the entire Group. To address this issue, we set the following goals for FY2022.

- No serious compliance violations
- Conduct a risk assessment and monitoring of Group compliance risks, such as those related to fair transactions
- Raise employee awareness of compliance

Specific initiatives

Training

Business Ethics Guidelines

We established the Fuji Oil Group Business Ethics Guidelines. Based on the Fuji Oil Group Management Philosophy, these guidelines explain the importance of ethics and compliance using representative case studies encountered in daily duties. The guidelines comply with laws and regulations of the countries and regions in which we operate, and are available in nine languages spoken there. The guidelines are distributed to employees in booklet or PDF forms.

Compliance training

We have been conducting Groupwide e-learning training globally, available in nine languages, on key compliance issues, including anti-bribery, anti-corruption, and antitrust laws, as well as laws and regulations related to fair business transactions, with the aim of enhancing compliance sensitivity of all Fuji Oil Group employees. In addition, the Legal Affairs Department collaborates with other relevant departments to provide the necessary compliance education for the departments that need them through face-to-face trainings or e-learning.



Group training in China

Monitoring

We have been monitoring Group companies worldwide, in cooperation with Audit and Supervisory Committee members and departments responsible for internal audits.

Moreover, the Legal Affairs Department of Fuji Oil Holdings Inc. endeavors to identify compliance risks and verify the status of the compliance activities by reviewing the results of self-assessments and conducting interviews with each Group company.

Whistleblowing system

We set up the Fuji Oil Group Whistleblower Hotline in October 2006, as well as a whistleblowing hotline outsourced to an outside law firm in February 2008, at Group companies in Japan. Since 2019, third-party partners in some specific areas have been provided with access to the Fair Trade Helpline, as part of the effort to promote fair transactions.

The Fuji Oil Group's Compliance Helpline has been available for employees at Group companies outside Japan since May 2015.

We created an environment that facilitates reporting both in and outside Japan by appointing an outside organization that ensures the confidentiality and anonymity of informants and accepts reports 24 hours a day, 365 days a year.

Fuji Oil Holdings Inc.'s whistleblowing regulations prohibit the dismissal and unfair treatment of an employee due to the whistleblowing. They also stipulate that those who have unfairly treated or harassed a whistleblower may be punished in accordance with the work regulations and other rules. In FY2021, we received 22 whistleblowing reports throughout the entire Group. Upon reception, we promptly investigate the details of the report, make necessary corrective measures, and provide feedback to the whistleblower. After receiving reports for cases in Japan in FY2021, the Legal Affairs Department carried out related compliance training and explained company regulations once more to the concerned person and others in the same position. We then took the necessary measures, such as interactive discussions on the kind of actions that violate compliance or company rules, in order to prevent a recurrence and foster a good working environment. We also conduct a Group-wide yearly survey on the whistleblowing system to ensure that the system is well known and to improve its operation.

Corruption prevention

Preventing bribery and corruption is one of our key compliance issues related to fair transactions. We have established the basic regulations (undisclosed outside the company) for preventing bribery that prohibit acts of bribery throughout the Group.

Moreover, to ensure that our business partners who conduct business on behalf of the Group strictly comply with the basic regulations for preventing bribery, we also perform proper due diligence prior to making transactions and take the necessary precautions, such as including anti-bribery and anti-corruption clauses in contracts with our business partners.

Furthermore, we conducted risk assessments on bribery of public officials at each Group company in FY2021. We also monitored the anti-bribery systems at sites assessed as high risk.

To instill these anti-bribery policies and measures throughout the Group, we have also focused our efforts on education and raising awareness of bribery. The Fuji Oil Group Business Ethics Guidelines comprehensively cover bribery and corruption prevention along with case examples. We also provide e-learning and face to face trainings for employees.

In addition, employees can use the whistleblowing system described above to anonymously raise concerns and grievances related to bribery and corruption in the company.

Political donations

The Fuji Oil Group does not make political donations.

Compliance with laws and regulations

There were no serious violations of laws or regulations linked to the Fuji Oil Group's business operations in FY2021.

