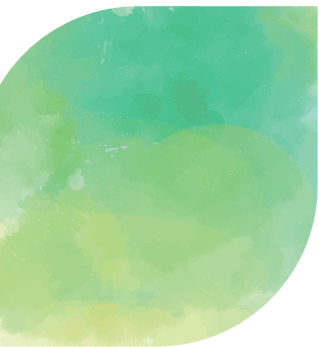


# Sustainability Report

FUJI OIL GROUP

# 2023





# Sustainability



ESG Activity Report  
FY2022



Sustainability Report  
Download



Social Impact and  
ESG Materiality



Going back to our roots and co-creating the social value of food, unique to the Fuji Oil Group

## Message from the CEO



Greater sustainability as an engine for growth

## Message from the ESG Representative



Sustainability Management



Social Impact and ESG  
Materiality



Stakeholder Engagement





# Creation of Sustainable Food Resources

Creation of Plant-based  
Protein Resources



## Our vision (2030 targets)

Increase dietary choices to help address food supply problems and other global issues by making plant-based proteins widely and readily available to the general public

## FY2022 results

- Launched our flagship GOODNOON initiatives
- Released various types of Plant-Based Foods (PBF) products
- Released two plant-based dashi products of MIRACORE® technology brand
- Provided an easy way for consumers to buy our PBF products and communicated our Group's value



# Sustainable Procurement

Sustainable Procurement  
Management



Sustainable Procurement  
of Palm Oil



Sustainable Procurement  
of Cocoa



Sustainable Procurement  
of Soybeans



Sustainable Procurement  
of Shea Kernels



## Sustainable Procurement Commitments (2030 targets)

100%

**Palm Oil**  
Traceability to  
plantation

0

**Cocoa**  
Child labor in  
the supply chain

100%

**Soybeans**  
Traceability to  
the community  
level or products  
certified

75%

**Shea Kernels**  
Traceability to  
the regional  
level

## FY2022 results

- Palm Oil: TTP93%
- Cocoa: CLMRS\* operational in 100% of farmer groups from which the Fuji Oil Group directly procures cocoa beans
- Soybeans: traceability to primary collection points: 70%
- Shea Kernels: traceability to the regional level: 93%

\* Child Labour Monitoring & Remediation System

# Climate Change

CO<sub>2</sub> Emissions Reduction >

Environmentally  
Responsible Production >

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

## Environmental Commitments (2030 targets)

40%

**CO<sub>2</sub>**  
emissions  
reduction  
(Scopes 1 &  
2 in total)

18%

**CO<sub>2</sub>**  
emissions  
reduction  
(Scope 3  
Category 1)

20%

**Water use**  
reduction  
(in water  
intensity)

10%

**Waste**  
reduction  
(in waste  
intensity)

99.8%  
or more

**Resource**  
recycling  
(recycling  
rate)



\* Base year: 2016

## FY2022 results

- CO<sub>2</sub> emissions (Scopes 1 & 2 in total): 26% reduction
- CO<sub>2</sub> emissions (Scope 3 Category 1): 12% increase
- Water use: 27% reduction
- Waste: 4.7% reduction
- Recycling rate: 99.69%



# ESG Activity Report FY2022

 ... Material ESG issues  
 ... Action theme



## Environment

### > Environmental Management

#### Biodiversity

### > Biodiversity Conservation and Restoration

#### Climate Change

### > CO<sub>2</sub> Emissions Reduction

### > Environmentally Responsible Production

#### Water Resources

### > Water Use Reduction

#### Circular Economy

### > Waste Reduction

### > Reduction and Upcycling of Food Waste

#### Other Social Issues

### > Plastic Use in Product Packaging



## Social

### > Human Rights Management

### > Sustainable Procurement Management

#### 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

#### Securing and Developing Human Resources

### > Securing and Developing Human Resources

#### Other Social Issues

### > Employee Health (Health Management)

### > Partnership with Communities



## Governance

#### GRC\*

### > Risk Management System

### > Information Security Management

### > Strengthening Compliance

### > Group Governance

### > Corporate Governance

\* Governance, risk, and compliance



FTSE4Good



FTSE Blossom  
Japan Index




FTSE Blossom  
Japan Sector  
Relative Index



External Recognition >

## Reports and Related Information


Sustainability Report >

GRI Standards Content Index (390KB) 


Policies and Principles >

Supply Chain Database >

Integrated Report >

Greenhouse gas emissions  
Verification Statement (1.52MB) 

Certification Information >

ESG Data Book (4.57MB) 

Sustainability Report Editorial Policy >

Fuji Oil Group Grievance Mechanism >

## 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. The scope of the report focuses on consolidated subsidiaries and equity-method affiliates. 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 (PDF, 4.57MB) </p>
Period covered	<p><b>Sustainability management</b></p> <p>The contents of this report are based on information as of June 2023.</p> <p><b>Report on FY2022 activities</b></p> <p>April 1, 2022 – March 31, 2023</p> <p>Some activities conducted outside the above-mentioned period are also included.</p>
Date of publication	<p>August 30, 2023 (Japanese version)</p> <p>October 2023 (English and Chinese versions)</p>
Guidelines for reference	<p><b>GRI Standards</b></p> <p>This report complies with the GRI Standards.</p>
How to determine disclosure information based on GRI	<p>The Sustainability Report 2023 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 found through materiality mapping to have the highest impact, either the Fuji Oil Group on the society or the environment, or the social or environmental issue on the Fuji Oil Group. 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>* <a href="https://www.fujioilholdings.com/en/sustainability/materiality/">https://www.fujioilholdings.com/en/sustainability/materiality/</a></p>
Third Party Verification	<p>More than 70% of the data on total Scope 1 and Scope 2 CO<sub>2</sub> emissions as well as data on Scope 3 category 1 CO<sub>2</sub> emissions have been verified by a third party to ensure that the information is correct.</p> <p>* Each image is linked to a PDF file.</p>



## Greenhouse gas emissions Verification Statement

12 July 2023

### 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 boundary<sup>(1)</sup> within its fiscal year 2022 Monitoring Report (hereinafter, referred to as "the Report") from 1:April 2022 to 31:March 2023.

- SCOPE 1 GHG emissions;  
Direct CO<sub>2</sub> emissions at the Organizational boundary by using natural gas, city gas, LPG, diesel oil, kerosene and gasoline
- SCOPE 2 GHG emissions;  
Indirect CO<sub>2</sub> emissions at 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 procedures, and to express our views as a third party. The Organization's responsibility is to make the Report and report the Monitoring data, and JMACC's responsibility is to express our views on the Monitoring data of the Report 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 procedures were implemented at limited level of assurance:

- Confirmation regarding to the information to decide the GHG emissions in the Report, monitoring procedures, monitoring system, and related documents
- Interviews with person in charge of making the Report
- Sampling the evidence for confirmation of the accuracy of GHG emissions



### 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 2022 were not calculated and reported in conformance with the criteria.

#### NOTE:

#1: Domestic: FUJI OIL CO., LTD. Itanaka Business Operations Complex, FUJI OIL CO., LTD. Chiba Plant

Overseas: FUJI OIL (SINGAPORE) PTE. LTD., WOODLANDS SUNNY FOODS PTE. LTD.,  
PALMAU EDDLE OIL SDN. BHD., FUJI OIL (ZHANG JIA GANG) CO., LTD.,  
TIANSHI FUJI PROTEIN CO., LTD., FUJI VEGETABLE OIL, INC.,  
BLOMMER CHOCOLATE COMPANY (Chicago facility),  
BLOMMER CHOCOLATE COMPANY (East Greenville facility)

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



## Greenhouse gas emissions Verification Statement

21 July 2023

### 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 boundary<sup>(1)</sup> within its fiscal year 2022 Monitoring Report (hereinafter, referred to as "the Report") from 1:April 2022 to 31:March 2023.

- SCOPE 3 GHG emissions;  
CO<sub>2</sub> emissions at the category 1 of SCOPE 3<sup>(2)</sup> of the Organization's activities

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 procedures<sup>(3)</sup>, and to express our views as a third party. The Organization's responsibility is to make the Report and report the Monitoring data, and JMACC's responsibility is to express our views on the Monitoring data of the Report 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 procedures were implemented at limited level of assurance:

- Confirmation regarding to the information to decide the GHG emissions in the Report, monitoring procedures, monitoring system, and related documents
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- Sampling the evidence for confirmation of the accuracy of GHG emissions



### 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 2022 were not calculated and reported in conformance with the criteria.

#### NOTE:

#1: Domestic: FUJI OIL CO., LTD., FUJI FRESH FOODS CO., LTD., OMO MILK PRODUCTS CO., LTD.,  
F&F CO., LTD.

Overseas: FUJI OIL (SINGAPORE) PTE. LTD., WOODLANDS SUNNY FOODS PTE. LTD.,  
PALMAU EDDLE OIL SDN. BHD., FUJI OIL (THAILAND) CO., LTD.,  
PT. FREYABADI INDONESIA, FUJI GLOBAL CHOCOLATE (M) SDN. BHD.,  
FUJI OIL (ZHANG JIA GANG) CO., LTD., FUJI OIL (ZHAOQING) CO., LTD.,  
TIANSHI FUJI PROTEIN CO., LTD.,  
Blommer Chocolate Manufacturing (Shanghai) Company Ltd., FUJI VEGETABLE OIL, INC.,  
BLOMMER CHOCOLATE COMPANY,  
HARALD INDUSTRIA E COMERCIO DE ALIMENTOS LTDA, FUJI OIL EUROPE,  
FUJI OIL 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 procedures: "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver.2.5)"<sup>(4)</sup>, "LCI Database (EUA-3 Ver.3.2)"<sup>(5)</sup> and "Scope3 Category 1 monitoring rule" prepared by the organization

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



# Message from the CEO

## Going back to our roots and co-creating the social value of food, unique to the Fuji Oil Group

In May 2022 we formulated our Medium-Term Management Plan, Reborn 2024. Here we set one of our key policies as enhancing sustainability (sustainability strategy aligned with management strategy). We also laid down our vision as “Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy.” In April 2023, this became the vision of our Group Management Philosophy. I feel that our top-down approach and Fuji Oil Group's sustainability-oriented corporate management has finally taken hold in our workplaces. In a world where it is difficult to predict socioeconomic conditions and the environment, we must comprehensively identify and bring together the various risks and opportunities across the value chain. It is critical that we address them urgently together with our stakeholders. We believe that the quickest way to realize our vision is to have each one of our employees go back to our Group's DNA of not imitating others and dedication to plant-based ingredients, and to quickly perceive social issues and work on our unique way of creating new value from plants.



In FY2022, we evolved into a corporate structure that encourages self-directed sustainability activities from Group companies. To integrate the concept of sustainability into our business strategies, our chief officers with voting rights are included in the Sustainability Committee, an advisory body to the Board of Directors. We have also included our regional headquarters representatives from FY2022, and the heads of each business division from FY2023. We have therefore created a company-wide governance structure that deliberates and monitors sustainability-related risks and opportunities from the perspectives of both the regional headquarters and the business divisions.

As a food company operating in the global food system, our Group has worked for the well-being of people and the planet, and has been engaged primarily in the business of plant-based ingredients since the beginning. The ratio of RSPO-certified palm oil sourced and produced by our Group has been increasing year by year because of the growing interest of our customers for sustainable raw materials in recent years. In July 2022, we launched GOODNOON, our flagship plant-based food to realize our vision. Together with our partners, we have started selling plant-based butter and other products online to create the next “surprisingly delicious” products with plant-based ingredients and to make plant-based foods more accessible to consumers. I strongly believe that our mission as a Group is to keep on facing challenges in new business domains.

To achieve our goal of building a sustainable value chain for food, we must first provide safe and reliable food, as well as create a safe and secure workplace for our employees. We will step up our efforts to instill awareness that safety comes first, and ensure that we provide a good working environment to continue taking on the highly challenging goals. Innovations are also required to find solutions to the increasingly complex social issues worldwide. Such innovations are produced by people with a wide range of skills and diverse backgrounds. I believe that each one of us must use our creativity more than ever before, and that we must be able to cooperate and get other people involved. Promoting diversity, equity and inclusion (DE&I) is the key to developing the human resources with these abilities. As a top management priority, we will provide equitable opportunities and evaluations to all Group employees and carry out inclusive human resource management, in order to encourage active engagement from a diverse range of human resources.

We will continue practicing sustainability management with all our employees and together with our diverse stakeholders, and taking on challenges to create a world where everyone can taste the deeper joys of food.

A handwritten signature in black ink that reads "Mikio Sakai".

Mikio Sakai  
President and CEO  
Fuji Oil Holdings Inc.

# Message from the ESG Representative

## Greater sustainability as an engine for growth

We continue to live in an uncertain world, with geopolitical risks causing supply chain disruptions, rising resource prices and other concerns. Internationally there is accelerated discussion about climate change, biodiversity and human rights, which leads to stronger regulations and soft laws in countries and regions around the world. The movement toward a sustainable society is gaining momentum each year, and the way consumers look at corporations is changing accordingly.

The business activities of the Fuji Oil Group are supported by healthy ecosystems and their resulting natural resources, as well as our diverse stakeholders. Since our founding, we have sought to develop the potential of food ingredients in Japan and around the world with the aim of bringing happiness and well-being to people and the planet. In these uncertain times, how can we contribute toward achieving a sustainable society? Our Group intends to directly address the many different issues facing society and take an agile approach to meet the changing needs of our stakeholders. And with our sights on the future, we will co-create new value as an engine for growth, building a sustainable value chain for food that allows us to continue delivering ingredients that are healthy and delicious. In order to focus on this mission in the medium and long term, as of FY2023, the heads of each business division are now part of the Sustainability Committee to help create a management system that more strongly links sustainability with our business strategy.



Now I'd like to introduce our key initiatives from FY2022.

In the creation of sustainable food resources, we made progress in developing plant-based protein alternatives to meat, dairy and eggs. We have paid particular attention to achieving delicious flavor — one of the challenges in improving the popularity of plant-based foods — and have brought to market products like soy meat that delivers the same feeling of satisfaction as animal meat and chocolate that does not contain dairy. We have also expanded our e-commerce and began actively using social media to better reach consumers, helping promote diversity within the food scene by increasing the accessibility of plant-based foods.

In sustainable procurement, we have been working with suppliers, NPOs and customers on initiatives to achieve our 2030 targets. Significant advances have been made in traceability to plantations for materials such as palm oil and shea kernels, as well as progress made in applying the Labour Transformation Programme at palm oil suppliers. In cocoa procurement, Child Labour Monitoring and Remediation Systems are also being operated successfully, and have been introduced at all farms involved in direct procurement. We have also provided around 60,000 saplings, and will plant a total of one million trees by 2030. Self-assessment by soybean suppliers is complete, and improvement plans have been established based on the results.

As for our environmental initiatives, in March 2023 we established the Fuji Oil Group Policy on Biodiversity, a comprehensive set of principles for the conservation and restoration of biodiversity. To address climate change, we introduced internal carbon pricing in Japan on a trial basis and also began supplier engagement. Efforts across the Group to reduce use of water resources have born fruit, allowing us to achieve our 2030 target ahead of schedule. As part of our TCFD response, we have identified the timing, duration of impact and financial impact for each climate-related risk and opportunity, and improved our disclosure. These efforts have been recognized by the environmental non-profit CDP, which scored us with A ratings in water security and forests, and an A- in climate change.

We also strengthened our human rights risk management, establishing Human Rights Guidelines in March 2023 which detail specific actions for respecting human rights based on the Group Human Rights Policy. In human resources, we are practicing diversity, equity and inclusion (DE&I) appropriate for the specific challenges of each area, and are promoting improvements in our organizational culture. Recognizing the importance of securing and developing the superior talent that is the source of our value creation, in FY2023 we also added “securing and developing human resources” to our material ESG issues.

The mission of the Fuji Oil Group is to develop the potential of food ingredients and continue contributing to happiness and well-being. We are committed to finding solutions for the future challenges of sustainable food and ways to create new value, together with our stakeholders around the world.



A handwritten signature in black ink, appearing to read 'Takashi Kadota', with a stylized flourish at the end.

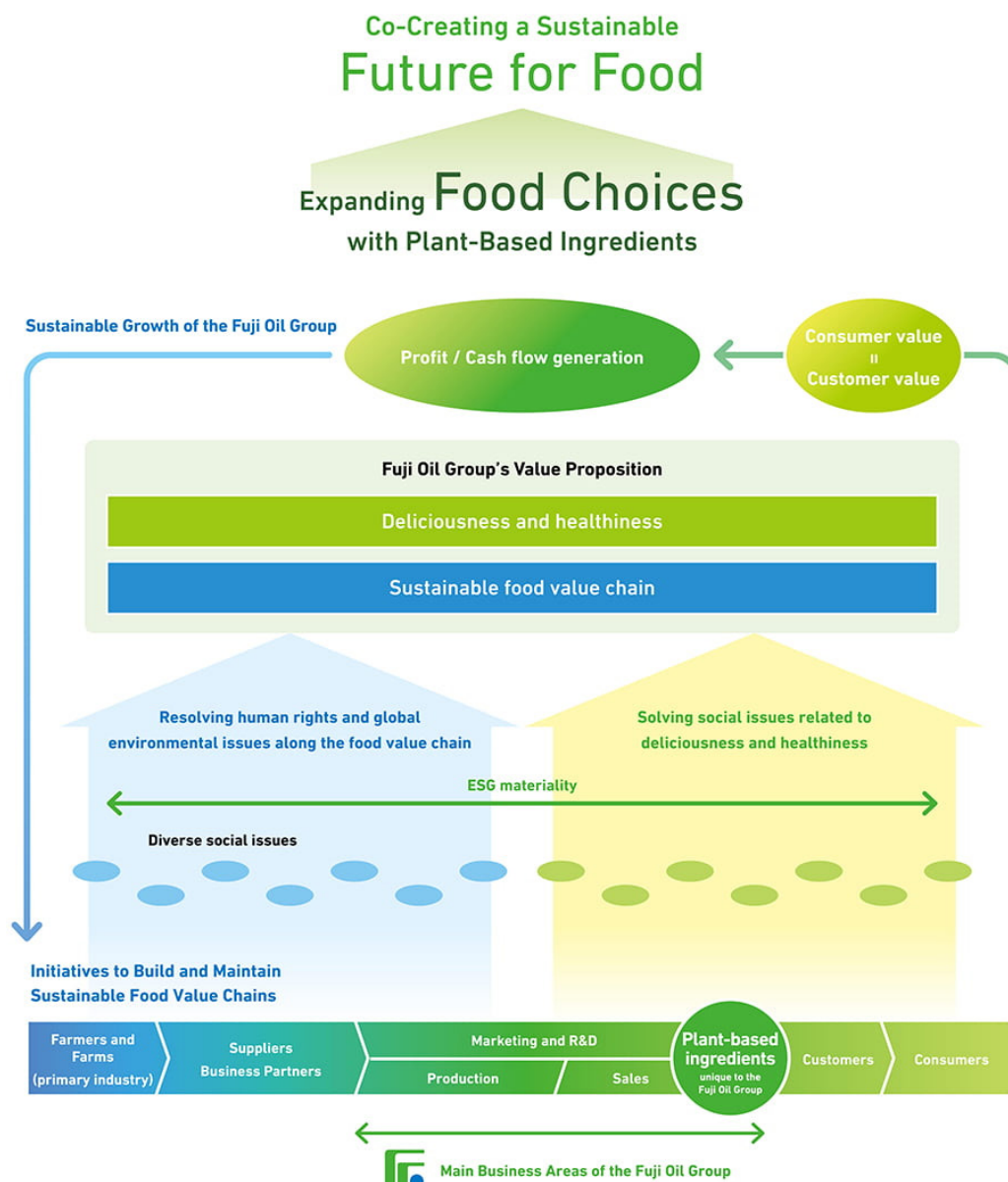
Takashi Kadota  
Director, Senior Executive Officer  
Chief Technology Officer (CTO) and ESG Representative  
Fuji Oil Holdings Inc.

# Sustainability Management

## Basic approach

Through sustainability management with all our employees and co-creation with our stakeholders, our goal is to develop a sustainable society based on our vision in the Fuji Oil Group Management Philosophy: "Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy." All our Group employees strive to quickly perceive social issues in the value chain related to the global environment, human rights, or personal wellbeing, in order to reduce risks and provide solutions that meet the expectations of all our stakeholders and create social value. By doing so, we aim to create a sustainable future for food and enhance corporate value for the Group. 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

At the Fuji Oil Group, the ESG Representative works together with the Board of Directors to oversee Group-wide initiatives and carry out sustainability management with all employees.

The Sustainability Committee,\*<sup>1</sup> an advisory body to the Board of Directors chaired by the ESG Representative, monitors the risks and opportunities related to sustainability. The committee meets at least twice a year to oversee the establishment of material ESG issues as well as the progress toward goals and strategies for action themes from the medium- to long-term perspective of environmental and social sustainability and our sustainable corporate management. It also deliberates from a multi-stakeholder perspective and reports to the Board of Directors. Moreover, the committee is responsible for receiving progress and performance reports from managing officers in charge of each action theme, and providing advice and monitoring progress. The Board of Directors\*<sup>2</sup> supervises, directs, and approves matters reported by the committee, as well as decides on the direction of the Group over the medium to long term. The committee is composed of chief officers with voting rights, external experts and regional representatives, and also includes the heads of each business division from FY2023 to further enhance the link between our business strategies and material ESG issues. Under this committee, we created the Subcommittee on Group Significant Risks to identify significant Group-wide risks and assess adequacy of the strategies for managing them, with the goal of systematically reducing the risks that can damage the Group's corporate value.