Related documents

ESG Data Book (PDF 2.76MB) 

Management information

Relevance to our business

The Fuji Oil Group began expanding to overseas markets on a full scale in the 1980s, and has major business sites in 14 countries around the world (as of July 2022). Amid accelerating social changes, continuing to create value for society requires the Group to respond promptly to the social issues and needs in each region in which it operates. To localize management and pursue the Group's total optimization, the Fuji Oil Group has adopted a management system based on a pure holding company structure since October 2015. We believe that Group governance is essential as the basis of Group management.

Basic approach

To mark our transition to a holding company structure in October 2015, we established the Fuji Oil Group Management Philosophy* to ensure that our corporate values are shared among all Fuji Oil Group employees.

To put the Group Management Philosophy into practice, we formulated Group policies for managing the Group and building an effective Group governance system.

* Refer to the link below for the Fuji Oil Group Management Philosophy.

> <https://www.fujioilholdings.com/en/about/constitution/>

Management system

The Chief Strategy Officer (CSO) oversees initiatives in the 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

| FY2021 Goals | FY2021 Results | Self-assessment |
|---|--|-----------------|
| Amend Group policies to clarify the responsibilities and scopes of authority of management supervisory and executive roles in the Fuji Oil Group | Clarified the reasoning behind directors' appointments at each Group company and further developed the management cycle for improving Group governance. | ○ |
| Reset communication methods with regional headquarters for enhance awareness of the Group Management Philosophy and ensuring implementation of Group strategies | <ul style="list-style-type: none"> Enhanced awareness of the Group Management Philosophy through an e-learning course for employees, thus promoting Group cohesiveness Carried out an employee relations (ER) program to improve communication at Fuji Oil Holdings Inc. and Group companies. Promoting Group activation and mutual understanding through this program helped to strengthen the Group overall Stimulated communication between Fuji Oil Holdings Inc. and Group companies by providing explanation of Group policies and communication tools during the pre-departure training for employees preparing for an assignment at another Group company outside Japan | ○ |
| Strengthen coordination with the Internal Audit Group for confirming the status of management execution (execution monitoring) | Deepened the partnership between the Internal Audit Group and the Corporate Planning Group by sharing the results of internal control audits and operational audits conducted by the Internal Audit Group and the results of separate operational audits conducted by functional groups; and by sharing ideas on how to develop more effective internal systems for monitoring management execution | ○ |

Analysis

We completed the actions planned for all targets in FY2021.

We continue to carry out initiatives for group governance, such as those aimed at embedding the Group Management Philosophy and Group policies into Group operations and culture. We see financial KPIs and non-financial KPIs, which are used as management targets for monitoring management execution, as measures of Group progress in addressing sustainability issues. By pursuing these KPIs, we aim to contribute to society and improve our corporate value.

Next step

We recognize that to improve group governance, we need to strengthen the management cycle of management supervision and business execution between Fuji Oil Holdings Inc. and Group companies. To address this issue, we will work on the following goals in FY2022.

- Improve communication within the Fuji Oil Group to further enhance awareness of the Group Management Philosophy and execute Group strategy
- Revise our system for monitoring management execution to align with our recent transition to a company with an Audit and Supervisory Committee

Specific initiatives

Internal control system

The Internal Audit Group conducts internal control audits and operational audits, while the functional groups conduct separate operational audits. Members of the Internal Audit Group are selected based on their qualifications that ensure high value-added work, including the Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), Certified Fraud Examiner (CFE), and U.S. Certified Public Accountant (USCPA). For the operational audits, we conduct remote audits using system data analysis and online conference systems to assess and confirm the effectiveness of internal control systems, even when the COVID-19 situation does not allow for site visits.