The ESG Division's Sustainability Development Group serves as the secretariat. It analyzes material issues in light of ESG trends and stakeholder feedback, and incorporates the results into the Group's management. It is also responsible for disclosing the results of initiatives, disseminating views on sustainability within the Group, and communicating with stakeholders.

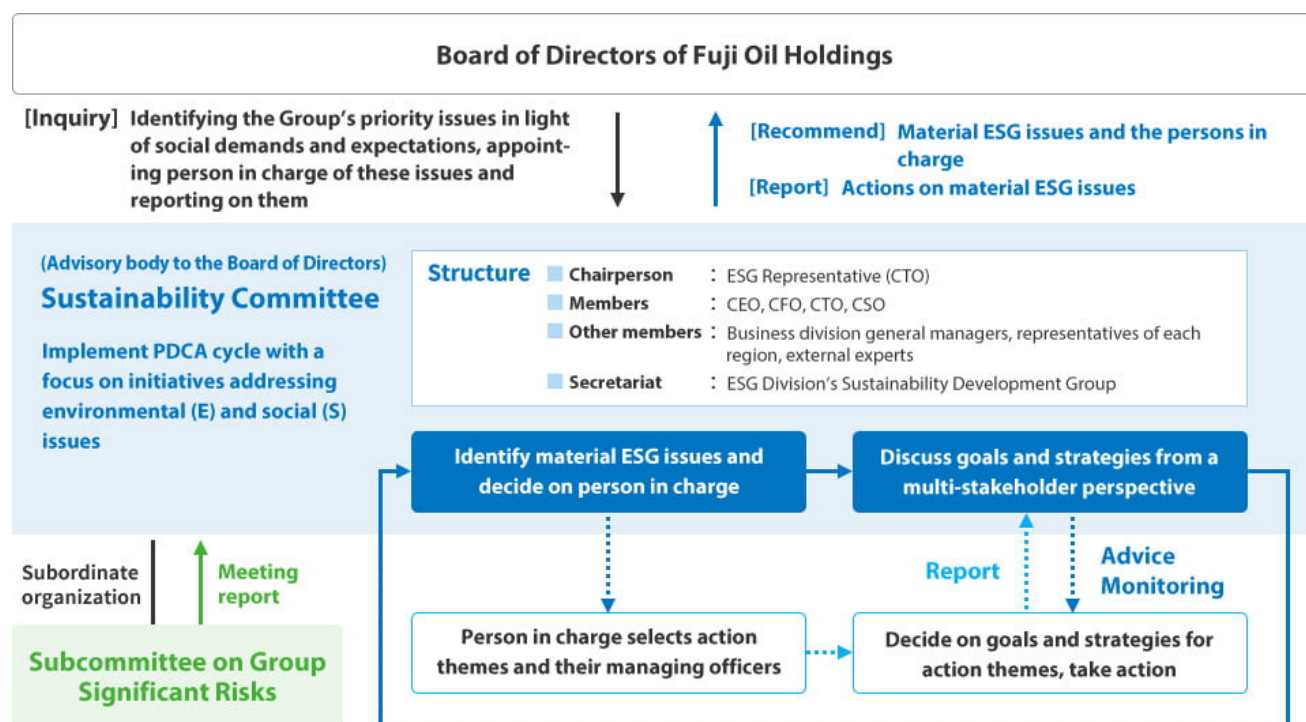
\*1 Established in 2015, the ESG Committee was renamed in May 2022 to clarify its role in relation to the Board of Directors, which is responsible for corporate governance (G).

\*2 Appointed a director with extensive knowledge on sustainability. Through executive training, the board is building the knowledge and expertise needed to ensure its monitoring function from an ESG perspective.

<https://www.fujioilholdings.com/en/about/governance/system/>

### Sustainability Committee: Matters deliberated in FY2022

Date of meeting	Matters for deliberation
April 2022	<ul style="list-style-type: none"> <li>Review results of initiatives on ESG action themes in FY2021</li> <li>Decide on ESG action themes and action plan for FY2022</li> <li>Name changed to Sustainability Committee</li> </ul>
November 2022	<ul style="list-style-type: none"> <li>Interim report on ESG action themes in FY2022</li> <li>Decide on material ESG issues for FY2023</li> </ul>





## Education

At the Fuji Oil Group, we conduct educational and awareness-raising activities for officers 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.

### FY2022 sustainability awareness training for officers and employees

Participants	Type	Topic	Purpose
All directors including outside directors, Audit and Supervisory Committee members, executive officers, and managers	Executive training	<ul style="list-style-type: none"><li>Enhancement of sustainable management and corporate governance</li><li>Latest trends in biodiversity and relevance to the Fuji Oil Group</li><li>Trends in economic security legislation</li><li>Investor feedback on the 2022 Integrated Report</li><li>Human resource development programs</li></ul>	<ul style="list-style-type: none"><li>Stay on top of latest trends on key issues relevant to management (sustainability, governance, law, etc.)</li><li>Assess the current situation of the Group based on external stakeholder inputs and discuss ways to improve it</li><li>Improve monitoring skills from an ESG perspective (for directors)</li></ul>
Section managers at Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd., section managers and higher levels of management at Group companies in Japan	Webinar	Sustainability training	Understand global issues and changing values, practice sustainability (100% participation rate)
Employees at Group companies in and out of Japan*	E-learning course Languages: Japanese, English, Chinese, Portuguese	Examples of Fuji Oil Group's sustainability management and initiatives	Deepen understanding of sustainability management and promote initiatives in each region (87.8% participation rate)
Officers and employees at Group companies in and out of Japan	Company communications website Languages: Japanese, English, Chinese, Portuguese	Sustainability information from in and out of the Group	Deepen understanding of sustainability management and stay informed of sustainability actions at other companies

\* Direct employees who have a company email address and use a computer in their daily work.

## Incentives

### ESG Award

In FY2017, the Fuji Oil Group established the ESG Award to annually recognize Group companies and departments that have contributed to sustainability management.

In FY2022, the award went to three departments at Fuji Oil Co., Ltd.

The Health Management Unit of the Human Resources Department, in cooperation with an NPO, was recognized for their efforts to educate children on sustainable lifestyles through food education from the perspective of people and planet health, as well as for helping boost recognition of the Group. Since launching in 2014, 5,149 people have participated in this program.

The Energy Management Department and Safety & Environmental Control Department have shown leadership across various activities, such as enabling the visualization of actual energy usage, developing human resources, and disseminating energy-related information within the company. Their efforts have led to workplace improvements that were instrumental in reducing CO<sub>2</sub> emissions, and have also led to a high CDP rating, 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 this evaluation 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. In line with the key policy of enhancing sustainability (sustainability strategy aligned with our management strategy) in Reborn 2024, our Medium-Term Management Plan, 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.

# Social Impact and Material ESG Issues

## Fuji Oil in society

### Fuji Oil Group's value chain

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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 material ESG issues

### Basic approach

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The Fuji Oil Group is working to create social value, with the goal of creating our own sustainable growth and the sustainable development of greater society. Amid a variety of global issues, we identified the issues that take priority for the Group as material ESG issues, and strive to “create positive impact” or “reduce negative impact” on those through our business activities.

### Material ESG issues for FY2023

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Our material ESG issues for FY2023 are listed below. Please refer to the relevant webpages for details on our basic approach, goals and the status of initiatives concerning each issue.





## Value creation

### Creation of sustainable food resources



There are growing concerns about shortages of protein sources, increase in environmental impacts and uneven food distribution due to population growth. We work on the development of plant-based proteins with low environmental impact in order to curb the environmental deterioration caused by increased food production. Moreover, we are increasing food choices and contributing to a healthy diet by responding to the diverse needs of each country and region, such as food traditions and values, preferences and allergies.

#### Creating positive impact

- Provide an abundance of food settings with diverse food options
- Help eliminate uneven distribution of food resources and improve health through a sustainable supply of protein sources
- Reduce environmental impact by increasing consumption of plant-based food ingredients (reduce CO<sub>2</sub> emissions and water consumption)

Action theme/Person in charge/SDGs we aim to support	Our vision	FY2023 Goals	FY2022 Results
 Creation of plant-based protein resources CTO 	Increase dietary choices to help address food supply problems and other global issues by making plant-based proteins widely and readily available to the general public	<ul style="list-style-type: none"><li>• Develop next-generation soy meat ingredients that provide new value</li><li>• Develop plant-based processed foods and their markets to help address issues for our customers and society</li></ul>	<ul style="list-style-type: none"><li>• Marketed two soy meat ingredients developed to provide flavor, meat-like fibrous texture and mouthfeel</li><li>• Marketed ten processed food products (side dishes, noodle soup, confectionery, etc.) replacing meat, milk, and eggs with plant-based ingredients</li></ul>







### Health and nutrition



Amid concerns about health issues increasing as people transition to new life stages or adopt different dietary and lifestyle habits, there is a need to create a society in which they can lead purposeful lives free from disability. We are helping extend healthy life expectancy by ensuring that health and well-being remain balanced with the enjoyment of food. We do this by promoting active intake of stabilized DHA/EPA, which shows promise in maintaining and improving health in older people, and through reducing excessive consumption of food ingredients such as sugars and trans fatty acids, which increase the risk of lifestyle diseases.

#### Creating positive impact

- Achieve well-being for older people
- Prevent lifestyle-related diseases
- Achieve both good taste and good health

Action theme/Person in charge/SDGs we aim to support	Our vision	FY2023 Goals	FY2022 Results
 Solutions for healthy aging and well-being CTO 	<p>In Japan, one of the world's most "super-aging" societies, contribute to creating a society where seniors can continue to lead better lives with a sense of purpose. Prevent senior health issues and contribute to their well-being by developing food ingredients, building a network of partners and working on bringing out these issues</p>	<ul style="list-style-type: none"> <li>Conduct a comparative study of PRORARE® (fresh DHA) and general oil (general DHA) using easy-to-ingest soft capsules for an internal proof of concept</li> <li>Aim to identify one or more oxidation markers to bring out the effects of antioxidant treatment in human (establish differentiated advantages)</li> </ul>	<ul style="list-style-type: none"> <li>Carried out human studies in collaboration with Shimane University. Showed characteristic changes in biomarkers with intake of stabilized DHA/EPA</li> <li>Showed a significant increase in serum concentrations of DHA with a single intake of stabilized DHA/EPA</li> <li>Drafted action plans to collaborate with municipalities on building a network of partnerships for health. Did not lead to actual partnerships due to issues with ensuring impartiality on industry-government collaborations</li> </ul>
 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</p>	<p>Expand the market for low-sugar/protein-fortified foods</p>	<ul style="list-style-type: none"> <li>Developed a soy protein ingredient for low-sugar/high-protein rice and noodle dishes, and used this in 11 health-oriented products</li> <li>Established a recipe for sugar-free drinks to improve taste and satisfaction, and promoted this to customers</li> </ul>
 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)</p>	<p>Palmaju Edible Oil Sdn. Bhd. (Malaysia), Fuji Oil (Singapore) Pte. Ltd., Fuji Oil (Zhang Jia Gang) Co., Ltd. (China); Reduce TFA in all products subject to change (to less than 2 g/100 g of total fat or oil)</p>	<p>11 out of 14 relevant Group companies outside Japan have completed the switch to low-TFA products (as of March 2023)</p>

## Sustainable procurement




There are pressing issues that need to be addressed in the regions that produce the key and strategic raw materials used in our businesses. These are deforestation and destruction of natural ecosystems due to plantation developments, forced labor and child labor. We conduct our business activities based on our Supplier Code of Conduct and responsible sourcing policies as part of securing sustainable procurement for the future. Going forward, we will continue to work on reducing our environmental impact and addressing human rights issues in production regions.

### Negative impacts to be reduced

- Human rights violations due to outdated labor practices
- Poverty of farmers
- Child labor, forced labor
- Exploitation of indigenous peoples, local residents and workers
- Destruction or loss of natural ecosystems
- Land use conversion
- Pollution from improper waste disposal



Action theme/Person in charge/SDGs we aim to support	Our vision	FY2023 Goals	FY2022 Results
<p>➡ Sustainable procurement of palm oil CSO</p> 	<ul style="list-style-type: none"> <li>Achieve “No Deforestation, No Peatland Development, No Exploitation (NDPE)” throughout the supply chain</li> <li>Achieve 100% traceability to plantation (TTP) by 2030</li> <li>Implement the Labour Transformation Programme (LTP) at all direct suppliers by 2030</li> </ul>	<ul style="list-style-type: none"> <li>Traceability to mill (TTM): 100%</li> <li>Traceability to plantation (TTP): 85%</li> <li>Continue constant monitoring using satellite images to identify, observe, verify and eliminate deforestation in the supply chain</li> <li>Implement LTP at suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia): 70%</li> </ul>	<ul style="list-style-type: none"> <li>TTM : 100%</li> <li>TTP : 93%</li> <li>Continued constant monitoring using satellite images</li> <li>LTP implementation at suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia): 61%</li> </ul>
<p>➡ Sustainable procurement of cocoa CSO</p> 	<ul style="list-style-type: none"> <li>End child labor by 2030</li> <li>End the “worst forms of child labor” defined by ILO Convention by 2025</li> <li>Improve living conditions of farmers</li> <li>Prevent deforestation and conserve forest: Plant one million trees on cocoa-growing regions by 2030</li> </ul>	<ul style="list-style-type: none"> <li>Complete GPS mapping of 90% of farms to improve direct procurement and traceability system</li> <li>Continue introducing the Child Labour Monitoring and Remediation System (CLMRS) in farming communities across our direct supply chain</li> <li>Provide support for women's empowerment in 173 communities across our direct supply chain (Côte d'Ivoire, Ghana, and Ecuador)</li> <li>Continue GAP*1 training to farms across our direct supply chain</li> <li>Plant 130,000 trees across our direct supply chain (Côte d'Ivoire)</li> <li>Assess deforestation related to the supply chain using data provided by Satelligence and conduct deforestation risk assessment for over 140,000 hectares of land</li> </ul>	<ul style="list-style-type: none"> <li>89% of farm plots mapped within direct supply chain (Côte d'Ivoire, Ghana and Ecuador)</li> <li>Support programs in Ghana: <ul style="list-style-type: none"> <li>Conducted GPS mapping of target farms</li> <li>Monitored target farms using CLMRS</li> </ul> </li> <li>30,846 farmers participated in the GAP training program (Côte d'Ivoire, Ghana and Ecuador)</li> <li>Finished selecting partners for continuing initiative to plant one million trees</li> <li>60,000 trees planted</li> </ul>
<p>➡ Sustainable procurement of soybeans CSO</p> 	<ul style="list-style-type: none"> <li>No deforestation, no exploitation, and ensure compliance in the supply chain</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Better engagement with suppliers through self-assessment feedback</li> <li>Carry out initiatives to achieve traceability goals</li> </ul>	<ul style="list-style-type: none"> <li>70% traceability</li> <li>Completed supplier self-assessments</li> <li>Formulated improvement plan for FY2023</li> </ul>
<p>➡ Sustainable procurement of shea kernels CSO</p> 	<ul style="list-style-type: none"> <li>Deforestation prevention and parkland protection: Plant 6,000 trees/year until 2030</li> <li>Traceability to the regional level: 50% by 2025, 75% by 2030</li> <li>Direct procurement of shea kernels from Tebma-Kandu cooperatives: 30% by 2025, 50% by 2030</li> <li>Create value in local communities: Increase permanent, direct employees at Fuji Oil Ghana Ltd. by 50% (base year: 2017)</li> </ul>	<ul style="list-style-type: none"> <li>Plant 6,000 trees/year</li> <li>Traceability to the regional level: 50%</li> <li>Direct procurement rate of shea kernels from Tebma-Kandu cooperatives: 15%</li> </ul>	<ul style="list-style-type: none"> <li>6,107 trees planted</li> <li>Direct procurement of shea kernels from Tebma-Kandu cooperatives: 3.4%</li> <li>Permanent, direct employees at Fuji Oil Ghana Ltd.: 60% increase (base year: 2017)</li> </ul>

\*1 Good Agricultural Practices

## Environment






### Climate change



Global warming is an urgent issue for the sustainability of our businesses, which rely on agricultural products for most of our raw materials. We contribute to mitigating climate change by cutting CO<sub>2</sub> emissions not only within our business operations but also throughout our supply chain.

#### Negative impacts to be reduced

- CO<sub>2</sub> emissions across the supply chain

Action theme/Person in charge/SDGs we aim to support	Our vision	FY2023 Goals	FY2022 Results
<p>➡ CO<sub>2</sub> emissions reduction ESG Division Officer</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"> <li>• Promote energy conservation efforts, renewable energy use and other initiatives</li> <li>• Engage with key suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Scope 1 and 2 (total): 26% reduction (base year:2016)</li> <li>• Scope 3 (Category 1): 12% increase (base year:2016)</li> </ul>
<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"> <li>• Put the test cultivation environment in place and collect the data required for selecting soybean varieties, with the aim of building a soybean plant production site that effectively utilizes CO<sub>2</sub> emissions</li> <li>• Study the reduction in environmental impact (CO<sub>2</sub> emissions reduction) achieved by streamlining the production process using new oils and fats from new plant breeds developed by breeding technology</li> </ul>	<ul style="list-style-type: none"> <li>• Established a new enzyme-based oil and fat processing technology which uses less chemicals than the conventional technique</li> <li>• Started development of a soybean plant production site using the waste heat and CO<sub>2</sub> generated by a waste incineration facility, working with Saga City, Saga University, and ITOCHU ENEX Co., Ltd.</li> <li>• Regarding the practical use of new raw materials for oils and fats developed by breeding, some components were confirmed to affect product quality</li> </ul>




### Water resources



Water is widely used as a raw material as well as in the manufacturing process. We enhance the sustainability of limited water resources by reducing the amount of water used and proper water management at each process in our business operations.

#### Negative impacts to be reduced

- Water resource depletion
- Water resource pollution

Action theme/Person in charge/SDGs we aim to support	Our vision	FY2023 Goals	FY2022 Results
 Water use reduction ESG Division Officer  	<u>Environmental Vision 2030</u> 20% reduction in water use (intensity) by 2030 (base year: 2016)	<ul style="list-style-type: none"> <li>Make preparations for setting new water use reduction targets</li> <li>Promote continuous reduction and raise awareness levels</li> </ul>	27% reduction (base year: 2016)

## Circular economy

Effectively using food resources without generating waste is essential to achieving a circular economy. The entire Group is committed to reducing waste and developing upcycling technologies.

### Negative impacts to be reduced

- Consumption of excess energy and food resources




Action theme/Person in charge/SDGs we aim to support	Our vision	FY2023 Goals	FY2022 Results
 Waste reduction ESG Division Officer 	<u>Environmental Vision 2030</u> 10% reduction in waste (intensity) by 2030 (base year: 2016)	Promote continuous reduction and raise awareness levels	4.7% reduction (base year: 2016)
 Reduction and upcycling of food loss and waste CTO 	Contribute to reducing food loss and waste throughout the value chain through technology innovation and reuse/upcycling of byproducts	<ul style="list-style-type: none"> <li>Develop technologies and products to maintain food quality longer and expand the market</li> <li>Add new functions and seek value through effective use of byproducts</li> </ul>	<ul style="list-style-type: none"> <li>Established technologies to improve longevity and resistance to degradation over time, and brought seven products to market</li> <li>Confirmed effectiveness of soluble pea fiber as a stabilizer for acidic plant protein drinks</li> </ul>

## Biodiversity

While benefitting from rich natural ecosystems, the business activities of the Fuji Oil Group affect biodiversity as well as climate change. We are working to conserve and restore biodiversity, in order to help create a society in harmony with nature.

### Negative impacts to be reduced

- Loss of natural ecosystems

Action theme/Person in charge/SDGs we aim to support	Our vision	FY2023 Goals	FY2022 Results
 Biodiversity conservation and restoration ESG Division Officer  	Build a nature positive value chain	Study dependence and impact on biodiversity	Established and announced the Fuji Oil Group Policy on Biodiversity





## Safety and quality

### Product safety and quality

Providing safe, quality food products is a social responsibility of food manufacturers. With food safety as our top priority, the Fuji Oil Group provides safe, quality products to all its customers as well as better food choices to consumers.

#### Negative impacts to be reduced

- Health damage, violation of food laws and regulations




Action theme/Person in charge/SDGs we aim to support	Our vision	FY2023 Goals	FY2022 Results
 Ensuring product safety and quality ESG Division Officer 	Ensure that the Fuji Oil Group is never a cause for complaints for any of the products it manufactures	Zero serious quality-related complaints	Serious quality-related complaints: 0

### Occupational health and safety

Employee safety is the foundation of our business activities. If a serious accident or serious property damage accident occurs, it will have a huge impact on employees, their families, local communities and on greater society, and will also affect production activities. We create a safe and secure workplace by ensuring the health and safety of our employees, based on the idea that safety comes first.

#### Negative impacts to be reduced

- Serious accidents or serious property damage accidents
- Work-related injury, illness, or poor physical health
- Outbreak of infectious disease in the workplace

Action theme/Person in charge/SDGs we aim to support	Our vision	FY2023 Goals	FY2022 Results
 Promoting occupational health and safety ESG Division Officer  	Place top priority on safety and respect 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	<ul style="list-style-type: none"><li>• One serious accident and zero serious property damage accidents</li><li>• One fatal accident at Fuji Vegetable Oil (U.S.)</li></ul>

## Business foundations






Creating a workplace that accepts diverse values and encourages individuality is crucial for innovation and for responding to diversifying customer needs and values. We respect the diversity of our employees and practice our Fuji Oil Group Management Philosophy to "Work for people" so that all our human resources can make the most of their abilities.

### Creating positive impact

- Provide equitable opportunities and fair evaluations
- Promote decent work
- Leverage the creativity of diverse and highly specialized teams

### Negative impacts to be reduced

- Discrimination based on nationality, gender, race, age, sexual orientation, character, or disability

Action theme/Person in charge/SDGs we aim to support	Our vision	FY2023 Goals	FY2022 Results
<p>DE&amp;I management*2 Human Resource and Administration Division Head</p>   	<ul style="list-style-type: none"> <li>• Equity: Remove barriers experienced by people from disadvantaged communities, provide equitable opportunities and conduct fair evaluations</li> <li>• Inclusion: Build a corporate culture that fosters feelings of belonging among all employees</li> <li>• Diversity: Harness diversity for business model and value creation</li> </ul>	<p><u>Group-wide</u></p> <ul style="list-style-type: none"> <li>• Increase diversity on executive teams</li> <li>• Develop the next generation of executive talent</li> <li>• Develop global talent through our global trainee program</li> </ul> <p><u>Japan</u></p> <ul style="list-style-type: none"> <li>• Encourage diverse work styles</li> <li>• Ensure equity</li> <li>• Support long-term, meaningful employment of people with disabilities</li> </ul> <p><u>Outside Japan</u></p> <ul style="list-style-type: none"> <li>• Embed DE&amp;I into company culture</li> <li>• Promote cultural reforms</li> </ul>	<p><u>Group-wide</u></p> <ul style="list-style-type: none"> <li>• Increased diversity of the Management Committee Meeting (with foreign nationals and women) to 45% (as of April 1, 2023)</li> <li>• Selected candidates for the next generation of executive talents from across the entire Group and expanded the pool of human resources</li> <li>• Sent two trainees from Japan on international assignments</li> </ul> <p><u>Japan</u></p> <ul style="list-style-type: none"> <li>• Increased work-style options by revising our contracted reemployment program, expanding our telework system, etc.</li> <li>• Provided self-development opportunities to all employees, regardless of employment arrangement</li> <li>• Established a support system for long-term employment of people with disabilities</li> </ul> <p><u>Outside Japan</u></p> <p>Blommer Chocolate Company (U.S.) Recruited volunteers throughout the organization and established a DE&amp;I Committee for undertaking activities</p> <p>Harald Indústria e Comércio de Alimentos Ltda (Brazil) Has been undertaking long-term DE&amp;I actions to create a workplace with inclusive leadership, equality, and equitable opportunities free of prejudice and discrimination</p>

		<p>China</p> <ul style="list-style-type: none"> <li>Held workshops for all employees across all regions to raise awareness of the company's vision</li> <li>Established a new communication channel for employees to enable whistleblowing or consultation</li> <li>Achieved the target of 50% female or locally based executives</li> </ul> <p>Fuji Vegetable Oil, Inc. (U.S.)</p> <ul style="list-style-type: none"> <li>Held leadership training for supervisors</li> <li>Built relationships with vocational schools in target areas and started full-scale recruitment activities</li> </ul> <p>Southeast Asia</p> <p>Carried out work style reforms</p> <p>Europe</p> <p>Held regular council meetings composed of employee representatives and management executives</p>
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\*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.

## Securing and developing human resources



Securing the human resources that create new value and developing the skills and competence expected of each individual are the keys to growth of both the Group and its employees and to enhancing our business competitiveness. We will continue to carry out measures and foster an organizational culture that encourages employee independence and engagement.

### Creating positive impact




- Improve employee engagement
- Leverage the creativity of diverse and highly specialized teams

Action theme/Person in charge/SDGs we aim to support	Our vision	FY2023 Goals	FY2022 Results
<p>→ Securing and developing human resources</p> <p>Human Resource and Administration Division Head</p> <div> </div>	<ul style="list-style-type: none"> <li>Increase number of specialists in every field compared to the status quo, with many of our talents contributing to maintaining and expanding our market share in the face of changes in and outside Japan</li> <li>Have successor candidates ready to take over for key positions (executive officers, general managers, section managers)</li> </ul>	<p><u>Securing human resources</u></p> <ul style="list-style-type: none"> <li>Review hiring methods for new graduates</li> <li>Avoid skills mismatch by reviewing hiring methods for production workforce</li> </ul> <p><u>Developing human resources</u></p> <ul style="list-style-type: none"> <li>Launch a new education program</li> <li>Train key personnel for international assignments</li> <li>Develop succession plans</li> </ul>	<p>Not included in material ESG issues in FY2022</p>



In a highly uncertain business environment, building resilience and conducting risk-proof business management is vital. We aim to enhance corporate value by strengthening Group governance through initiatives to minimize chance of risk occurrence and impact in case of occurrence, such as by strengthening the BCP, information security and compliance.

### Negative impacts to be reduced

- Suspension of operations due to emergency
- Information leaks
- Corruption, bribery, anti-competitive behavior, and other violations of laws and regulations

Action theme/Person in charge/SDGs we aim to support	Our vision	FY2023 Goals	FY2022 Results
  <p>→ Risk management system ESG Division Officer</p>	Earn the trust of society by demonstrating high reliability and risk management capability	<ul style="list-style-type: none"> <li>• Strengthen risk management in the Group</li> <li>• Properly disclose information on the financial implications of climate-related risks based on the TCFD recommendations</li> <li>• Prepare for appropriate information disclosure regarding biodiversity based on the TNFD framework</li> </ul>	<ul style="list-style-type: none"> <li>• Conducted Group-wide discussion of risks at the Subcommittee on Group Significant Risks (four times in total)</li> <li>• Performed risk assessments at regional headquarters and Group companies with new tools, and held risk management meetings based on the results</li> <li>• Compiled the latest information for FY2023 changes to TCFD disclosure in annual securities reports</li> <li>• Discussed the information to be disclosed at the Subcommittee on Group Significant Risks to add objectivity and validity</li> <li>• Gathered the latest information on TNFD, investigated biodiversity issues connected to Group operations, and conducted a qualitative assessment of their impact on our business</li> </ul>
 <p>→ Information security management CFO</p>	<ul style="list-style-type: none"> <li>• Reform business processes and create corporate value through the use of information and communications technology (ICT)</li> <li>• Facilitate the achievement of Group governance through the use of safe and secure ICT</li> </ul>	<ul style="list-style-type: none"> <li>• Prevent serious security incidents across the entire Group</li> <li>• Continue conducting measure evaluations by CSIRT, which include internal security audits (FY2023 plan: IT evaluation for six companies, OT evaluation for four companies)</li> </ul>	<ul style="list-style-type: none"> <li>• Serious security incidents: 0</li> <li>• Revised the Group's Information Security Regulations to follow cyber risk trends and carried out onsite evaluations of measures taken by companies in accordance with the revised regulations (five companies in total)</li> </ul>



Action theme/Person in charge/SDGs we aim to support	Our vision	FY2023 Goals	FY2022 Results
 Strengthening compliance Legal Division Head 	Earn the trust of all stakeholders by conducting business fairly, transparently, and with integrity	<ul style="list-style-type: none"> <li>No serious violations of laws and regulations</li> <li>Conduct a compliance program including training for the entire Group</li> <li>Raise employee awareness of compliance</li> </ul>	<ul style="list-style-type: none"> <li>No serious violations of laws and regulations affecting Fuji Oil Group business operations</li> <li>Conducted risk assessments of cartel at Group companies and relevant individual interviews at sites assessed as high risk. Introduced measures in response to the results</li> <li>Received a 93.2% positive response rate to the question, "Does your workplace have a culture in which compliance is given priority when business and compliance are in conflict?" (2.6% increase over previous year)</li> </ul>
 Group governance CSO 	Enhance corporate value through the establishment of an effective Group governance system	<ul style="list-style-type: none"> <li>Disseminate our revised vision and enhance awareness of the Fuji Oil Group Management Philosophy</li> <li>Monitor management execution from the standpoint of our business segments and regional headquarters, in order to strengthen our global management</li> </ul>	<ul style="list-style-type: none"> <li>In April 2023, as a preliminary step toward enhancing awareness of the Group Management Philosophy, we provided guidance on the revision of our vision to all Group companies. The revision of our vision began with management-level interviews, followed by two deliberations at the Fuji Oil Holdings Inc. Management Committee Meeting and a resolution by the Board of Directors</li> <li>Transitioned to a company with an Audit and Supervisory Committee, with the Board of Directors conducting oversight focused on monitoring management execution</li> </ul>
 Corporate governance CSO 	Improve corporate value through appropriate functioning of the Board of Directors	Establish a Board of Directors with a focus on supervising (monitoring) corporate management	Board of Directors with a focus on supervising (monitoring) corporate management resulting from the transition to a company with an Audit and Supervisory Committee

\* Governance, risk, and compliance

## Process of selecting material ESG issues for FY2023

Each year, the Fuji Oil Group selects material ESG issues for the following fiscal year based on its assessment of new global issues and input received from internal and external stakeholders, and formulates action themes for each material issue as well as manages progress. In FY2022, we assessed the materiality of the 15 material ESG issues identified out of a list of global issues on two axes: (1) Fuji Oil Group's impact on society or the environment and (2) social or environmental issue's impact on the Fuji Oil Group. The draft ESG materiality map for FY2023 was created following discussions involving Group chief officers in charge of specific material ESG issues, the presidents of regional headquarters, relevant departments, and internal and external experts, and was reviewed and passed by the Sustainability Committee. This was then recommended to and approved by the Fuji Oil Holdings Inc. Board of Directors. Taking into account the GRI Standards<sup>\*1</sup> and ESRS,<sup>\*2</sup> the material ESG issues for FY2023 were updated from the FY2022 version as follows.

- \*1 Global Reporting Initiative
- \*2 European Sustainability Reporting Standards

Examples of Stakeholder Advice	Providing healthy foods and preventing corruption are critical social issues
STEP 1	Comprehensive listing of social issues for evaluation
STEP 2	Evaluation with the use of the materiality map
STEP 3	Discussion by the Sustainability Committee
STEP 4	Approval from the Board of Directors

		Value creation	Environment	Safety and quality	Business foundations
Fuji Oil Group's impact on society or the environment	Highest	<ul style="list-style-type: none"> <li>Health and nutrition</li> <li>Biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Creation of sustainable food resources</li> <li>Sustainable procurement</li> <li>Climate change</li> <li>Occupational health and safety</li> <li>Product safety and quality</li> </ul>		
		<ul style="list-style-type: none"> <li>Partnership with communities</li> </ul>		<ul style="list-style-type: none"> <li>Water resources</li> <li>Circular economy</li> <li>DE&amp;I<sup>*1</sup></li> <li>GRC<sup>*2</sup></li> </ul>	
	<ul style="list-style-type: none"> <li>Plastic use reduction</li> <li>Animal welfare</li> </ul>		<ul style="list-style-type: none"> <li>Securing and developing human resources</li> </ul>		
		<div>Medium</div> <div>Highest</div>			
Social or environmental issue's impact on the Fuji Oil Group					

\*2 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.

# 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.

Stakeholder engagement and goals		Our responsibilities	Touchpoint examples (frequency)	FY2022 initiatives
Employees	Human resource is critical to the social and corporate value creation of the Group. We are committed to respecting the diversity of all employees, and creating workplaces where they can make the most of their abilities and work in a safe and secure environment.	<ul style="list-style-type: none"> <li>Occupational health and safety</li> <li>Promoting DE&amp;I</li> <li>Health management</li> <li>Building sound management-labor relations</li> </ul>	<ul style="list-style-type: none"> <li>Employee training (as needed)</li> <li>Compliance hotline (permanent)</li> <li>Employee satisfaction survey (annually)</li> <li>Intranet in Japan and global internal communication site</li> </ul>	<ul style="list-style-type: none"> <li>Career support system</li> <li>Whistleblowing system</li> <li>Employee engagement survey</li> </ul>
Shareholders and investors	Gaining the understanding and support of our shareholders and investors is essential to increasing our corporate value. We are committed to timely, appropriate, and highly transparent information disclosure and dialogues. We will use the evaluations and opinions we receive to improve our sustainability management.	<ul style="list-style-type: none"> <li>Increasing corporate value</li> <li>Profit return</li> <li>Information disclosure</li> <li>Dialogues</li> </ul>	<ul style="list-style-type: none"> <li>General meeting of shareholders (annually)</li> <li>Results briefings/ teleconferences (as needed)</li> <li>Small meetings (as needed)</li> <li>Individual meetings (as needed)</li> </ul>	<ul style="list-style-type: none"> <li>Dialogue with investors</li> </ul>
Customers	Customers are our key partners in building a sustainable food system. We will build lasting relationships with them by engaging in better communication and offering the unique value created by the Group.	<ul style="list-style-type: none"> <li>Stable supply</li> <li>Building trust</li> <li>Offering products that capture market needs</li> </ul>	<ul style="list-style-type: none"> <li>Product development and offers</li> <li>Daily sales activities</li> </ul>	<ul style="list-style-type: none"> <li>Co-creation activities (major convenience stores, food service sector)</li> </ul>
Business partners and subcontractors supply chain workers	Our business partners, subcontractors, and supply chain workers are key partners in building a sustainable food system. We will promote understanding of the Fuji Oil Group's policies and build trustful relationships through fair and equitable transactions in order to grow sustainably together.	<ul style="list-style-type: none"> <li>Building a sustainable supply chain</li> <li>Sustainable procurement</li> </ul>	<ul style="list-style-type: none"> <li>Daily purchasing activities and transactions</li> <li>Supplier engagement (as needed)</li> <li>Individual briefings on our sourcing policies (as needed)</li> </ul>	<ul style="list-style-type: none"> <li>Promoting sustainable procurement</li> <li>Identifying and remediating human rights risks</li> </ul>

Stakeholder engagement and goals		Our responsibilities	Touchpoint examples (frequency)	FY2022 initiatives
Consumers	Consumers are the important beneficiaries of the sustainable future of food. We are committed to understanding consumer needs and promoting ethical consumption by raising awareness and making products widely available, and will reflect the feedback we receive in our product development and service improvement.	<ul style="list-style-type: none"> <li>• Providing delicious, healthy, and sustainable food</li> <li>• Food safety</li> </ul>	<ul style="list-style-type: none"> <li>• Product sales via e-commerce channels</li> <li>• Dissemination of information through mass media (as needed)</li> <li>• Raising awareness through industry groups</li> </ul>	<ul style="list-style-type: none"> <li>• Expand B-to-C sales channels (cotta, Soya Farm Club) (In Japanese)</li> </ul>
Local communities	To ensure smooth business operations, it is important to live in harmony with local communities. We contribute to the development of local communities by engaging in environmental conservation, supporting safety, and providing food education and job training.	<ul style="list-style-type: none"> <li>• Living in harmony with the community</li> <li>• Community economic development</li> <li>• Environmental conservation</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in and sponsorship of community events (as needed)</li> <li>• Food education and food support project (as needed)</li> <li>• Support in the event of natural disasters (as needed)</li> </ul>	<ul style="list-style-type: none"> <li>• Food education activities</li> <li>• Local cleanup volunteering</li> <li>• Entrepreneurial training for low-income residents</li> </ul>
NGOs/NPOs and experts	Cooperation with NGOs/NPOs and experts is essential in carrying out activities addressing global social issues. We will use their expert perspectives and dialogue to expand and strengthen our sustainability activities.	<ul style="list-style-type: none"> <li>• Constructive dialogues and cooperation for business operations that consider human rights and the environment</li> </ul>	<ul style="list-style-type: none"> <li>• Expert panel dialogues (as needed)</li> <li>• Grievance mechanism (permanent)</li> <li>• Promotion of joint projects</li> </ul>	<ul style="list-style-type: none"> <li>• Dialogues with NGOs/NPOs and experts</li> <li>• Promotion of sustainable procurement</li> <li>• Guidance in identifying material ESG issues</li> </ul>
Academic organizations	Expert knowledge and scientific evidence are needed to continue creating social value. We carry out open innovation in collaboration with academic organizations to strengthen our human capital and accelerate the creation of sustainable food resources.	<ul style="list-style-type: none"> <li>• Building trust</li> <li>• Sharing technology, knowledge, and human resources</li> <li>• Confidentiality</li> <li>• Sharing value</li> </ul>	<ul style="list-style-type: none"> <li>• Joint research</li> <li>• Lectures (as needed)</li> </ul>	<ul style="list-style-type: none"> <li>• Industry-government-academia projects</li> </ul>
National/governmental agencies Industry organizations	National and governmental agencies and industry organizations are important supporters in the promotion of sustainability. We will deepen cooperation and accelerate our efforts to address social issues in order to contribute to the development of not only the industry, but also countries and regions.	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Industry revitalization through partnerships with various agencies and organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Liaison with government agencies</li> <li>• Participation in public-private projects and government-sponsored committees</li> <li>• Promotion of industry organization activities</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of industry organizations (e.g. P-LAB)</li> <li>• Ministry of the Environment Nature Positive Economy research group (In Japanese)</li> <li>• Endorsements of major external initiatives</li> </ul>



## 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)

In FY2022 we established the Fuji Oil Group Human Rights Guidelines to address human rights issues related to Group workplaces and employees. These guidelines were based on a discussion held in FY2021 between our Human Resources Department, our ESG Division and BSR, an organization specialized in business and human rights.

We also exchanged views with information disclosure experts to further increase our transparency and disclose information in a timely and appropriate manner. In addition to the points they raised, we also considered the latest standards of ESG assessment organizations and made improvements accordingly.

#### Actions taken following dialogues with experts

- Established the Responsible Palm Oil Sourcing Policy (March 2016)
- Conducted our first human rights due diligence (2016)
- 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 palm oil mills in our supply chain (June 2018)
- Formulated the Responsible Cocoa Beans Sourcing Policy (August 2018)
- Disclosed an updated Grievance Procedure (April 2020)
- Performed our second human rights due diligence (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)
- Established the Fuji Oil Group Human Rights Guidelines (March 2023)

## External initiatives we support and participate in

- September 2004 Roundtable on Sustainable Palm Oil (RSPO)
- February 2012 World Cocoa Foundation (WCF)
- December 2012 UN Global Compact Network Japan (GCNJ)
- 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 The Palm Oil Collaboration Group (POCG)
- April 2021 Japan Business Initiative for Biodiversity (JBIB)

## Endorsing the UN Global Compact

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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.



# Environmental Management


## Management information

### Basic approach

Worldwide environmental issues such as global warming and climate change are intensifying, seriously impacting people's lives and corporate business activities. In particular, increasing extreme weather events and biodiversity loss caused by accelerating climate change interfere with the stable supply of the agricultural products we use as key raw materials to make our products, and are becoming a threat to our business operations. For these reasons, it is now essential for our company to embed global environmental considerations into our business practices.

The Fuji Oil Group established the Basic Policy of Environmental Integrity<sup>\*1</sup> in 2015, and accelerated our efforts in 2018 with the announcement of the Environmental Vision 2030, in which we commit to reducing CO<sub>2</sub> emissions, water use and waste across the Group. Our reduction targets for CO<sub>2</sub> emissions have been approved by Science Based Targets initiative (SBTi).<sup>\*2</sup>

We also recognize the importance of understanding the climate impacts of our business and disclosing them to stakeholders in a timely manner. In May 2019, we announced our support for the Task Force on Climate-related Financial Disclosures (TCFD) and are committed to disclosing proactively information on four areas: governance, strategy, risk management, and metrics and targets.

\*1 Fuji Oil Group Basic Policy of Safety, Quality and Environment (PDF, 331KB) 

\*2 Organizations set science-based targets to reduce their greenhouse gas emissions over a 5 to 15 year span. 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

Group-wide environmental management is promoted by the Sustainability Development Group under the supervision of ESG Division Officer of Fuji Oil Holdings Inc. The Sustainability Committee,<sup>\*</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives.

\* [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

### Goals / Results

#### Environmental Vision 2030

	2030 targets <sup>*1</sup>	FY2022 results <sup>*1</sup>	Progress
CO <sub>2</sub> emissions	Scopes 1 <sup>*2</sup> & 2 <sup>*3</sup> : 40% reduction in total CO <sub>2</sub> emissions (All Group companies)	26% reduction	65%
	Scope 3 <sup>*4</sup> (Category 1 <sup>*5</sup> ): 18% reduction in total CO <sub>2</sub> emissions (All Group companies <sup>*6</sup> )	12% increase	Not achieved
Water use	20% reduction in water intensity <sup>*7</sup> (All Group companies)	27% reduction	135%
Waste	10% reduction in waste intensity <sup>*8</sup> (All Group companies <sup>*9</sup> )	4.7% reduction	47%
Resource recycling	Maintain a recycling rate of at least 99.8% (All Group companies in Japan)	99.69%	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: Purchased goods and services

\*6 Excluding Industrial Food Services (Australia) and Fuji Oil New Orleans, LLC (U.S.)