Corporate Governance

Management information

Relevance to our business

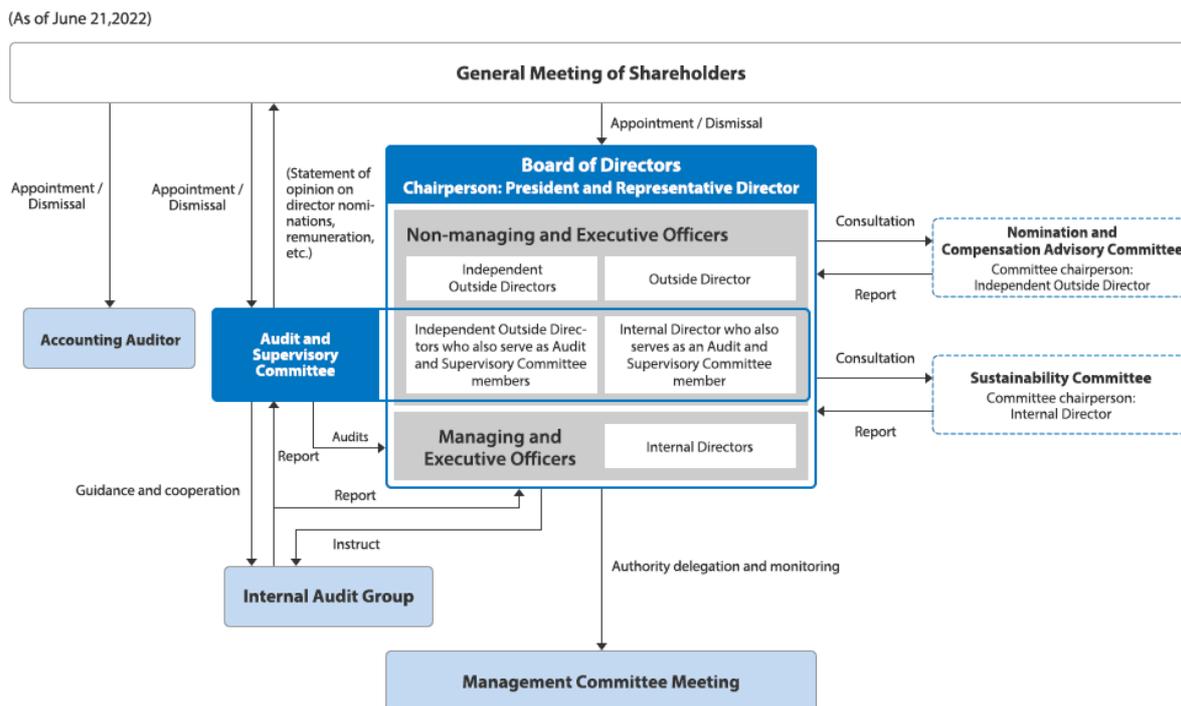
Aside from making proper judgments and acting timely and decisively on each business decision, the Fuji Oil Group monitors the direction of our business and the appropriateness of our operations in a timely manner. We do this to respond to the expectations and demands of society and stakeholders, and to keep further improving our corporate value. Our stakeholders include shareholders, investors, customers and business partners. Corporate governance is the practice of creating a system and actually running the system for that purpose. We believe that it is crucial to constantly improve this system in order for the Group's business to develop steadily and continuously.

Basic approach

The Group aims to prevent situations that would harm corporate value, such as violation of laws and regulations, fraud and misconduct. We position corporate governance as an important mechanism for ensuring timely and decisive decision-making process and business operations. From June 2022, Fuji Oil Holdings Inc. made the decision to shift from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee, with the goal of further strengthening corporate governance. Under the new Board of Directors system, we plan to further strengthen the audit and supervisory functions of the Board of Directors as well as promote the separation of audit and supervisory functions from business operations in order to enable faster management decision-making.