\*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

### CO<sub>2</sub> emissions (Scope 1 & 2)

Scope 1 and 2 emissions in FY2022 were 26% lower than baseline, an improvement of five points from the previous fiscal year's 21% reduction. This represents a 65% achievement rate relative to our 40% reduction target. Decreased production levels compared to the previous fiscal year and reducing activity at each company contributed to this decline in CO<sub>2</sub> emissions. In Japan, we used the findings from the FY2021 steam loss inspection conducted at Fuji Oil Co., Ltd. to make improvements to plants and productivity. We also completely eliminated scope 2 CO<sub>2</sub> emissions at the Fuji Oil Co., Ltd. Kanto Plant and Fuji Tsukuba Foods Co., Ltd. by switching to carbon-free electricity at the sites. Group companies outside Japan made efforts to reduce energy use through activities such as power saving and facilities maintenance, while a solar photovoltaic generation system was installed at Fuji Oil (Zhang Jia Gang) Co., Ltd.

### CO<sub>2</sub> emissions (Scope 3 Category 1)

Scope 3 emissions in FY2022 were 12% higher than baseline, an improvement of three points from the previous fiscal year's 15% increase. This represents a 0% achievement rate relative to our 18% reduction target. Production levels have increased 15% over our base year, resulting in an increase in scope 3 category 1 emissions. We will continue our supplier engagement in efforts to reduce the CO<sub>2</sub> emissions stemming from raw material procurement.

### Water use (intensity)

Water use intensity in FY2022 was 27% lower than baseline, an improvement of two points from the previous fiscal year's 25% reduction. This represents a 135% achievement rate relative to our 20% reduction target. Decreased production levels have resulted in a decline in water use compared to the previous fiscal year. In Japan, production facility cleaning methods were revised, which led to reductions in rinsing water use. Group companies outside Japan revised the cleaning frequency of production facilities and addressed water leaks. These actions all contributed to the reduction in water usage.

### Waste (intensity)

Waste generation intensity in FY2022 was 4.7% lower than baseline, a change of 1.4 points downward from the previous fiscal year's 6.1% reduction. This represents a 47% achievement rate relative to our 10% reduction target. In Japan, introduction of new dewatering equipment at Fuji Oil Co., Ltd. has helped reduce scum sludge and turn it into valuables, contributing to overall waste reduction. Group companies outside Japan also made efforts to reduce waste, but waste intensity still increased over the previous year, impacted by an increase in waste due to production issues. We will continuously work to raise awareness and promote waste reduction activities throughout the Group.

### Resource recycling

The resource recycling rate in FY2022 was 99.69%, an increase of 0.22 points from the previous fiscal year's 99.47%. This means that we did not achieve our target of 99.8% or higher. We will continue to promote recycling by sorting waste more thoroughly.

## 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 a major Group company in Japan in FY2019, and for eight major Group companies outside Japan in FY2020. In FY2022, we conducted a quantitative assessment of the financial impacts<sup>\*1</sup> of climate-related risks after conducting the scenario analysis 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 advance our efforts to save energy and promote use of renewable energy to continue reducing CO<sub>2</sub> emissions in line with the Fuji Oil Group Environmental Vision 2030.<sup>\*2</sup>

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.

<sup>\*1</sup> Refer to "Assessment of Climate Change Risks and Opportunities and their Financial Impact on the Fuji Oil Group" for details.

<sup>\*2</sup> Refer to "Environmental Vision 2030" for details.

#### Risk management

We identify significant Group-wide risks, including climate change 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 CO<sub>2</sub> 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 the targets of the Vision.

To reduce Scope 3<sup>\*1</sup> Category 1<sup>\*2</sup> 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 CO<sub>2</sub> emissions and began the process of engaging several suppliers to our production sites in Europe. We will continue to work to reduce CO<sub>2</sub> emissions across the Group value chain.

#### 2030 CO<sub>2</sub> emissions reduction targets (base year: 2016)

- Reduce Scopes 1<sup>\*3</sup> and 2<sup>\*4</sup> emissions by 40%
- Reduce Scope 3 (Category 1) emissions by 18%



To drive further emissions reductions, we also explored the adoption of an internal carbon pricing system<sup>\*5</sup> based on carbon pricing and emissions trading systems (ETS) around the world. We began trialing the system at Fuji Oil Co., Ltd. in FY2022, and are moving to a full-scale introduction in FY2023 with the internal carbon price set as 10,000 yen per metric ton of CO<sub>2</sub>. This will be used as a reference for investment decision-making. We will also pilot the system at Group companies outside Japan.

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

\*2 Category 1: Purchased goods and services

\*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. • 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.			Compared to the 1.5°C scenario, environmental regulations for addressing climate change are not tightened as much and carbon taxes are smaller. 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	4.9 billion yen <sup>†</sup>	Within 10 years	Longer than 10 years	0.6 billion yen <sup>†</sup>
			<b>Response approach</b> ● Comply with CO <sub>2</sub> emissions reduction targets by promoting Environmental Vision 2030 • For CO <sub>2</sub> emissions reduction, we have set a 40% reduction of Scopes 1 <sup>†</sup> and 2 <sup>†</sup> emissions and an 18% reduction of Scope 3 <sup>†</sup> (Category 1 <sup>†</sup> ) 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 SBTi-approved targets, in order to promote further reduction of CO <sub>2</sub> emissions throughout the Group. ● Full-scale/pilot introduction of internal carbon pricing <sup>†</sup> • We are moving to a full-scale introduction in FY2023 with the internal carbon price set as 10,000 yen per metric ton of CO <sub>2</sub> , and plan to use it as a reference for investment decision-making. We also plan to pilot the system at Group companies around the world.					
Transition risks	Reputation Risks associated with deforestation and parkland/peatland 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/peatland in the supply chain of the Group's major raw materials (palm oil, cocoa, soybeans, shea kernel, etc.). • Increased cost associated with strengthening engagement with suppliers to ensure that deforestation and parkland loss, which increase atmospheric CO <sub>2</sub> concentrations and exacerbate climate change, do not occur. • Greater understanding of sustainability 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.			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
			<b>Response approach</b> ● 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 regional 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 Savannah, 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 Savannah, 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	Within 10 years	Longer than 10 years	Large
			<b>Response approach</b> ● 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 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. • 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.			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
			<b>Response approach</b> ● 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 CO<sub>2</sub> 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: Purchased goods and services

\*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"> <li>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 and loss of biodiversity. Therefore, they attach greater importance to sustainability and express their values through their consumption behavior.</li> <li>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.</li> </ul>			<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 increased sales for the Group.</p> <ul style="list-style-type: none"> <li>In contrast to the 1.5°C scenario, consumer behavior that attaches importance to sustainability does not gain traction. However, demand for meat and dairy increases mainly in low- and middle-income countries because of global population growth, economic development, and dietary changes, even as extreme weather events, natural disasters, and the rise in the average global temperature caused by climate change adversely impact livestock production, resulting in a global supply shortage of meat and dairy. 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 associated with population growth in regions such as Sub-Saharan Africa and South Asia.</li> </ul>		
			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&amp;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"> <li>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.</li> <li>Adding to the increase in these infectious disease outbreaks and cases of heat stroke associated with global warming is an anticipated 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.</li> <li>The values of the SDGs spread in society and the concept of One Health*2 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.</li> </ul>			<p>The Group seizes the following opportunities by leveraging new and existing technologies from the Group's R&amp;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"> <li>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.</li> <li>Adding to the increase in these infectious disease outbreaks and cases of heat stroke associated with global warming is an anticipated 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.</li> <li>In contrast to the 1.5°C scenario, the values of the SDGs and the concept of One Health*2 do not gain traction in society and the demand for products focused on human and environmental health does not increase. As a result, demand for the Group's 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 — does not rise as much as in the 1.5°C scenario.</li> </ul>		
			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
<b>Response approach</b> <ul style="list-style-type: none"> <li>Recognize changing market dynamics and needs — such as rising health consciousness and ethical awareness due to climate change impacts — as an opportunity, we will solve social issues and foster next-generation businesses in a decarbonized society by being environmentally conscious through sustainable procurement, and providing the plant-based ingredients that are our specialty.</li> <li>By establishing the systems needed to develop products and promote business strategies that accurately respond to market trends, we will focus on new challenges such as revising our business portfolio for high value-added products and optimizing our production across the Group in anticipation of these future changes in the business environment.</li> <li>By building and actively participating in an industry-academia consortium with research institutions worldwide and promoting open innovation using our Global Innovation Center Europa (GICE) as a hub, we will acquire new technologies and develop global human resources that will accelerate the creation of social value in a decarbonized society.</li> </ul>								

\*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.



## Specific initiatives

### Environmental audits

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

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 FY2022 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 of Fuji Oil Holdings Inc., 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 FY2022, seven production sites outside Japan were audited.



An environmental audit at a Group company outside Japan (Fuji Oil (Thailand) Co., Ltd.)

### Acquisition of management certifications

Group companies' certification statuses for ISO 14001/ISO 15001  
<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 FY2022, the team held briefings and discussions on Environmental Vision 2030 and other topics via both onsite and video conferencing due to COVID-19. The team also conducted training and awareness activities at seven 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

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In FY2022, there were no serious environmental legal violations in the Fuji Oil Group.

## External recognition

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- "A" rating from CDP in 2022 for water security and forests, and "A-" rating for climate change
- Selected as a Supplier Engagement Leader in the CDP Supplier Engagement Rating 2022
- Selected among the top 200 Asia Pacific Climate Leaders in a joint survey by Nikkei Asia, the Financial Times (UK), and German research agency Statista

\* External Recognition

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

## Related documents

ESG Data Book (PDF 4.57MB) 



# Biodiversity conservation and restoration



## Management information

### Relevance to our business

While benefitting from rich natural ecosystems, the business activities of the Fuji Oil Group affect biodiversity as well as climate change. We are working with stakeholders to conserve and restore biodiversity in the locations around the world where we source our raw materials and where we do business.

### Basic approach

We published the Fuji Oil Group Policy on Biodiversity in March 2023, setting out our basic approach to biodiversity and action guidelines. Based on this policy, we will avoid or reduce negative impacts on biodiversity throughout the value chain, work to conserve and restore natural ecosystems with nature-based solutions, and contribute toward nature positive global goals.\*

Fuji Oil Group Policy on Biodiversity (PDF, 196KB) 

\* The Kunming-Montreal Global Biodiversity Framework (GBF), adopted at the 15th Conference of the Parties to the United Nations Convention on Biological Diversity (COP15), aims to halt and reverse biodiversity loss by 2030, aiming for a world in harmony with nature by 2050.

### Management system

The ESG Division Officer of Fuji Oil Holdings Inc. oversees initiatives in this area. The Sustainability Committee,\*<sup>1</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.\*<sup>2</sup>

\*<sup>1</sup> [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

\*<sup>2</sup> <https://www.fujioilholdings.com/en/sustainability/materiality/>

### Goals / Results

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

FY2022 Goals	FY2022 Results	Self-assessment
Formulate Group policy on biodiversity conservation	Established and published the Fuji Oil Group Policy on Biodiversity	○

### Analysis

In FY2022, we set out to understand how our activities are related to biodiversity throughout the value chain, and identified biodiversity issues relating to our business as a whole, such as habitat loss due to conversion of forest to agricultural land, impact on ecosystems in areas surrounding farmland, climate change, and water resources. We then formulated a Group policy including comprehensive action guidelines throughout the value chain, taking into account the Kunming-Montreal Global Biodiversity Framework and biodiversity topics relevant to the food industry.

## Next step

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We will investigate our dependence and impact on biodiversity and consider which issues we should prioritize. We will continue to research and develop ways of contributing to biodiversity, such as sustainable procurement of raw materials to avoid or reduce the negative impact on natural ecosystems and developing environmentally responsible raw materials. We will also raise awareness of the importance of natural ecosystems among our employees, as well as support capacity building of farmers and suppliers.

## Specific initiatives

### Initiatives to address biodiversity issues

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We are working to address the following biodiversity issues throughout the value chain, in terms of both reducing negative impacts and creating positive impacts.

#### Preventing deforestation and promoting reforestation

- Palm oil production areas: Satellite monitoring of forests to identify and protect high conservation value forests (HCV) and high carbon stock (HCS) forests<sup>\*1</sup>
- Cocoa production areas: Tree planting and forest monitoring<sup>\*2</sup>
- Shea kernel production areas: Parkland conservation<sup>\*3</sup>

#### Impact on farmland and surrounding ecosystems; reducing the use of chemicals

- Palm oil production areas: Good Agricultural Practices (GAP), Unifuji: harnessing ecosystems for pest control, expansion of certified palm oil, support for smallholders to introduce regenerative agriculture<sup>\*1</sup>
- Cocoa production areas: Support for introduction of agroforestry and GAP<sup>\*2</sup>
- Development and promotion of soil conditioners made by upcycling soy whey (a byproduct of the production process)<sup>\*4</sup>

#### Climate change (Reducing emissions of greenhouse gases, reducing waste)



- Shea kernel production areas: Using byproducts (e.g. shea kernel meal) as fuel after oil extraction<sup>\*3</sup>
- Reducing CO<sub>2</sub> emissions by saving energy and introducing renewable energy at Group sites; reducing waste by improving processes and reducing water content of sludge<sup>\*5</sup>
- Development of manufacturing technologies to reduce environmental impact throughout the product lifecycle<sup>\*6</sup>
- Research into soybean cultivation using CO<sub>2</sub> captured from a waste incineration facility (CCU)<sup>\*6</sup>
- Development of functional food ingredients by making effective use of pea fiber<sup>\*7</sup>
- Reducing customer food waste by developing technologies to maintain the freshness and deliciousness of food<sup>\*7</sup>
- Development of palm oil alternatives using oleaginous yeast<sup>\*8</sup>

#### Use of water resources

- Reducing water usage at Group sites<sup>\*5</sup>

#### Stakeholder engagement & capacity building

- Raw material production areas/farms: Landscape initiative<sup>\*1</sup>, empowerment of female farmers<sup>\*2\*3</sup>, parkland management training for female farmers<sup>\*3</sup>
- Suppliers: Engagement with NDPE<sup>\*1</sup>, introduction of Labour Transformation Programme (LTP)<sup>\*1</sup>
- Employees: Raising awareness through internal communication sites (Japanese, English, Chinese, Portuguese) and sustainability training (for management level in Japan and Group companies in Japan and other countries)

- \*1 [https://www.fujioilholdings.com/en/sustainability/palm\\_oil/](https://www.fujioilholdings.com/en/sustainability/palm_oil/)
- \*2 <https://www.fujioilholdings.com/en/sustainability/cocoa/>
- \*3 [https://www.fujioilholdings.com/en/sustainability/shear\\_kernel/](https://www.fujioilholdings.com/en/sustainability/shear_kernel/)
- \*4 [https://www.fujioil.co.jp/news/2021/\\_icsFiles/afieldfile/2021/10/04/211012.pdf](https://www.fujioil.co.jp/news/2021/_icsFiles/afieldfile/2021/10/04/211012.pdf) (in Japanese) 
- \*5 [https://www.fujioilholdings.com/en/sustainability/environmental\\_management/](https://www.fujioilholdings.com/en/sustainability/environmental_management/)
- \*6 [https://www.fujioilholdings.com/en/sustainability/research\\_and\\_development/](https://www.fujioilholdings.com/en/sustainability/research_and_development/)
- \*7 [https://www.fujioilholdings.com/en/sustainability/food\\_loss/](https://www.fujioilholdings.com/en/sustainability/food_loss/)
- \*8 <https://www.fujioilholdings.com/pdf/news/2022/20221004Newsrelease.pdf> (in Japanese) 

## Related documents

ESG Data Book (PDF 4.57MB) 

# CO<sub>2</sub> Emissions Reduction

## Management information


### Relevance to our business

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

### Basic approach

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

The whole Group works together to advance CO<sub>2</sub> emissions reduction and achieve these targets through continued efforts to conserve energy, install energy-efficient equipment, and use renewable energy at production sites.

Fuji Oil Group Basic Policy of Safety, Quality and Environment (PDF, 331KB) 

<sup>\*1</sup> [https://www.fujioilholdings.com/en/sustainability/environmental\\_management/](https://www.fujioilholdings.com/en/sustainability/environmental_management/)

<sup>\*2</sup> 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.

<sup>\*3</sup> Electricity from energy providers that is generated from renewable energy sources and is carbon-free as an added value. CO<sub>2</sub> emission factor can be taken as zero.

### Management system

The ESG Division Officer of Fuji Oil Holdings Inc. oversees initiatives in this area. The Sustainability Committee,<sup>\*1</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.<sup>\*2</sup>

<sup>\*1</sup> [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

<sup>\*2</sup> <https://www.fujioilholdings.com/en/sustainability/materiality/>

### Goals / Results

2030 targets <sup>*1</sup>	FY2022 results <sup>*1</sup>	Progress
Scopes 1 <sup>*2</sup> & 2 <sup>*3</sup> : 40% reduction in total CO <sub>2</sub> emissions (All Group companies)	26% reduction	65%
Scope 3 <sup>*4</sup> (Category 1 <sup>*5</sup> ): 18% reduction in total CO <sub>2</sub> emissions (All Group companies <sup>*6</sup> )	12% increase	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: Purchased goods and services

\*6 Excluding Industrial Food Services (Australia) and Fuji Oil New Orleans, LLC (U.S.)

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

FY2022 Goals	FY2022 Results	Self-assessment
Start collecting environmental data in a timely manner using environmental data collection systems	Started running environmental data collection systems in collaboration with Group companies	○
Embed Environmental Vision 2030 (employee relations (ER))	Raised awareness within the company through environmental audits at seven Group companies	○
Promote reduction efforts and pursue innovations	<ul style="list-style-type: none"><li>Tested the introduction of internal carbon pricing system at Fuji Oil Co., Ltd.</li><li>Raised awareness within the company through environmental audits at seven Group companies</li></ul>	○
Determine method of supplier engagement for reducing Scope 3 (Category 1) emissions and start engaging several suppliers	Sent engagement letters to three suppliers of Fuji Oil Europe (Belgium) explaining the importance of engagement, collected the response from one supplier	○

## Analysis

### Status of progress on 2030 targets

Scope 1 and 2 emissions in FY2022 were 26% lower than baseline, an additional improvement of five points from the previous fiscal year's 21% reduction. This represents a 65% achievement rate relative to our target (40% reduction). CO<sub>2</sub> emissions declined due to a year-on-year reduction in production volume and the emissions reduction efforts of all our companies. In Japan, Scope 2 CO<sub>2</sub> emissions at Fuji Oil Co., Ltd.'s Kanto Plant and Fuji Tsukuba Foods Co., Ltd. were reduced to zero by switching to carbon-free electricity at our business sites. Outside Japan, companies worked on electricity conservation, equipment maintenance and other efforts to improve energy savings, with Fuji Oil (Zhang Jia Gang) Co., Ltd. (China) adopting solar power.

Scope 3 emissions in FY2022 were 12% higher than baseline, an improvement of three points from the previous fiscal year's 15% increase. This represents a 0% achievement rate relative to our 18% reduction target. Production increased by 15% compared to the base year, resulting in an increase in Scope 3 Category 1 emissions. In FY2022, we recalculated the base year due to changes in the database used for calculations.

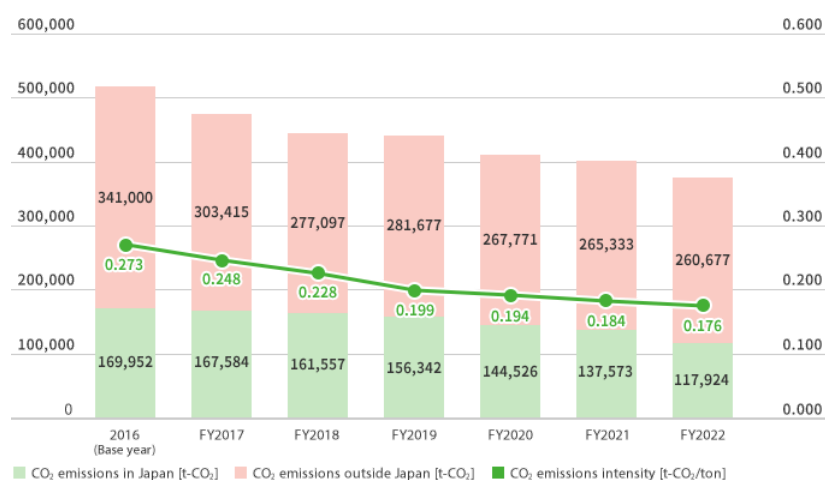
### Actions taken for FY2022 targets

We carried out initiatives 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 emissions reductions based on carbon pricing and emissions trading systems (ETS) around the world. Fuji Oil Co., Ltd. introduced the system on a trial basis in FY2022, and will begin full-scale implementation at 10,000 yen per metric ton of CO<sub>2</sub> in FY2023. This will serve as reference information for future investment decisions. We also plan to conduct trials of the system at Group companies outside Japan.

We also began engaging with several suppliers on Scope 3 (Category 1) CO<sub>2</sub> emissions reduction. In FY2023, we plan to further engage suppliers based on our results in FY2022.



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



## Next step

- Prepare for setting new CO<sub>2</sub> emissions reduction targets
- Increase emissions reduction levels to achieve our 2030 target
  - Test the introduction of internal carbon pricing system at some Group companies
  - Scope 3 (Category 1): Engage key suppliers
  - Promote energy conservation efforts, renewable energy use and other initiatives

## Specific initiatives

### Energy management in Japan

Fuji Oil Co., Ltd. and Group companies in Japan are working to reduce their energy intensity according to the Energy Conservation Act\* and to achieve the Environmental Vision 2030. The Energy Management Representative Committee, composed of personnel in charge of advancing these efforts, met in December 2022 to confirm the policy of switching to carbon-free electricity for all purchased power by 2030.

Furthermore, in FY2023, Fuji Oil Co., Ltd. added the administrative and sales divisions to the energy management organization and changed the structure to enable the promotion of energy conservation and CO<sub>2</sub> reduction not only in the production department but also throughout the entire company. For education, we uploaded internally created educational videos related to energy conservation and CO<sub>2</sub> reduction on the Japan-wide intranet to make the course available to everyone anytime, anywhere. In terms of capital investment, we have carried out a trial operation of the internal carbon pricing system and will move to full-scale implementation in FY2023, with the aim of boosting the reduction of CO<sub>2</sub> emissions.

\* Also called the Act on Rationalizing Energy Use and Shifting to Non-Fossil Energy

### Enhancing the energy efficiency of production equipment

Below are examples of the initiatives that were implemented in FY2022 to enhance energy efficiency.

- The Welfare Hall, which opened in January 2023 at Fuji Oil Co., Ltd.'s Hannan Business Operations Complex, received the highest five-star rating of the Building-Housing Energy-efficiency Labeling System (BELS)\*<sup>1</sup> and has been awarded the ZEB Ready\*<sup>2</sup> certification.
- The Hannan Business Operations Complex worked to reduce energy consumption by improving its steam loss diagnostic results and undertaking productivity improvements.
- Fuji Oil (Zhang Jia Gang) Co., Ltd. (China) reduced nighttime lighting in the tank area and controlled steam more frequently.
- Fuji Oil (Thailand) Co., Ltd., Palmaju Edible Oil Sdn. Bhd. (Malaysia) and Fuji Oil (Singapore) Pte. Ltd. identified and replaced damaged steam traps to reduce steam loss.

\*1 A third-party certification program established by the Ministry of Land, Infrastructure, Transport and Tourism dedicated to the energy efficiency of buildings. Has a star rating with five levels based on the building energy index (BEI).

\*2 As an advanced building working toward becoming a net zero energy building (ZEB), the building is equipped with a highly insulated exterior wall and high-performance energy-efficient systems. The evaluation standard is to reduce the building's primary energy consumption by 50% or more from the standard primary energy consumption, with the exception of renewable energy.

## Introducing renewable energy

The Fuji Oil Group is also using renewable energy to realize Environmental Vision 2030. In FY2022, Fuji Oil (Zhang Jia Gang) Co., Ltd. (China) (August 2022) began using solar photovoltaic electricity for the first time. With the addition of one site, eight sites in the Fuji Oil Group now generate their own electricity from solar.

Fuji Oil Co., Ltd.'s Hannan Business Operations Complex, Kobe Plant, Tsukuba Research and Development Center, and Fukuoka Sales Office have begun switching their purchases to carbon-free electricity. Kanto Plant and Fuji Tsukuba Foods Co., Ltd. have completely switched, resulting in zero Scope 2 emissions. Consequently, 50% of electricity purchased in Japan is now carbon free.

Blommer Chocolate Company (U.S.) partly uses renewable energy as required by state laws in Pennsylvania, Illinois, and California, where it has production sites, and also purchases Renewable Energy Certificates (RECs). Harald Indústria e Comércio de Alimentos Ltda (Brazil) has also started purchasing International Renewable Energy Certificates (I-RECs).

At Fuji Oil Co., Ltd.'s Hannan Business Operations Complex and Fuji Oil Ghana Ltd., we introduced biomass boilers and use by-product oil, which we produce as a by-product in the manufacturing process, as fuel. We also installed the system at the Chiba Plant of Fuji Oil Co., Ltd in FY2022.

For offices, the Fuji Oil Holdings Inc. office in Tokyo uses power from Green Power Certificates.\* Since electricity with Green Power Certificates is considered to be sourced from natural energy that does not emit CO<sub>2</sub>, the purchase represents a CO<sub>2</sub> emissions reduction of approximately 32 t-CO<sub>2</sub> equivalent in FY2022.

By the end of FY2022, the share of renewable energy use in our CO<sub>2</sub> emissions assumed as equivalent fossil fuel sources was 7% of our total Scopes 1 and 2 CO<sub>2</sub> emissions (27,814 t-CO<sub>2</sub> equivalent). We will continue efforts to increase our renewable energy use.

\* A certificate issued to indicate the added environmental value of renewable energy



Fuji Oil (Zhang Jia Gang) Co., Ltd. (China) has started using solar power



Biomass boiler at Fuji Oil Co., Ltd. Chiba Plant

## Related documents

ESG Data Book (PDF 4.57MB) 

# Environmentally Responsible Production



## Management information

### Relevance to our business

An important challenge for the Fuji Oil Group is to reduce the environmental impact of our product manufacturing processes, particularly when it comes to CO<sub>2</sub> emissions and the use of chemicals.

We also believe it is vital to 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

Starting from our own manufacturing processes, we will work to develop processing technologies that have a low environmental impact and help us achieve our reduction targets for CO<sub>2</sub> emissions, water usage, and waste outlined in our Environmental Vision 2030.\* We also conduct assessments of all our business activities from a wider point of view, such as on the environmental conservation during the production process of raw materials and aim to reduce environmental impacts throughout the entire product lifecycle by leveraging technological innovation.

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

### Management system

The Chief Technology Officer (CTO) oversees initiatives in this area. The Sustainability Committee,\*<sup>1</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.\*<sup>2</sup>

\*<sup>1</sup> [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

\*<sup>2</sup> <https://www.fujioilholdings.com/en/sustainability/materiality/>

### Goals / Results

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

FY2022 Goals	FY2022 Results	Self-assessment
Solve issues in the production plant trial of the new enzyme-based oil and fat processing technology and develop manufacturing methods for commercial production	Established a new enzyme-based processing technology which uses less chemicals than the conventional technique	○
Creating a carbon-neutral cultivation system of soybeans by effectively using CO <sub>2</sub> emissions in our soy protein business and selecting suitable soybean varieties for this purpose.	<ul style="list-style-type: none"> <li>Started development of a soybean plant production site using the waste heat and CO<sub>2</sub> generated by a waste incineration facility, working with Saga City, Saga University, and ITOCHU ENEX Co., Ltd.</li> <li>Selection of suitable soybean varieties did not start yet.</li> </ul>	△
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	<ul style="list-style-type: none"> <li>Regarding the practical use of new raw materials developed by breeding technology, some components were confirmed to affect the product quality, and upper</li> </ul>	△

FY2022 Goals	FY2022 Results	Self-assessment
materials, and estimate their effect on reducing environmental impact	limits for the content of these components in oils and fats were set. <ul style="list-style-type: none"> <li>The reduction in environmental impact of these oils and fats has not yet been tested</li> </ul>	

## Analysis

In our study toward the practical application of a new enzyme-based oil and fat processing technology, we have conducted over 20 on-site trials to successfully establish a production method.

We started working on efforts to create sustainable soyabean raw materials, but due to the time taken to put the test cultivation environment into place, including the CO<sub>2</sub> fertilization system, we could not reach the stage of selecting soybean varieties.

In terms of the practical application of breeding technology of new raw materials for oils and fats, we conducted laboratory-level investigation of product quality. Due to the time taken to dry the seeds from cultivation tests, we could not reach the stage of testing the reduction in environmental impact.

## Next step

We aim to reduce our environmental impact by cutting and utilizing CO<sub>2</sub> emissions. Our challenge is to implement initiatives not only in our own production process but also across the entire lifecycle of our products, including the raw material stage. To address this issue, we set the following goals for FY2023.

- Put the test cultivation environment in place to produce sustainable soybeans by effectively using CO<sub>2</sub> emissions, and collect the data required for selecting suitable soybean varieties
- Study the reduction in environmental impact achieved by the oils and fats from cultivation tests for the new oils and fats produced by new plant breeds

## Specific initiatives

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

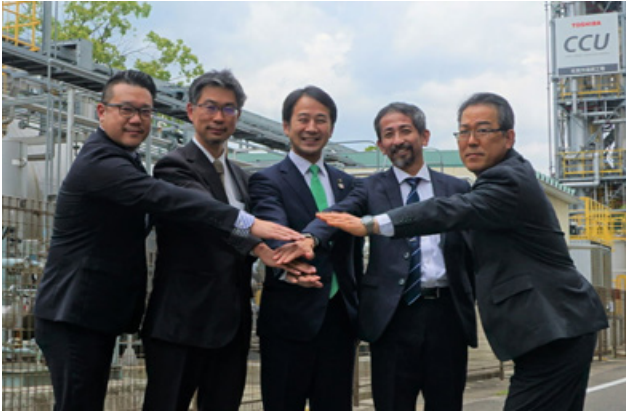
Developing technology that helps address shortages in food resources caused by climate change and population growth is an important issue for the Fuji Oil Group. To counter the recent price increases in food and energy resources, and from the standpoint of food security, we believe that providing delicious, healthy and sustainable foods that use domestic crops is indispensable. This renewed focus on domestic production is also significant from the perspective of reducing our carbon footprint. In May 2022, we launched a joint research project with Saga City, Saga University, and ITOCHU ENEX Co., Ltd. to capture and utilize CO<sub>2</sub> in the production of soybeans in Japan. The results of a demonstration test of CO<sub>2</sub> fertilization at an experimental facility at Saga University confirmed the expected growth rate and quality of soybeans. We continue research and development activities aiming at supplying our plant factory with CO<sub>2</sub> 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



Soybeans in a cultivation test using CO<sub>2</sub> fertilization



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.



# Water Use Reduction

## Management information

### Relevance to our business


The Fuji Oil Group's business requires the use and discharge of water to grow crops in our supply chain and manufacture our products. We therefore recognize water stewardship as a material management 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.\*<sup>1</sup> By 2080, an additional 1.8 billion people may no longer have access to the water they need.\*<sup>2</sup>

The Fuji Oil Group aims to conserve water resources based on the Basic Policy of Environmental Integrity. Environmental Vision 2030\*<sup>3</sup> expresses our Group-wide commitment to make significant water use reductions by 2030.

We monitor water-related risks, which are unique to each site 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) 

\*<sup>1</sup> Intergovernmental Panel on Climate Change (IPCC) Special Report on Global Warming of 1.5°C

\*<sup>2</sup> UNDP Human Development Report 2007/8

\*<sup>3</sup> [https://www.fujioilholdings.com/en/sustainability/environmental\\_management/](https://www.fujioilholdings.com/en/sustainability/environmental_management/)

### Management system

The ESG Division Officer oversees initiatives in this area. The Sustainability Committee,\*<sup>1</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.\*<sup>2</sup>

\*<sup>1</sup> [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

\*<sup>2</sup> <https://www.fujioilholdings.com/en/sustainability/materiality/>

### Goals / Results

2030 targets* <sup>1</sup>	FY2022 results* <sup>1</sup>	Progress
20% reduction in water intensity* <sup>2</sup> (All Group companies)	27% reduction	135%

\*<sup>1</sup> Base year: 2016

\*<sup>2</sup> Water use per unit of production

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

FY2022 Goals	FY2022 Results	Self-assessment
Start collecting environmental data in a timely manner using environmental data collection systems	Started running environmental data collection systems in collaboration with Group companies	○
Deliberate and decide on new reduction targets	Investigation of the new target for reducing water usage has been postponed to the next fiscal year or later, along with investigation of the new target for reducing CO <sub>2</sub> emissions	✕
Promote reduction efforts and pursue innovations	Raised awareness within the company through environmental audits at seven Group companies	○

## Analysis

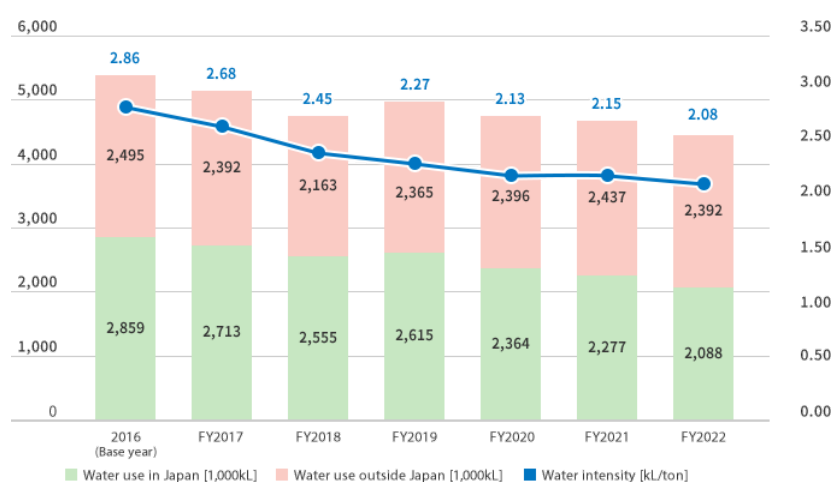
### Status of progress on 2030 targets

Water use intensity in FY2022 was 27% lower than baseline, an improvement of two points from the previous fiscal year's 25% reduction. This represents a 135% achievement rate relative to our 20% reduction target. Reduced production levels resulted in lower water usage compared to the previous year. In Japan, production facility cleaning methods were revised, which led to reductions in rinsing water use. Group companies outside Japan revised the cleaning frequency of production facilities and addressed water leaks. These actions all contributed to the reduction in water usage.

### Actions taken for FY2022 targets

We carried out initiatives 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

- Investigate new reduction targets
- Promote ongoing reduction efforts and further enhance awareness of the water issue among employees

## Specific initiatives

### Risk management and countermeasures

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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 Aqueduct\* 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 material risks. We are now implementing measures to prevent these 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

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Some examples of water conservation activities in FY2022 are as follows:

- At Fuji Oil Co., Ltd.'s Kobe Plant (Japan), steam traps were updated to energy-saving specifications to reduce the amount of supply water for boilers.
- At F&F Co., Ltd. (Japan), the temperature controlling water was changed to use water circulating tanks.
- At Fuji Oil (Zhang Jia Gang) Co., Ltd. (China), facilities were updated to reduce water usage in the refining process for oils and fats.
- At Harald Indústria e Comércio de Alimentos Ltda (Brazil), Blommer Chocolate Manufacturing (Shanghai) Company Ltd. (China), Fuji Oil Thailand Co., Ltd. and Palmaju Edible Oil Sdn. Bhd. (Malaysia), water leakage points in the production process were identified and repaired.

## Related documents

ESG Data Book (PDF 4.57MB) 

# Waste Reduction




## 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 after processing, 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 waste reduction.

Fuji Oil Group Basic Policy of Safety, Quality and Environment (PDF, 331KB) 

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

### Management system

The ESG Division Officer of Fuji Oil Holdings Inc. oversees initiatives in this area. The Sustainability Committee,\*<sup>1</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.\*<sup>2</sup>

\*<sup>1</sup> [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

\*<sup>2</sup> <https://www.fujioilholdings.com/en/sustainability/materiality/>

### Goals / Results

2030 targets* <sup>1</sup>	FY2022 results* <sup>1</sup>	Progress
10% reduction in waste intensity* <sup>2</sup> (All Group companies* <sup>3</sup> )	4.7% reduction	47%
Maintain a recycling rate of at least 99.8% (All Group companies in Japan)	99.69%	Not achieved

\*<sup>1</sup> Base year: 2016

\*<sup>2</sup> Amount of waste per unit of production

\*<sup>3</sup> Excluding waste volume generated at Industrial Food Services (Australia)

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

FY2022 Goals	FY2022 Results	Self-assessment
Start collecting environmental data in a timely manner using environmental data collection systems	Start operation of environmental data collection systems in cooperation with Group companies	○
Promote reduction efforts and pursue innovations	Raised awareness through environmental audits at seven Group companies	○

## Analysis

### Status of progress on 2030 targets

Waste intensity in FY2022 was 4.7% lower than baseline, a change of 1.4 points downward from the previous fiscal year's 6.1% reduction. This represents a 47% achievement rate relative to our 10% reduction target.

In Japan, introduction of new dewatering equipment at Fuji Oil Co., Ltd. has helped reduce scum sludge and convert it into a valuable resource, contributing to overall waste reduction. Waste intensity increased over the previous year at Group companies outside Japan, impacted by an increase in waste due to production issues.

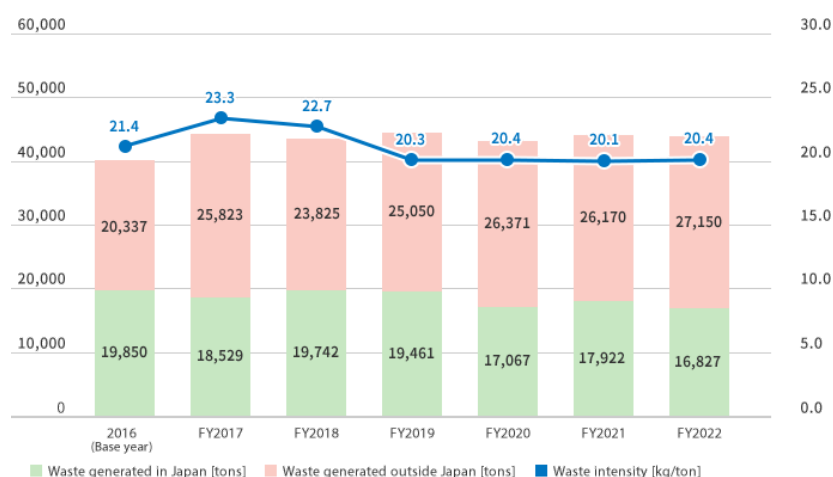
At Group companies in Japan, the resource recycling rate in FY2022 was 99.69%, an increase of 0.22 points from the previous fiscal year's 99.47%. Going forward, we will promote recycling by sorting waste more thoroughly.

### Actions taken for FY2022 targets

We carried out initiatives in FY2022 to achieve Environmental Vision 2030. Through online environmental audits, we explained the Vision and shared our approach to resource recycling with Group companies.

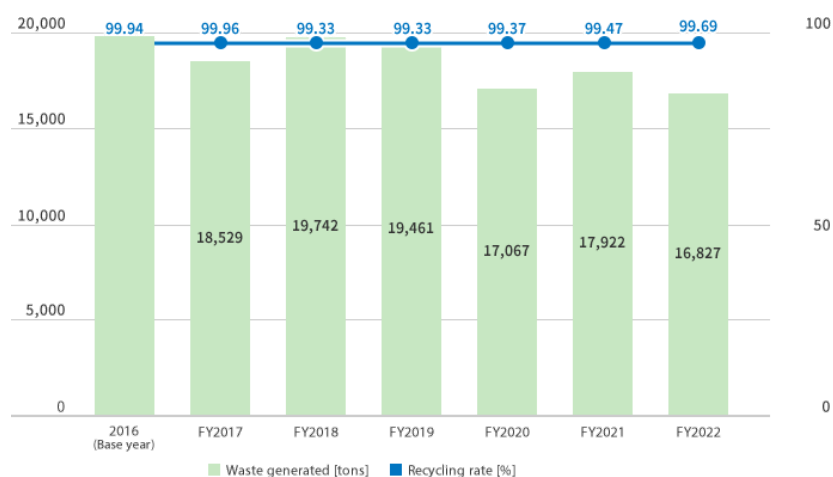
We also collected and analyzed data using the environmental data collection systems we introduced in FY2021. We plan to use the insights from this timely analysis to pursue further reductions going forward.

### 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

- Continuously promote waste reduction and further enhance awareness

## Specific initiatives

### Waste reduction initiatives

In FY2022, we carried out the following initiatives to reduce waste, among others.

- The Fuji Oil Co., Ltd. Hannan Business Operations Complex introduced new dewatering equipment to reduce scum sludge significantly.
- The Fuji Oil Co., Ltd. Kobe Plant reduced waste by converting miscellaneous metals, palettes and other materials into valuables, and by reducing the water content of sludge.
- Fuji Global Chocolate (M) Sdn. Bhd. (Malaysia) and PT. Freyabadi Indotama (Indonesia) ensured proper product quality management and stock management, respectively, to reduce the amount of products subject to disposal.
- Harald Indústria e Comércio de Alimentos Ltda (Brazil) formed a new partnership with a contractor that can reuse waste, helping reduce the amount generated.

## Reducing food loss

The Sustainable Development Goal target 12.3 is to halve per capita global food waste at the retail and consumer levels, while target 12.5 is to reduce waste generation through prevention, reduction, recycling and reuse — all by 2030. Reducing business-related food loss and waste by half is also one target of Japan's Food Recycling Act. The Fuji Oil Group has referenced definitions of food loss and waste from the Food and Agriculture Organization of the United Nations and countries around the world in order to create a definition suitable for our business structure. Going forward, we will model detailed data related to food loss and waste and strive to reduce the amount we produce.

### The Fuji Oil Group definition of food loss and waste

Items that were produced or processed for human consumption but no longer have a purpose as food (including as animal feed, etc.).



# Complying with Japan's Food Recycling Act

Group companies in Japan promote recycling and work to reuse and recycle food loss and waste pursuant to Japan's Food Recycling Act. The recycling rate in FY2022 was 99.2%, an improvement of 0.3 points from the previous fiscal year. While production volumes increased over the previous fiscal year at Group companies in Japan, focusing on food recycling initiatives throughout the Group resulted in 29,588 tons of food loss and waste being generated in FY2022, a decrease of 4,167 tons (approximately 12%) over the previous fiscal year.

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 by developing new ways to reuse or upcycle byproducts.