> [Fuji Oil Holdings Corporate Governance Guidelines \(PDF, 74KB\)](#)

Corporate governance structure



Board composition

| Directors (excluding Audit and Supervisory Committee members): 9 | | | | Audit and Supervisory Committee members: 3 | | Total |
|--|--|---|---|---|--|-------|
| Representative Director | Managing and Executive Officers (Internal directors) | Independent Outside Directors (excluding Audit and Supervisory Committee members) | Outside Directors (excluding Audit and Supervisory Committee members) | Independent Outside Directors who also serve as Audit and Supervisory Committee members | Internal Directors who also serve as Audit and Supervisory Committee members | |
| 1 | 3 | 4 | 1 | 2 | 1 | 12 |

Management system

In the Board of Directors, a Board Secretariat has been set under the Chief Strategy Officer (CSO) from FY2022 and is responsible for planning and administrating the Board of Directors. By keeping both the Secretariat of the Board of Directors and the Secretariat of the Management Committee under the supervision of the CSO, we aim to promote unity and interconnection between both meetings (to accurately reflect the requests and instructions from the Board of Directors in the business execution, among others), and enhance the effectiveness of corporate governance from the perspectives of both execution and monitoring. The Secretariat communicates and coordinates with relevant functions and business divisions within the company, or considers the recommendations of both internal and outside directors, to set the agenda and deliberations of the Board of Directors meetings. The Secretariat also appoints a third-party institution every year to evaluate the effectiveness of the Board of Directors through questionnaires and interviews with directors and Audit and Supervisory Board members, and provides the results as feedback to the Board of Directors. In response to this feedback, the Board of Directors deliberates on necessary measures that will further enhance corporate governance and issues directives for execution. Monitoring is then carried out to verify proper execution of these directives. Through this management PDCA cycle, the Board of Directors strives to enhance corporate governance.

The Sustainability Committee and the Nomination and Compensation Advisory Committee were established as advisory bodies to the Board of Directors. The Sustainability Committee deliberates on issues material to the Fuji Oil Group to carry out sustainability management, reports the results of its deliberations, and makes recommendations to the Board of Directors. The Nomination and Compensation Advisory Committee is formed by a majority of independent outside directors, including its chairperson. This Committee deliberates on matters referred to it by the Board of Directors, such as the appointment and dismissal of the CEO, its succession plans, and setting director compensation systems from the perspective of ensuring transparency and objectivity, and reports the results of its deliberations to the Board of Directors.

Goals / Results

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

| FY2021 Goals | FY2021 Results | Self-assessment |
|---|---|-----------------|
| Establish administration of the Board of Directors focused on monitoring function | <p>Carried out deliberations on the following at the board meetings in FY2021</p> <ul style="list-style-type: none"> • Agenda items that should be adopted and deliberated on for monitoring purposes • How to manage business execution to accommodate sufficient monitoring • Separation of roles between the Board of Directors and the Management Committee Meeting (the highest decision-making body for business execution) for clearly defined administration of each meeting <p>However, the effectiveness evaluation of the Board of Directors conducted at the end of the fiscal year determined that “further efforts are needed to establish the monitoring function of the Board of Directors and improve business execution and management.”</p> | △ |

Analysis

In FY2021, the effectiveness evaluation of the Board of Directors was carried out from the standpoint of reviewing comprehensively the administration of the Board of Directors up to the present, in order to identify what more is required to truly make the system function and to enhance effective governance, before transitioning to a company with an Audit and Supervisory Committee. As a result, the Board of Directors held further discussions mainly on the following matters, and also confirmed that it will firmly establish KPIs on matters subject to monitoring to manage their progress.

- (1) Deliberations on policies and corporate strategies from the medium- to long-term perspective
- (2) Corporate strategy, management resource allocation and setting of both financial and non-financial management goals
- (3) Strengthening group governance
- (4) Comprehensive management of progress and KPIs on the above, and board meeting review discussions (when plan is not achieved, analyze the cause and review recovery plan)

Next step

Deliberations based on the effectiveness evaluation of the Board of Directors are not limited to a one-off meeting. We will continue monthly discussions with key themes set in a timely manner. To that end, we will draw up an annual schedule of matters for deliberation by the Board of Directors. In these deliberations, we will set specific targets and KPIs for (1) to (4) above, and follow up on their progress regularly. To review all of these efforts, we will conduct another effectiveness evaluation of the Board of Directors next fiscal year.