## Related documents

ESG Data Book (PDF 4.57MB) 

# Reduction and Upcycling of Food Waste



Material Issue  
Circular Economy

## 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 that not only extend the best-before date of our products and reduce losses in our manufacturing and distribution processes, but also enable customer products that contain our products to be kept fresh. In this way we help reducing waste at several steps in the food value chain. Furthermore, upcycling byproducts and materials, which otherwise would be wasted, by using them as raw ingredients to create new products with added value is an important strategy for reducing loss during manufacturing.

### Management system

The Chief Technology Officer (CTO) oversees initiatives in this area. The Sustainability Committee,<sup>\*1</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.<sup>\*2</sup>

\*1 [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

\*2 <https://www.fujioilholdings.com/en/sustainability/materiality/>

### Goals / Results

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

FY2022 Goals	FY2022 Results	Self-assessment
Develop technologies and ingredients that prevent deterioration when food products are stored for long periods	<ul style="list-style-type: none"> <li>Established technologies to improve longevity and resistance to degradation over time</li> <li>Brought seven products to market</li> </ul>	○
Develop technologies for transforming byproducts into value-added products	Confirmed effectiveness of soluble pea fiber as a stabilizer for acidic plant protein drinks	○

### 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 research and development to achieve further reductions of food loss and waste.

## Next step

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We will focus our efforts on developing ingredients and technologies that preserve the “freshly made” quality of foods. We will also search ways to make good use of what is typically discarded as waste. We set the following goals for FY2023.

- Develop technologies and products to maintain food quality longer and expand the market
- Add new functions and seek value through effective use of byproducts

## Specific initiatives

### Developing ingredients that preserve food quality

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With a rise in household demand for processed foods in recent years, the market is growing. One particularly popular type of these products is retort pouch foods, which are easy to prepare and suitable to keep as non-perishable food. One quality challenge of this type of product is the ability to retain color and flavor during the high temperature sterilization process. We have thus developed for the processed-food market a new cooking cream that is resistant to heat, acid and salt, which are factors that cause quality deterioration in processed foods. Extending the best-before dates of products is one of the key measures promoted by the Japanese government to reduce food waste. By providing technologies and materials that maintain quality, we make retort pouch foods and other non-perishable food products more delicious and varied, which also helps reduce food waste.

### Creating functional food ingredients through upcycling

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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. We aim to reduce food residues and create high value-added ingredients through upcycling, one example of which is the upcycling of process streams in the production of soybeans for oil. After extracting oil from the soybeans, we separate the soy protein, and from the curd byproduct we separate the water-soluble soy polysaccharides.

Another example of this is our effective use of starch residues. The manufacturing process for pea starch, which is an ingredient of cellophane noodles, generates large volumes of pea fiber as a byproduct. We developed an upcycling technology for processing soluble pea fiber into a stabilizer of acidic milk drinks and acidic plant protein drinks. In this way we make effective use of a byproduct, that would have little value otherwise. We will begin official sales at our German plant specializing in soluble pea fiber in 2023.



Plant specializing in soluble pea fiber (Fuji Brandenburg GmbH)

### Upcycled product SoyBio MA

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Fuji Oil Co., Ltd. has begun sales of SoyBio MA, a bioremediation<sup>\*1</sup> agent for detoxifying polluted soils (Distributor: Shoei Yakuhin Corporation). SoyBio MA works by serving as a source of nutrition for microorganisms that break down toxic substances. The product is especially effective in remediating industrial brownfield sites that have been polluted by volatile organic compounds (VOCs) and oil. SoyBio MA has also a lower price than other soil amendments on the market, helping to reduce project costs. SoyBio MA is also used to clean contaminated groundwater and for a number of other uses every year.

The product draws on Fuji Oil's expertise in making food products such as soy meat, which has become popular as a plant-based food, as well as nutritionally rich soy protein and soy peptides. 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.

In the future, we aim to use the soil improvement ability of soy whey to enter the agricultural sector, particularly the biostimulant<sup>\*2</sup> market.

<sup>\*1</sup> A process of repairing environmental pollution that harnesses the natural activity of microorganisms.

<sup>\*2</sup> Substances, microbes, or materials that are a mixture of the two, that improve the natural processes of plants when applied to plants or soil.

# Plastic Use in Product Packaging

## Management information

### Relevance to our business

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Due to the fact our customers are manufacturers, many of our products, such as oils and fats, are shipped in bulk via tank trucks, one-ton containers, and steel drums. Other products, such as chocolate, whipping cream and solid fats, are packaged in plastic and shipped in cardboard boxes. We believe that it is important to reduce our usage of packaging and plastic to minimize our environmental impact.

### Basic approach

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The issue of plastic pollution is increasingly in the spotlight these days. At the United Nations Environment Assembly (UNEA-5) in 2022, countries from around the world resolved to start intergovernmental negotiations towards an international legally binding agreement on plastic pollution. At the 2023 G7 Summit in Hiroshima, leaders of the Group of Seven (G7) nations pledged to “reduce additional plastic pollution to zero by 2040”.

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

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We carry out initiatives at each Group company. We are gathering and sharing information about these activities within the Group to help reduce packaging in the Group as a whole.

## Specific initiatives

### Reducing plastic use

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Some examples of initiatives to reduce product packaging and plastic in FY2022 are as follows:

- Fuji Oil Co., Ltd. promotes direct printing on cardboard to reduce the use of plastics in product labeling. For certain products, the company has also started using biopolymer-blended laminate film, which has a lower environmental impact.
- Plastic waste from Fuji Oil Ghana Ltd. consists mainly of drinks plastic bottles, so water dispensers have been installed to reduce the number of bottles thrown away.
- Tianjin Fuji Protein Co., Ltd. (China) works on reducing packaging defects by ensuring more stringent production management.
- Bulk transportation in ISO tank containers and flexible intermediate bulk containers (FIBCs) helps to reduce the use of packaging materials.

# Human Rights Management

## Management information

### Basic approach

The Fuji Oil Group has a responsibility to respect the human rights of all stakeholders, and we strive to uphold this in accordance with our commitment to “Work for people” as declared in our Group Management Philosophy. In April 2017 we announced the Fuji Oil Group Human Rights Policy, which lays out our basic approach to human rights. Then in March 2023 we established and announced the Fuji Oil Group Human Rights Guidelines to serve as specific principles that guide the shared recognition for respect for human rights in all employees, and to help us fulfill this responsibility in our business activities.

Fuji Oil Group Human Rights Policy (PDF,388KB) 

Fuji Oil Group Human Rights Guidelines (PDF,300KB) 

### Management system

Under the supervision of the ESG Division Officer of Fuji Oil Holdings Inc., the Sustainability Development Group supervises relevant divisions, works to identify human rights risks, promotes awareness of human rights, and encourages human rights practice at all workplaces and business sites. Key human rights risks identified are incorporated into our material ESG issues.<sup>\*1</sup> The Sustainability Committee,<sup>\*2</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives.

<sup>\*1</sup> <https://www.fujioilholdings.com/en/sustainability/materiality/>

<sup>\*2</sup> [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

## Specific initiatives

### Educational, promotion and awareness activities

We designated the week of December 10, International Human Rights Day, as Fuji Oil Group Human Rights Week. In this opportunity, leadership statements on business and human rights are shared with all Group employees, and e-mail messages are sent to draw attention to the event. In FY2022, we also shared examples of Group initiatives (in sustainable procurement and occupational health and safety) on our internal communication site in Japanese, English, Chinese and Portuguese to raise awareness within the company.



A leadership statement posted on our internal communication site (Japanese, English, Chinese, and Portuguese)

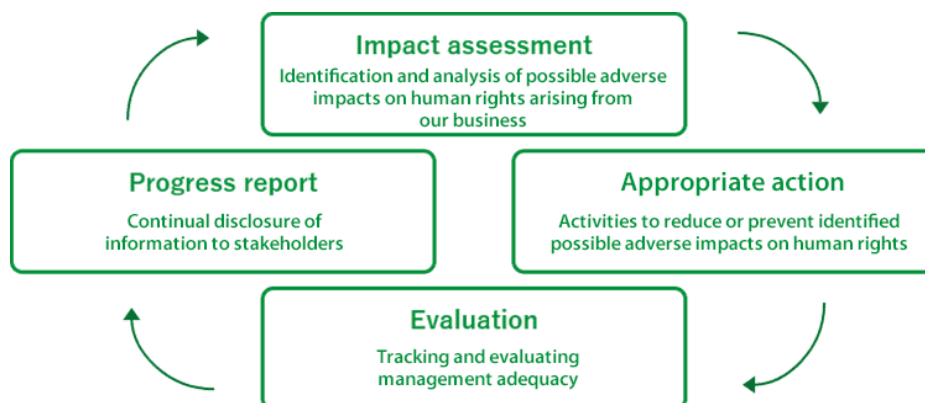




## Human rights due diligence

### Overview

The UN Guiding Principles on Business and Human Rights 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 conducts human rights due diligence as part of the “implementation of the responsibility to respect human rights” specified in the Group's Human Rights Policy.



### Impact assessment process

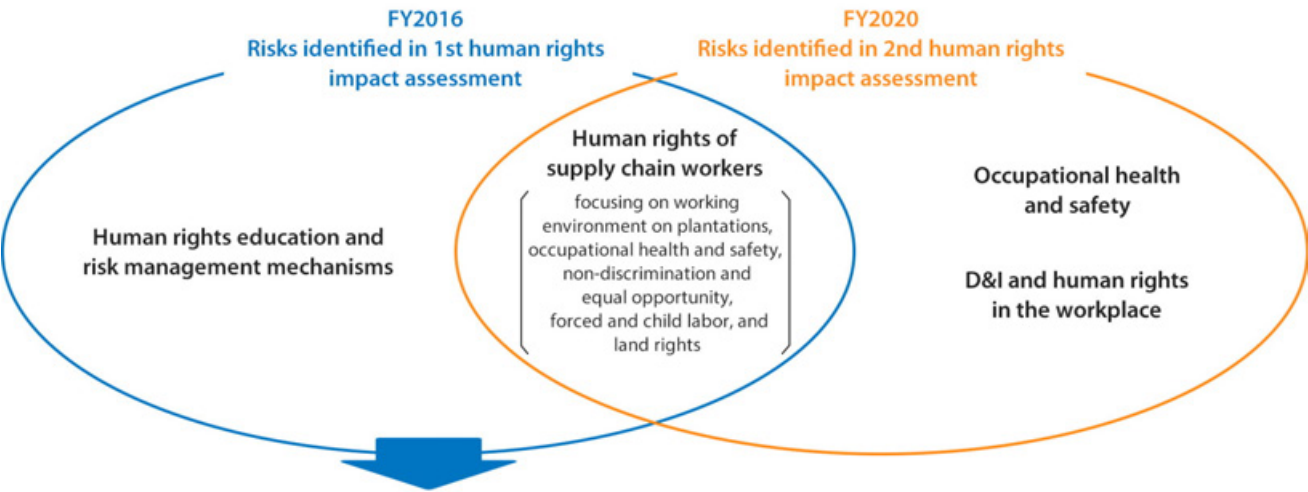
The Fuji Oil Group conducts human rights impact assessments following the process advocated by the UN Guiding Principles on Business and Human Rights and with guidance from outside experts to identify and evaluate the possible adverse impacts of our business activities on human rights and to identify priority key issues. We conducted our first 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, we identified human rights risks based on the nature of the Group's business and our operating locations using the expertise of BSR.

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) Governance, risk, and compliance, 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. In the medium-term we will work to reduce risks in these three categories and disclose our progress through sustainability reports and other channels.

**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 palm oil grievance mechanism

## 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	FY2022 Results
<p>Occupational health and safety</p> <p>Relevant stakeholder group: Employees</p>	<ul style="list-style-type: none"> <li>Prevent spread of infection during COVID-19 pandemic</li> <li>Strengthen management system by third-party assessment</li> </ul>	<ul style="list-style-type: none"> <li>Continue applying strict measures to prevent infection in the workplace</li> <li>Continue to improve our occupational health and safety management system by incorporating perspectives of third-party organizations</li> </ul>	<ul style="list-style-type: none"> <li>Relax restrictions to prevent infection in accordance with national and local government policies (company infection prevention measures, quarantine period for infected individuals and close contacts, mask wearing, etc.)</li> <li>Conduct joint remote audits of individual companies with safety officers from each regional headquarters, and resume remote audits</li> </ul>
<p>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)</p> <p>Relevant stakeholder group: Supply chain workers</p>	<ul style="list-style-type: none"> <li>Establish supplier code of conduct that applies to all suppliers and expand grievance mechanisms</li> <li>Palm oil and cocoa: Implement measures based on sourcing policies and medium-to-long-term targets</li> <li>Soy: Formulate sourcing policy and establish monitoring system</li> </ul>	<ul style="list-style-type: none"> <li>Ensure suppliers are well informed of supplier code of conduct</li> <li>Evaluate effectiveness of revised palm oil grievance mechanism</li> <li>Monitor human rights due diligence trends in the EU and apply to the supply chain in a timely manner</li> <li>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</li> <li>Establish and disclose responsible sourcing policy and KPIs for soybeans and soy products</li> <li>Establish and disclose responsible sourcing policy and KPIs (especially to empower women) for West African shea kernels</li> </ul>	<ul style="list-style-type: none"> <li>Received agreement with the Supplier Code of Conduct from 71% of suppliers (as of January 2023)</li> <li>Addressed the increase in number of grievances</li> <li>Introduced CLMRS at 100% of cocoa farms that supply the Group directly</li> <li>Completed soybean supplier self-assessments and developed improvement plans according to the results</li> <li>Continue the Tebma-Kandu shea kernel sustainability program in Ghana</li> </ul>
<p>D&amp;I and human rights in the workplace (harassment, forced labor)</p> <p>Relevant stakeholder group: Employees</p>	<ul style="list-style-type: none"> <li>Strengthen system for promoting D&amp;I globally</li> <li>Strengthen harassment prevention measures</li> <li>Identify and reduce forced labor risks</li> </ul>	<ul style="list-style-type: none"> <li>Promote diversity, equity and inclusion (DE&amp;I) globally</li> <li>Consider possible mechanisms/systems for identifying and addressing human rights issues in the workplace</li> </ul>	<ul style="list-style-type: none"> <li>Enacted the Fuji Oil Group Human Rights Guidelines for both Group officers and employees (March 2023)</li> <li>Began monitoring human rights risks in workplaces</li> </ul>

## Grievance mechanisms

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### Internal whistleblowing 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.

\* <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.

\* [https://www.fujioilholdings.com/en/sustainability/grievance\\_mechanism/](https://www.fujioilholdings.com/en/sustainability/grievance_mechanism/)

## Fuji Oil Group Human Rights Guidelines

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In FY2022 we established the Fuji Oil Group Human Rights Guidelines to address human rights issues related to Group workplaces and employees. The Guidelines are a part of our response to the “human rights in the workplace (harassment, forced labor)” risks identified in our second human rights impact assessment, and will function as specific guidelines within our comprehensive human rights management system. This was a point raised in our dialogue with BSR in FY2021. The guidelines have been translated into all nine languages that are spoken by our employees (Japanese, English, Chinese, German, Flemish, Thai, Indonesian, Malaysian and Portuguese). We have also begun identifying and monitoring the responses to human rights risks at each Group company.

Fuji Oil Group Human Rights Guidelines (PDF,300KB) 

## Related documents

ESG Data Book (PDF 4.57MB) 

# Sustainable Procurement Management







## Management information

### Basic approach

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

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

### Group policies on sustainable procurement

	Policy name	Scope	Year enacted
Groupwide	 Supplier Code of Conduct (PDF, 2.3MB)	All suppliers of products and services to the Group	2021
Specific raw materials	 Responsible Palm Oil Sourcing Policy (PDF, 1.66MB)	All suppliers of palm oil, palm kernel oil, and palm-derived materials purchased, traded, processed, and sold by the Group	2016
	 Responsible Cocoa Beans Sourcing Policy (PDF, 79KB)	All suppliers of cocoa beans and cocoa products purchased, traded, processed, and sold by the Group	2018
	 Responsible Soybeans and Soy Products Sourcing Policy (PDF, 922KB)	All suppliers of whole soybeans and soybean protein products procured by the Group	2021
	 Responsible Shea Kernel Sourcing Policy (PDF, 945KB)	All suppliers of shea kernels procured by the Group	2021
Specific companies	 CSR Procurement Guidelines (3rd Edition) (PDF, 223KB)	Suppliers to Fuji Oil Co., Ltd.	First published in 2012

### Management system

The Chief Strategy Officer (CSO) oversees the sustainable procurement of our main raw materials — palm oil, cocoa and soybeans — and the strategic raw material, shea kernels. We established a system for sustainable procurement at the business divisions headed by the CSO, and carry out measures in line with the roadmap for each raw material.

The Sustainability Committee,\*<sup>1</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.\*<sup>2</sup>

\*1 [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

\*2 <https://www.fujioilholdings.com/en/sustainability/materiality/>

## Goals / Results

### Commitments to sustainable procurement

We set medium- to long-term goals and KPIs for the sustainable procurement of palm oil and cocoa in June 2020 and of soybeans and shea kernels in June 2021.

Raw material	Social issues in the supply chain		Medium- to long-term goals	KPIs		FY2022 results	Solution-based approach
				2030	2025		
Palm oil	Global environment	Deforestation, peatland development, biodiversity loss	No Deforestation, No Peatland Development and No Exploitation (NDPE)	TTP <sup>1</sup> : 100%	TTP: 85%	TTP: 93%	<ul style="list-style-type: none"> <li>Trace supply chain to plantations</li> <li>Improve supply chain (reduce environmental/human rights risks) by collaborating with NGOs and oil mills, and engaging direct suppliers</li> <li>Monitor deforestation by satellite images</li> <li>Implement Labour Transformation Programme (LTP)</li> <li>Participate in landscape initiatives</li> <li>Procure RSPO<sup>3</sup>-certified oil</li> <li>Operate a grievance mechanism</li> </ul>
	Human rights	Forced labor; child labor; exploitation of indigenous peoples, local residents and workers		Implementation of LTP to all direct suppliers	Implementation of LTP to all suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia) <sup>2</sup>	61% (of all suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia))	
Cocoa	Global environment	Deforestation, climate impacts on producing regions, biodiversity loss	Reforestation, elimination of child labor	One million trees planted <sup>4</sup>	500,000 trees planted	60,000 trees planted	<ul style="list-style-type: none"> <li>Restore forests by planting trees</li> <li>Promote the implementation of CLMRS</li> <li>Provide educational opportunities to children</li> <li>Implement community support programs (Ghana, Côte d' Ivoire)</li> </ul>
	Human rights	Child labor, poverty among farming families		Elimination of child labor	No worst forms of child labor <sup>5</sup>	CLMRS <sup>6</sup> operational in 100% of farmer groups from which the Fuji Oil Group directly procures cocoa beans  89% of farm plots mapped within direct supply chain (Côte d'Ivoire, Ghana, Ecuador)	
Soybeans	Global environment	Deforestation, biodiversity loss	No deforestation, no exploitation	Traceability achieved to the community level, or 100% procurement of RTRS <sup>7</sup> -certified products or products certified to equivalent standards	Traceability achieved to primary collection points, or 100% procurement of RTRS-certified products or products certified to equivalent standards	Completed supplier self-assessments and developed improvement plans according to the results	<ul style="list-style-type: none"> <li>Engage with suppliers by giving feedback about self-assessment results</li> <li>Promote direct dialogue with suppliers in areas with issues to understand traceability</li> </ul>
	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 <sup>8</sup>	6,000 trees planted/year	6,107 trees planted/year	<ul style="list-style-type: none"> <li>Trace supply chain to cooperatives</li> <li>Conserve parkland where shea trees grow</li> <li>Reduce environmental impact by shifting energy sources</li> <li>Create direct employment opportunities</li> </ul>
				Traceability to the regional level: 75%	50%	93.3%	
				Direct procurement of shea kernels from Tebma-Kandu cooperatives: 50%	30% <sup>9</sup>	3.4%	
	Human rights	Poverty among farming families		Percentage of shea kernels crushed and fractionated (separated) in West Africa: 100%	100%	100%	
				N/A	Non-fossil fuel energy <sup>10</sup> used by Fuji Oil Ghana Ltd. (for steam generation): 100% (2023 target <sup>11</sup> )	100%	
				N/A	Permanent, direct employees at Fuji Oil Ghana Ltd.: 50% increase (base year: 2017)	60% increase (base year: 2017)	



\*1 Traceability to plantation

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

\*3 Roundtable on Sustainable Palm Oil

\*4 We plan to plant a variety of shade tree saplings, totaling one million trees over a 10-year period from 2021 through 2030.

\*5 The International Labour Organization (ILO) Convention No. 182, known as the Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, prohibits hazardous work that may harm the health, safety, or morals of children. This includes the sale and trafficking of children, debt bondage, forced or compulsory labor, prostitution and pornography, illegal activities such as crime, and recruitment of children for use in armed conflict.

\*6 Child Labour Monitoring & Remediation System

\*7 Round Table on Responsible Soy Association

\*8 We plan to plant mainly shea tree saplings at a pace of 6,000 trees per year starting in 2021.

\*9 Our KPIs for years 2021, 2022 and 2023 are 10%, 10% and 15%, respectively.

\*10 We use shea kernel meal, a byproduct of oil production, and other raw materials as non-fossil fuels.

\*11 Our current non-fossil fuel rate as of 2021 is 75%.

## Specific initiatives

### Sustainable procurement information by raw material

Follow the links below to learn more about the Fuji Oil Group's sustainable procurement initiatives for our main raw materials — palm oil, cocoa, and soybeans — and our strategic raw material, shea kernels.

Sustainable Procurement of Palm Oil

[https://www.fujioilholdings.com/en/sustainability/palm\\_oil/](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/she\\_kernel/](https://www.fujioilholdings.com/en/sustainability/she_kernel/)

### Engagement with suppliers

Suppliers are Fuji Oil Group's key partners in creating a sustainable society as described by the Sustainable Development Goals (SDGs). Through co-creation with our suppliers, we aim for sustainable growth of all three parties: suppliers, the Group and the whole society. This approach is also stipulated in the Fuji Oil Group Supplier Code of Conduct formulated and published in April 2021. We ask our suppliers in all countries and regions where we do business to comply with the Code and follow other applicable procurement policies of the Group. At the end of January 2023, we have received the signature of 71% of our suppliers. Going forward, the Group will continue to walk in step with suppliers who have agreed to work with us toward realizing a sustainable society. On the other hand, we will keep reaching out to suppliers who have not yet submitted their alignment.

### Cooperation with suppliers in Japan

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

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

## Related documents

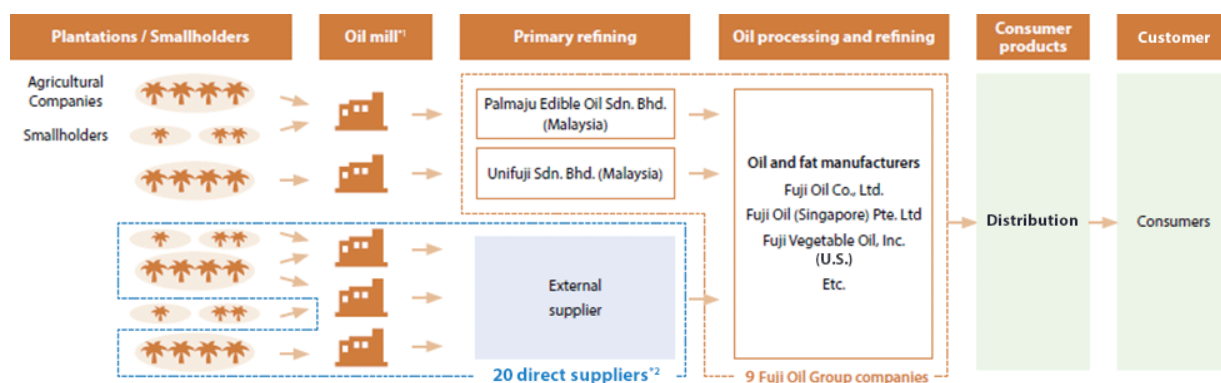
ESG Data Book (PDF 4.57MB) 

# Sustainable Procurement of Palm Oil

## 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 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. On the other hand, 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 Our mill list

[https://www.fujioilholdings.com/pdf/en/sustainability/supplychain\\_database/h2\\_2022\\_mill\\_list.pdf](https://www.fujioilholdings.com/pdf/en/sustainability/supplychain_database/h2_2022_mill_list.pdf)

Our supply chain data base

[https://www.fujioilholdings.com/en/sustainability/supplychain\\_database/](https://www.fujioilholdings.com/en/sustainability/supplychain_database/)

\*2 As of December 2022

### 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) in our palm oil supply chain. We will promote the procurement of palm oil produced in a responsible manner from suppliers who respect people and the global environment.

The Responsible Palm Oil Sourcing Policy (PDF, 1.66MB)

### Management system

The Chief Strategy Officer (CSO) oversees initiatives in this area. The Sustainability Committee,<sup>\*1</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.<sup>\*2</sup>

\*1 [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

\*2 <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		FY2022 Goals	FY2022 Results	Self-assessment
	2030	2025			
No Deforestation, No Peatland Development and No Exploitation (NDPE)	Traceability to mill (TTM <sup>*1</sup> ): 100%	TTM: 100%	TTM: 100%	TTM: 100%	○
	Traceability to plantation (TTP <sup>*2</sup> ): 100%	TTP: 85%	TTP: 85%	TTP: 93%	○
	N/A	N/A	Continue conducting constant monitoring using satellite images to identify, observe, verify and eliminate deforestation in the palm oil supply chain	Continued conducting constant monitoring using satellite images	○
	Labour Transformation Programme (LTP) implementation rate: 100% (all direct suppliers)	LTP implementation rate: 100% (all suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia)) <sup>*3</sup>	Implement LTP at suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia): 36%	Implemented LTP at suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia): 61%	○

\*1 Traceability to mill

\*2 Traceability to plantation

\*3 An oils and fats manufacturer wholly owned by the Fuji Oil Holdings Inc.

## Analysis

The first step to improving sustainability in the palm oil supply chain is ensuring traceability. This makes it possible to know where the palm oil we purchase and use was produced, and through which routes it was procured. In recent years companies that procure palm oil have begun disclosing not only traceability information such as traceability to mill (TTM) and traceability to plantation (TTP), but also other information such as their progress on addressing grievances. 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 a target to realize full TTM by 2020. We reached 100% TTM in 2019, and continued to maintain it throughout 2022.

We also introduced a TTP system for all suppliers. While there are challenges such as information confidentiality and supply chain complexities, including procurement from dealers,<sup>\*</sup> we are working with the non-profit Earthworm Foundation and strengthening cooperation with various stakeholders to further our efforts in improving the Group's TTP score.

Regarding the Labour Transformation Programme (LTP), we exceeded our target after it became possible to resume supplier visits, which had been suspended until the middle of 2022. The smallholders that make up around 30-40% of all palm oil producers lack information on appropriate farming techniques and environmental considerations, as well as the funds to make their operations more sustainable. This has resulted in many issues left to address, including deforestation, land rights, and the rights of production workers. It is vital for us to maintain an awareness of these issues as we continuously work as a Group to strengthen our procurement strategy and improve our supply chain.

<sup>\*</sup> Companies that intermediate between smallholders and oil mills, providing land management support to smallholders and selling fresh fruits bunches (FFB) to oil mills.

## Next Step

Continued efforts toward NDPE are crucial for realizing sustainable procurement of palm oil. To address this issue, we set the following goals for FY2023 as a continuation of the previous year.

- TTM: 100%
- TTP: 85%
- Continue constant monitoring using satellite images to identify, observe, verify and eliminate deforestation in the palm oil supply chain
- LTP at suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia): 70%

## Specific initiatives

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

Issue	Solution-based approach	Location/scope
Global environment	Satellite-based monitoring	Indonesia, Malaysia, Papua New Guinea
	Engagement toward zero deforestation	The Group's palm oil supply chain
Human rights	Implement Labour Transformation Programme (LTP)	Malaysia
Global environment and human rights	Use self-assessment tools	The Group's palm oil supply chain
	Scale up procurement of certified oil	The Group's palm oil supply chain
	Grievance mechanism	The Group's palm oil supply chain
	Aceh and Southern Central Forest Spine (SCFS) Landscape Initiative	Aceh, Indonesia SCFC, Malaysia

### Traceability

To reduce the environmental and social risks associated with palm oil production, it is vital to use production methods that are both sustainable and responsible. We verify palm oil traceability once every six months to confirm that the raw materials we purchase are being produced responsibly. This is not only an ethical consideration, but is also based on strategic business targets. Sustainable procurement makes it possible for us to meet stakeholder expectations, reduce risk, and ensure our business continues in the long term. It is also in step with our Group mission of contributing to a sustainable society by providing safe and healthy foods. In FY2022, we achieved 100% TTM and 93% TTP.



A meeting with FFB dealers about sharing TTP data

## Satellite-based monitoring

Since FY2020, the Fuji Oil Group has been working with the non-profit Earthqualizer to help us identify, monitor and verify deforestation that occurs in the Group's supply chain. Satellite images of plantations and other areas are extremely useful in identifying, mitigating and preventing deforestation. Based on the reports received twice a month, we investigate all allegations related to deforestation submitted to the Group.

When identifying whether an allegation is relevant to the Group's supply chain, traceability data is essential. If an allegation is found to be relevant, we further investigate with the related supplier. We work with Earthqualizer to address cases of deforestation in the Group's supply chain, including handling grievances, establishing solutions with suppliers, and communicating with NGOs and other stakeholders. We incorporate the investigation results and update the information in our grievance list at least once a quarter.

## Labour Transformation Programme (LTP)

In 2017, the Fuji Oil Group launched a supply chain Labour Transformation Programme (LTP) at Palmaju Edible Oil Sdn. Bhd. (Malaysia) in collaboration with the non-profit Earthworm Foundation. This program provides tailored support for addressing human rights-related issues to all of the company's suppliers. LTP helps suppliers build better management systems to improve the labor-related issues identified by suppliers. The program has been introduced at the company's direct suppliers, and is now being expanded to indirect suppliers. The scope of our LTP includes the following eight elements.



A meeting with a supplier

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

The LTP had been implemented online because of the COVID-19 situation, but in 2022 we resumed visits to suppliers to provide support in person. As of March 2023, the program has been introduced at 61% of Palmaju Edible Oil Sdn. Bhd. (Malaysia) suppliers. The Group will continue working toward our goal of 100% LTP implementation across the supply chain to achieve zero exploitation — an urgent issue from the perspective of stakeholders.

## Self-assessment Tools

To further strengthen supplier assessments, the supply chain at Palmaju Edible Oil Sdn. Bhd. (Malaysia) is managed using self-assessment tools. These tools make it possible to efficiently understand how suppliers around the world are doing. At the same time, they also enable us to provide recommendations and support to help suppliers follow Fuji Oil Group policies. The tools also allow suppliers to share information about their own sustainability efforts and confirm how well they are doing in meeting the requirements of the Group's Responsible Palm Oil Sourcing Policy. The following shows our progress in FY2022.



## Rate of self-assessment questionnaire and action plan submission in FY2022

Palmaju Edible Oil Sdn. Bhd. (Malaysia)

- Direct suppliers: 100%
- Indirect suppliers: 86%
- Plantations: From 8 plantations

Fuji Oil Group

- Direct suppliers: 100%

Moving forward, we will strengthen our due diligence system for reporting progress on NDPE in our supply chain.

## Engagement toward zero deforestation

In Malaysia, we continuously reach out and work with plantations, smallholders, oil mills and other stakeholders to deal with deforestation and other potential risks. To monitor risks of deforestation, we support suppliers in developing and improving their traceability systems. Palmaju Edible Oil Sdn. Bhd. (Malaysia) is aiming to achieve zero deforestation by maintaining 100% TTP in their supply chain and confirming there is no risk.

In 2022, we engaged with two suppliers in the southern part of Peninsular Malaysia, and afterwards their zero deforestation verification ratio improved by 40%. Anti-deforestation activities being conducted with another company are targeted to finish in 2023. We are also working with Earthworm Foundation on initiatives to raise TTP through the Southern Central Forest Spine (SCFS) Landscape Initiative. In 2022, we used satellite monitoring to verify that Palmaju Edible Oil Sdn. Bhd. (Malaysia) does not contribute to deforestation anywhere in its supply chain. Moving forward, we will continue to manage and maintain the supply chain to achieve our commitment to zero deforestation.

## Promote procurement of certified palm oil

In 2022, palm oil certified by the Roundtable on Sustainable Palm Oil (RSPO) accounted for roughly 58% of the palm oil handled by the Fuji Oil Group, an increase of 17 percentage points year on year. Contributing significantly to this increase was a growth in demand for sustainable palm oil. The Unifuji (Malaysia) joint-venture with United Plantations Berhad has expanded its production capacity, enabling us to secure enough palm oil to meet demand in this growing market.

The Group has been a member of the RSPO since 2004, endorsing the creation of a palm oil sustainable production and consumption system. RSPO is 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 certified oil. When they are properly applied, these criteria can help 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 (SR) rules and expanding the volume of certified oil we procure every year. There is still room for improvement — such as the fact that certified oil supply exceeds demand, and that complying with the standards is difficult for smallholders. With this in mind, since 2021 we have been taking active part in RSPO working groups to discuss solutions to these issues. In the RSPO Shared Responsibility Scorecard published in April 2023, the Fuji Oil Group was the only Japanese company to score the maximum 10 points, and of the 1,742 companies scored worldwide only 28 received 10 points. The scorecard shows the overall picture of SR performance based on commitments reported by RSPO member companies.

Going forward, we plan to step up efforts to meet even more customer requests, particularly in the European market where demand is increasing, by deepening our partnership with strategic suppliers of Palmaju Edible Oil Sdn. Bhd., located in Malaysia, to increase procurement of certified oil.\*



\* Our progress

<https://rspo.org/> 

## Grievance mechanism

In May 2018, we established 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 suppliers and take appropriate corrective action in accordance with our Responsible Palm Oil Sourcing Policy, together with Earthworm Foundation. Every quarter we report our progress in addressing all grievances via the grievance list on the Fuji Oil Holdings Inc. website. In 2022 we registered 47 grievance cases (43 environmental and four social).

From FY2021, in addition to quarterly updates to the grievance list, we began issuing monthly grievance reports to specific customers and stakeholders. These grievance reports provide the latest progress status particularly on the most notable grievance cases. We regularly review our grievance mechanism with the help of experts, and are striving to obtain the necessary and vital information to address the concerns of all stakeholders.

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

\* [https://www.fujioilholdings.com/en/sustainability/grievance\\_mechanism/](https://www.fujioilholdings.com/en/sustainability/grievance_mechanism/)


## APT Landscape Initiative

### Indonesia: 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 in the country 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 Group's supply chain. We partnered with the Earthworm Foundation to keep working on this initiative.

The Indonesian island of Sumatra is home to the Leuser Ecosystem, one of the planet's most valuable tropical rainforests, and other natural wonders that make it a vital region in terms of natural ecosystems. Yet palm plantation development and other factors make it vulnerable to deforestation risks. The Fuji Oil Group participates in the Areal Prioritas Transformasi (APT) Landscape Initiative\* to reduce and remediate these risks. The program brings together governments, smallholders, local communities, the palm oil supply chain, companies, NGOs and experts in various fields to work toward improvement not only at palm plantations, but throughout the whole region. 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 the Leuser Ecosystem at its center. The following are the program's actions in 2022.

- Developed and executed a regional action plan for sustainable palm oil in the Subulussalam district with 13 stakeholders
- Conducted training on High Conservation Value (HCV) and High Carbon Stock (HCS) management for 23 companies, and HCV/HCS assessments of two companies (as of December 2022)
- Protected 33,481.67 hectares of forest in six villages
- Completed voluntary mapping and the land ownership survey process for 9,498.76 hectares in eight villages
- From the start of the Landscape Project to the end of 2022, conducted training for 740 farmers and supported alternative livelihood activities through two Farmer's Business Units (FBU)
- Provided support for improving worker's rights at four companies (with a total of around 900 workers)

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

<https://youtu.be/8fvj20TWaUQ> 



Training on approaches to forest conservation and palm plantation management in a community

### Malaysia: Southern Central Forest Spine (SCFS) Landscape program

From 2022, the Fuji Oil Group has also been participating in a landscape program in the SCFS, our primary palm oil procurement region located in Peninsular Malaysia. The palm oil supply chain in the SCFS landscape is interconnected, making it vital to promote initiatives that unite multiple stakeholders within the landscape to achieve TTP in cooperation with FFB dealers, improve working conditions, and promote coexistence between humans and wild animals around palm oil plantations. Below is our progress in 2022.

- Achieved 100% TTP at 26% of factories in the region
- Worked with companies and communities to decrease deforestation in highly protected areas by 67%
- Conducted capacity building with 206 smallholders from the start of the project to the end of 2022
- Conducted training on forced and child labor for 31 companies

## Collaboration with NGOs and industry

### (1) Supporting smallholders in Sabah, Malaysia

Since January 2016, the Fuji Oil Group has participated in the Wild Asia Group Scheme (WAGS), managed by the Malaysian social enterprise Wild Asia, and supported its certification project and WAGS BIO regenerative agriculture project being conducted in the state of Sabah in eastern Malaysia. The scheme helps palm oil smallholders address the problems they face by providing support for improving farming practices and meeting international standards.

The certification support project provides smallholders with the training for acquiring RSPO and Malaysian Sustainable Palm Oil (MSPO) certifications. In an RSPO audit conducted in March 2022, 229 WAGS smallholders received certification. WAGS field teams not only conduct training for farmers aiming for first-time certification, but also continuously support those seeking to maintain their certification. Since we started providing support to the project in January 2016, the Group has helped a total of 908 smallholders to obtain certification through WAGS (as of May 2023).

The WAGS BIO project conducts practical training on regenerative agriculture at oil palm plantations with the goal of raising smallholders' income, mitigating their adverse impact on biodiversity, and conserving and restoring natural ecosystems around plantations. In FY2022, we continued supporting training on organic farming methods and intercropping of ginger and other cash crops. There was also a broadening of WAGS partnerships, greatly increasing the number of new smallholders in the project by 50 farms. The total number of farms that meet the Wild Asia BIO Farm criteria through chemical-free farming and other methods also reached 70 (as of May 2023). In another initiative, we conducted tests in producing biochar from oil palm leaves, and spread the resulting product at some plantations. Distributing biochar is expected to improve soil quality, and the carbon that accumulates in soil should have a mitigation effect on climate change.

### (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 October 2019, 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 discusses and resolves human rights issues. This working group established guidelines in FY2022 to manage and alleviate worker recruitment issues in the industry. The following are 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.

\* <https://palmoilcollaborationgroup.net/>

## Related documents

ESG Data Book (PDF 4.57MB) 

# Sustainable Procurement of Cocoa

## Management information

### Relevance to our business

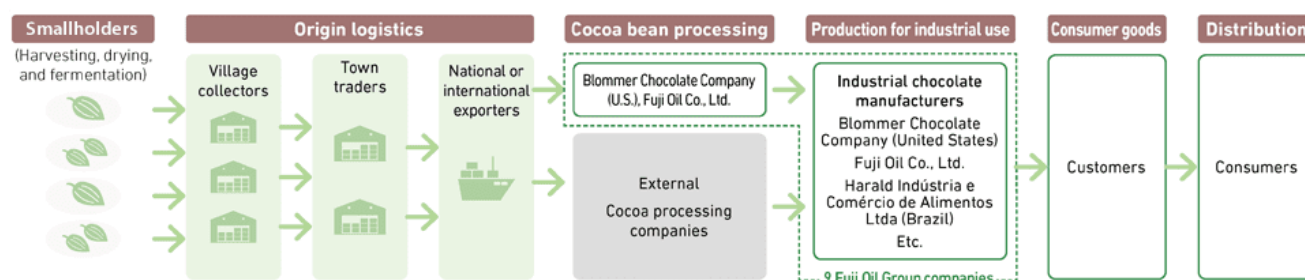
The Fuji Oil Group's industrial chocolate business purchases cocoa-derived raw materials such as cocoa beans, cocoa liquor,<sup>\*1</sup> cocoa butter,<sup>\*2</sup> and cocoa powder<sup>\*3</sup> as key raw materials, and uses them to produce chocolate products.

Smallholders make up the majority of producers in Côte d'Ivoire and Ghana, the two major cocoa-producing countries, giving rise to a complex web of social and environmental issues. These include poverty and, linked to this, the challenges of children's education and child labor, low agricultural productivity, deforestation and climate change impacts. Addressing these issues requires a multifaceted approach, which includes enhancing soil fertility, empowering women, ensuring children's access to education and their overall protection, as well as reforestation efforts. We recognize that it is our role and responsibility to respect human rights, conserve natural resources, build cocoa supply chains that lift farmers out of poverty, and ensure the viability of the cocoa supply now and into the future.

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

\*2 Vegetable oil obtained by pressing cocoa beans

\*3 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 published 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 and track its progress.

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

Responsible Cocoa Beans Sourcing Policy (PDF, 79KB)

### Management system

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

The Sustainability Committee,<sup>\*1</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.<sup>\*2</sup>

\*1 [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

\*2 <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		FY2022 Goals	FY2022 Results	Self-assessment
	2030	2025			
Reforestation and forest protection	One million trees planted* <sup>1</sup>	500,000 trees planted	Select partners for continuing initiative to plant one million trees	<ul style="list-style-type: none"> <li>Completed partner selection</li> <li>60,000 trees planted (Ghana)</li> </ul>	△
			Complete GPS mapping of 90% of farms in direct supply chain and improve traceability	89% of farm plots mapped within direct supply chain (Côte d'Ivoire, Ghana, Ecuador).	○
			Provide GAP* <sup>3</sup> training and/or coaching to farms in direct supply chain	30,846 farmers participated in the GAP training program (Côte d'Ivoire, Ghana and Ecuador)	○
Elimination of child labor	Elimination of child labor	No worst forms of child labor* <sup>2</sup>	Establish Child Labour Monitoring and Remediation systems (CLMRS) in all farmer groups in our direct supply chain.	CLMRS operational in 100% of farmer groups from which the Fuji Oil Group directly procures cocoa beans	○
			Implement comprehensive community development to support women's empowerment	<ul style="list-style-type: none"> <li>Village savings and loan associations (VSLAs) active in 674 villages across 161 communities</li> <li>84% of 19,353 members (16,257 members) are women (Côte d'Ivoire, Ghana)</li> </ul>	○

\*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 Good Agricultural Practices

## Analysis

To implement the Responsible Cocoa Beans Sourcing Policy formulated in August 2018, we set KPIs in June 2020 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, has been playing a major role in this.

In FY2022, we planted a wide variety of 60,000 shade trees. If cocoa saplings are included, the number of trees planted exceeded 100,000. We have also completed the selection of partners for tree planting for 2023 and beyond, and will continue undertaking activities to achieve our target for number of trees planted.