In addition, to make sure that there are no discrepancies between the ideas and instructions of outside directors and how they are understood by people in charge of business execution (company employees) during the course of discussions, we set timely opportunities for dialogues between outside directors and employees on specific matters such as methods of business control or procedures of making action plans.

* Refer to the following webpage and documents for details on other governance structures.

- > [Governance](#)
- > [Corporate Governance Report \(PDF, 861KB\)](#) 
- > [NOTICE OF THE 94TH ORDINARY GENERAL MEETING OF SHAREHOLDERS \(PDF, 261KB\)](#) 

Related documents

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

External Recognition

The Fuji Oil Group's ESG initiatives have earned recognitions and awards from external organizations. The following is a list of examples.

Inclusion in ESG indexes

- April 2022: Listed in the FTSE Blossom Japan Sector Relative Index
- June 2022: Listed in the MSCI Japan ESG Select Leaders Index (sixth consecutive year), MSCI Japan Empowering Women (WIN) Index (fourth consecutive year), and MSCI Japan Empowering Women (WIN) Select Index (fourth consecutive year)
- June 2022: Listed in the S&P/JPX Carbon Efficient Index (fifth consecutive year)
- June 2022: Listed in the FTSE4GOOD Developed Index, FTSE4GOOD Japan Index, and FTSE Blossom Japan Index (second consecutive year)

**2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX**

**2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)**

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FTSE Blossom
Japan



FTSE4Good



FTSE Blossom
Japan Sector
Relative Index



FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Fuji Oil Holdings Inc. has satisfied the requirements to become a constituent of the FTSE4Good Index Series and FTSE Blossom Japan Sector Relative Index.

Communication with society

- February 2022: Excellence Award in the Nikkei Integrated Report Awards* organized by Nikkei Inc. (fourth consecutive year)
- February 2022: Selected as an Excellent Integrated Report (second consecutive year) and a Most-improved Integrated Report (second time) by Japanese equity asset managers of Japan's Government Pension Investment Fund (GPIF)

* Formerly called the Nikkei Annual Report Awards until 2020

Creation of sustainable food resources / health and nutrition

- April 2021: Silver medal in an award program organized by Bone and Joint Japan
- November 2021: MHLW Minister's Award of Excellence, Collaboration Category in the field of long-term nursing care prevention and senior life support, at the 10th Smart Life Project (Let's extend health life expectancy!) Awards organized by Japan's Ministry of Health, Labour and Welfare (MHLW) and Japan Sports Agency
- March 2022: 2022 Award for Achievement in Technological Research by Japan Society for Bioscience, Biotechnology, and Agrochemistry (JSBBA)



Environment

- December 2021: Triple A rating from CDP in 2021 for all three categories: climate change, water security and forests (highest rating for second consecutive year)
- June 2022: Special Award at the 23rd Logistics Environment Awards organized by Japan Association for Logistics and Transport (JALoT)
 - Fuji Oil Co., Ltd.



Sustainable procurement

- November 2021: Grand Prize, Japan's Ministry of Agriculture, Forestry and Fisheries Minister's Award, at the 22nd Green Purchasing Awards organized by Green Purchasing Network (GPN)



Women's empowerment

- March 2017: Commended by the Osaka City Mayor as a Leading Company in Women's Participation in Osaka City (certification in city program renewed in November 2019)
- August 2017: "Platinum Kurumin" certification from Japan's Ministry of Health, Labour and Welfare



Health management

- April 2022: Listed in national rankings of Great Place to Work in Brazil
 - Harald Indústria e Comércio de Alimentos Ltda (Brazil)
- March 2022: Named among the top 500 in the large enterprises category (White 500) of the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi
 - Fuji Oil Holdings Inc. (fifth consecutive year)
 - Fuji Oil Co., Ltd. (fifth consecutive year)
 - Fuji Sunny Foods Co., Ltd. (fourth consecutive year)

Recognized in the SME category of the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi

- Fuji Tsukuba Foods Co., Ltd. (fourth consecutive year)
- Omu Milk Products Co., Ltd. (fourth consecutive year)