For women's empowerment, we have substantially exceeded our goals with the cooperation of our customers who support our development activities.



Going forward, 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.

## Next step

Crucial elements of our initiatives include raising the income of farming households, protecting children, providing educational opportunities to cocoa farming families, empowering women, and conserving and regenerating forests. To address these issues, we set the following goals for FY2023.

- Complete GPS mapping of 90% of farms in direct supply chain and improve traceability system
- Continue introducing the Child Labour Monitoring and Remediation System (CLMRS) in farming communities across our direct supply chain
- Provide support for women's empowerment in 173 communities across our supply chain (Côte d'Ivoire, Ghana and Ecuador)
- Continue GAP training to farms across our direct supply chain
- Plant 130,000 trees across our direct supply chain (Côte d'Ivoire)
- Assess deforestation related to the supply chain using data provided by Satelligence\* and conduct deforestation risk assessment for over 140,000 hectares of land
- Distribute around 270,000 saplings for a wide variety of shade trees in and around plantations conducted by the Blommer Chocolate Company (U.S.) (Côte d'Ivoire, Ghana)

\* See the section "Conserving and restoring forests by planting 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	Mainly Ghana and 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 programs	West Africa (Ghana, Côte d'Ivoire)

### Traceability

Improving traceability across the supply chain is critical to addressing social and environmental issues in the cocoa supply chain. In all farmer groups in our direct supply chain, we are working with our suppliers to map out the boundary lines (polygons) of the farms. The process, called polygon mapping, is used as the basis for establishing compliance regarding protected areas. Plantation polygons can also be used to assess deforestation related to the supply chain using satellite imagery.

Monitoring the situation of cocoa farmers and their families is also vital to protect children and prevent child labor. Every year, Blommer (U.S.) publishes a map of farm groups in its direct supply chain of farms on its website.\*

Blommer's sustainability team working in Côte d'Ivoire plays a major role in overseeing and implementing the program, as well as checking its effectiveness and assessing its impacts. The farm groups supplying the company are audited annually by product certification bodies or third-party auditing organizations.

\* <https://www.blommer.com/sustainability/strategy/traceability.php> 



## Children protection

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 challenges such as absolute poverty, child labor, lack of community infrastructure such as schools and health centers, lack of farm workers, and lack of capital to invest in improving agricultural technology, 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 root causes of child labor and raise awareness of potential violations, community agents and farmer groups are working together to set up the Child Labour Monitoring and Remediation System (CLMRS) at all villages in our direct cocoa supply chain in West Africa. Community agents who monitor and carry out remediation measures are trained on child protection and conduct household surveys regularly. In addition, initiatives such as supporting cocoa farmers by providing pruning guidance, promoting women's empowerment through VSLA,<sup>\*1</sup> and environmental conservation<sup>\*2</sup> also help in preventing and remediating child labor.

We also work with other stakeholders in the cocoa industry on industry-wide initiatives. In 2022, the Group joined two industry initiatives in Côte d'Ivoire – Child Learning and Education Facility (CLEF)<sup>\*3</sup> and Early Learning and Nutrition Facility (ELAN)<sup>\*4</sup> – aimed at eradicating child labor and providing children with good quality of life and education.

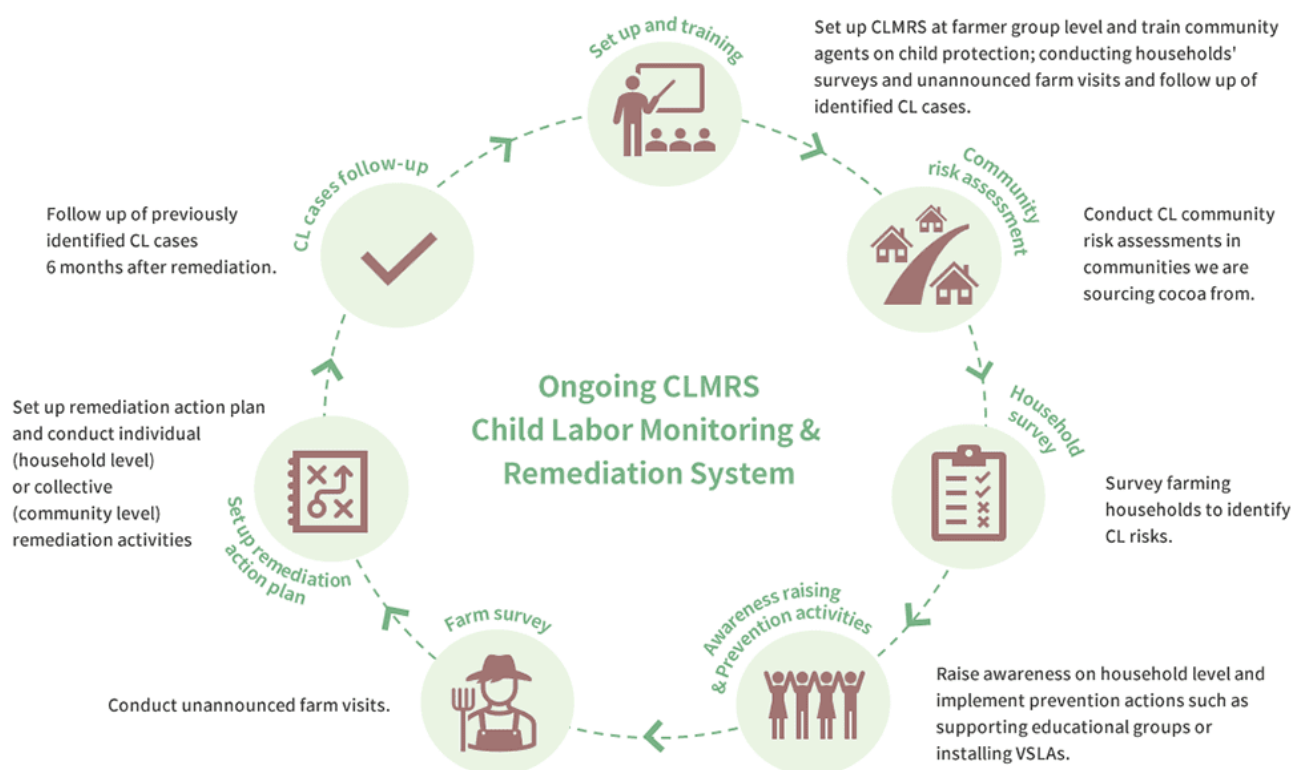
\*1 See the section “Community development and women's empowerment.”

\*2 See the section “Conserving and restoring forests.”

\*3 <https://jacobsfoundation.org/en/activity/clef-elan/> 

\*4 [https://jacobsfoundation.org/wp-content/uploads/2020/04/ELAN\\_Factsheet\\_ENG\\_final-2.pdf](https://jacobsfoundation.org/wp-content/uploads/2020/04/ELAN_Factsheet_ENG_final-2.pdf) 

### 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 2013). We provide tools and training based on existing agricultural technologies, and encourage farmers to adopt Good Agricultural Practices (GAP) and climate-smart cocoa practices.\* Pruning is particularly important in GAP, so we launched service groups focused on pruning at the community level in order to provide willing farmers with paid labor services. Although there are major challenges such as pests, diseases and changes in climate patterns (particularly rainfall), we hope that the adoption of GAP will ultimately improve the resilience of farms.

Farmers and communities who participate in the program receive a premium (financial aid) for the cocoa covered by this initiative. Premiums are also paid as compensation for the additional work required to comply with the Group's internal and third-party standards, and supply traceable and sustainable cocoa beans. The premiums paid to the farmers also directly participate in improving

the farming household income. Farmer groups are also encouraged to reinvest a percentage of their respective premiums for social initiatives that benefit the entire cocoa farm community through the construction and repair of classrooms, school cafeterias and water pumps, among others.

\* A sustainable agricultural approach aimed at mitigating and adapting to climate change impacts in growing cocoa. The focus is on improving the resilience of cocoa cultivation, reducing greenhouse gas emissions and promoting sustainable farming practices.

## **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 facilitate the construction of social infrastructure, such as schools, health centers, maternity hospitals and access to safe water at cocoa-producing communities.

Women play a huge role 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 empowering women in their homes and communities in order to create economic opportunities for women. As part of these efforts, we offer literacy training courses for women and established village savings and loans associations (VSLA). The VSLA is a women-led mutual aid group offering access to savings and loans to its members for investing in existing or new micro-businesses, funding children's education, or funding income generating activities (IGA) for capacity development. Initiatives based on this concept have been impactful and are growing.

## **Conserving and restoring forests**

The Fuji Oil Group is committed to reducing its carbon footprint, achieving a supply chain free of deforestation, and protecting biodiversity.

We focus on promoting climate-smart agricultural practices and restoring ecosystems to ensure long-term benefits for cocoa farmers and their communities.

## **Partnerships with governments and businesses**

Blommer (U.S.) has been participating in the Cocoa & Forests Initiative (CFI) since 2017. CFI's 36 participating companies are working with the governments of Côte d'Ivoire and Ghana to end deforestation and promote the protection and restoration of forests in cocoa supply chains. In Phase I (2018-2022), participating companies distributed 21.7 million seedlings of various types of shade trees for agroforestry and restoration of forests. Participating companies reached an average of 72% traceability in their direct supply chains in both countries and created polygon maps of large-scale plantations. For CFI Phase I, Blommer distributed 990,987 shade trees, achieved 84% traceability and we had 30,110 ha of cocoa agroforestry in development in our direct supply chain (Côte d'Ivoire, Ghana). The program for CFI Phase II started in 2023.

Blommer also collaborates with other participating companies in the World Cocoa Foundation to streamline carbon accounting and provide guidance on reducing CO<sub>2</sub> emissions in cocoa farming. We expect further achievements from this project in 2023.

## **Partnership with Satelligence**

In 2022, the Fuji Oil Group partnered with Satelligence, a global leader in forest monitoring, to assess and address deforestation risks in Côte d'Ivoire, Ghana and Ecuador. Using satellite images, Satelligence detects changes in cocoa canopy cover, monitors variations in CO<sub>2</sub> emissions and carbon sequestration in and around cocoa plantations, assesses deforestation risk, and identifies shaded cocoa regions.

Blommer (U.S.) also implemented a real-time risk alerting system to address deforestation and forest degradation. Satelligence's initial assessment covers around 50,000 km<sup>2</sup> of land across Côte d'Ivoire, Ghana and Ecuador. We conduct a Deforestation Risk Assessment (DRA) in our direct supply chain and 144,095 ha within the direct supply chain have DRAs completed (Côte d'Ivoire, Ghana, Ecuador). A report published by Satelligence on land cover change in the area from 2001 to 2021 as well as on Forest Loss Risk Index (FLRI) found no clear trends for deforestation over time across the company's cocoa supply chain. The consistently low level of deforestation in Blommer's supply chains is the result of its ongoing commitment to fight deforestation.

## Partnership with AGRO-MAP

In 2022, the Fuji Oil Group partnered with AGRO-MAP to achieve its 2030 commitment of planting one million trees in cocoa-growing regions\*. Through the partnership, we will plant 130,000 different types of shade tree saplings and fruit trees in our direct cocoa supply chains in Côte d'Ivoire in 2023. The project aims to promote cocoa agroforestry and community reforestation, as well as diversify the income of cocoa farmers through IGA. Furthermore, we plan to strengthen the resilience of producers and communities affected by climate change, contribute to CO<sub>2</sub> emission reduction and protect biodiversity.

\* [https://www.blommer.com/\\_documents/WCF\\_Blommer-CFI-report\\_2022\\_FINAL.pdf](https://www.blommer.com/_documents/WCF_Blommer-CFI-report_2022_FINAL.pdf) 

## Initiatives in Japan (Membership in the Platform for Sustainable Cocoa in Developing Countries)

Fuji Oil Holdings Inc. joined the Platform for Sustainable Cocoa in Developing Countries, an initiative with the Japan International Cooperation Agency (JICA) acting as Secretariat. Fuji Oil Co., Ltd. has expressed support for the Action Plan to Eliminate Child Labour in the Cocoa Industry, which was released by the platform.



## Participation in the World Cocoa Foundation (WCF)

Fuji Oil Group is a member of the World Cocoa Foundation (WCF)\*<sup>1</sup> since February 2012. The WCF 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 (U.S.) is a founding member of the WCF 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 (CFI)\*<sup>2</sup>.

We delivered on our Cocoa Forest Initiative (CFI) commitments: 491,309 multipurpose trees were distributed for off-farm and on-farm planting (Côte d'Ivoire, Ghana) by Blommer (U.S.) directly and on behalf of customers."



\*<sup>1</sup> <https://www.worldcocoafoundation.org/> 

\*<sup>2</sup>

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

## Handling of certified cocoa-derived raw materials

### Fairtrade

The following Group companies have obtained the Fairtrade International certification, which aims to promote sustainable development of smallholders and workers in developing countries. These three companies offer Fairtrade certified products for manufacturing needs of our customers.

- Industrial Food Services (Australia)
- Fuji Oil Europe (Belgium)
- Blommer Chocolate Company (U.S.)



## Fair Trade USA

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



## Rainforest Alliance Certification

The following Group companies comply with the Rainforest Alliance\* Sustainable Agriculture Standard: Supply Chain Requirements, which an international certification program aims to create a better future for people and nature. Going forward, we will continue to work to meet the demands of our customers for responsible cocoa sourcing.

- 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 Global Chocolate (M) Sdn. Bhd. (Malaysia)
- Fuji Oil Europe (Belgium)
- Harald Indústria e Comércio de Alimentos Ltda (Brazil)
- Blommer Chocolate Company (U.S.)
- Blommer Chocolate Manufacturing (Shanghai) Company Ltd. (China)
- Fuji Oil (Zhang Jia Gang) Co., Ltd. (China)



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

# Sustainable Procurement of Soybeans



Material Issue  
Sustainable Procurement

## 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 soybean products have recently attracted attention as plant-based alternatives to address global food issues as the world's population continues to grow. They are also increasingly associated with the rising global interest in health.

With the conviction that soybeans could be one of the answers to future global food shortages, 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 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 that management issues in some soybean-producing regions lead to social and environmental problems, 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	U.S., 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	Soy protein foods	
Soybean oil	Oil extracted from whole soybeans	Soy protein foods Oil and fat products	

### Basic approach

The Fuji Oil Group formulated the Responsible Soybeans and Soy Products Sourcing Policy (in June 2021) in order to meet the customer's expectations 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 procures soybeans and soy products produced in a responsible manner from suppliers that take human rights and the environment into account, and continue to strive to identify problems and provide solutions across the supply chain through continuous engagement with our suppliers of 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,<sup>\*1</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.<sup>\*2</sup>

<sup>\*1</sup> [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

<sup>\*2</sup> <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		FY2022 Goals	FY2022 Results	Self-assessment
	2030年	2025年			
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 standard	Carry out initiatives to achieve traceability goals set as KPIs	70% traceability to primary collection points	○
			Evaluate results of supplier self-assessment and formulate plans to improve traceability focusing on better supplier engagement	<ul style="list-style-type: none"><li>Completed evaluation of supplier self-assessments</li><li>Formulated improvement plan for FY2023</li></ul>	○

\* Round Table on Responsible Soy Association

## Analysis

In FY2022, we evaluated the results of supplier self-assessments and understood the status of each supplier. Following the improvement plan based on this evaluation, we will continue to work on addressing issues to enhance traceability.

## Next step

Enhancing traceability is the key to understanding the problems in each producing region. To address this issue, we set the following goals for FY2023.

- Better engagement with suppliers through self-assessment feedback
- Carry out initiatives to achieve traceability goals



## Specific initiatives

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

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

#### Tracing across the supply chain to primary collection points

Since announcing its Responsible Soybeans and Soy Products Sourcing Policy, Fuji Oil Holdings Inc. has been working with suppliers. For raw materials produced in North America and China, we are working to trace across the supply chain to primary collection points, where the soybeans are collected from the farm and stored.

Our progress in tracing across the supply chain and improving traceability 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 communities level.

#### Gathering information through RTRS

In 2020, the Fuji Oil Group joined the global platform RTRS and received their support to gather information and to formulate our sourcing policy. Our next step is to develop 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.

\* Soybeans that have been engineered through gene recombination to produce a more stable yield by adding functions such as herbicide resistance

# Sustainable Procurement of Shea Kernels



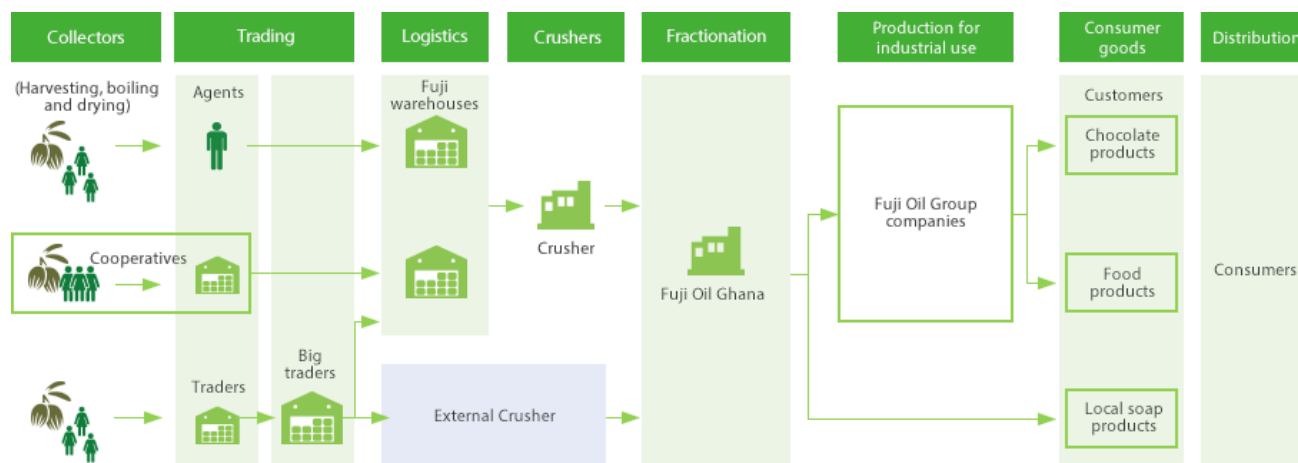
Material Issue

Sustainable Procurement

## Management information

### Relevance to our business

Shea trees grow naturally in the Sahel region of sub-Saharan West Africa. The shea butter extracted from shea nuts is an important raw material in the Fuji Oil Group's vegetable oils and fats business. Shea butter is a very versatile oil suitable for various uses including foods, confectionery, and skin care, and is widely used as a cocoa butter equivalent (CBE). Shea kernels (embryos in the seed) are harvested between May and June by women in rural West African regions, who also carry out the primary processing (boiling, shelling and drying). The main production areas are Burkina Faso, Mali, Ghana, Côte d'Ivoire, Benin, Togo and Nigeria.



### Basic approach

The Fuji Oil Group formulated the Responsible Shea Kernels Sourcing Policy (in June 2021) as a policy for sustainable development of this supply chain. After establishing the policy, we set medium- to long-term goals and KPIs. We work toward a sustainable future by fulfilling the following three commitments set forth in the policy.

- Conserve parkland where shea trees grow: Plant 6,000 saplings of shea trees and other native trees every year in the region
- Encourage rural development and environmental initiatives: 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)



Shea trees growing naturally in West Africa

## Management system

The Chief Strategy Officer (CSO) oversees initiatives in this area while Fuji Oil Ghana Ltd. carries out the procurement 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. This program provides pre-financing and training on quality control for female farmers. It is steadily expanding, with 52 cooperatives planning to take part in 2023.

\* [https://www.fujioilholdings.com/en/news/2021/\\_icsFiles/afieldfile/2021/03/11/20210311\\_news\\_e\\_Tebma-Kando.pdf](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			FY2022 Goals	FY2022 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	6,107 trees planted/year	○
	Traceability to the regional level, including procurement from Tebma-Kandu cooperatives*1: 75%	50%	50%	35%	93.3%	○
	Direct procurement of shea kernels from Tebma-Kandu cooperatives: 50%	30%	15%	10%	3.4%	✕
	Percentage of shea kernels crushed and fractionated (separated) in West Africa: 100%	100%	100%	100%	100%	○
	Non-fossil fuel energy*2 used by Fuji Oil Ghana Ltd. (for steam generation): 100%	100%	100%	95%	100%	○
		Permanent, direct employees at Fuji Oil Ghana Ltd.: 50% increase (base year: 2017)			60% increase	○

\*1 Cooperatives enrolled in the Tebma-Kandu program

\*2 We use shea kernel meal, a byproduct of oil production, and other raw materials as non-fossil fuels.

Analysis

In FY2022, we significantly improved traceability to the regional level, including procurement from Tebma-Kandu cooperatives, to 93.3% against the target of 35%. A very poor harvest in FY2022 led to limited distribution quantities, which meant that more shea kernels were purchased from suppliers with existing business relationships, ensuring traceability.

Although 100% traceability was achieved for the Tebma-Kandu cooperatives, the harvest was particularly poor in the area where the program operates, so unfortunately the percentage procured directly from these cooperatives did not reach the target of 10%. However, we have communicated closely with the cooperatives and gained useful insights into aspects to focus on in future, including female farmers' ideas about pre-financing, effective management of warehouses, and management of cooperatives. Many cooperatives provided constructive ideas about the running of cooperatives and joined in business negotiations. Through the consistent efforts of the Fuji Oil Group, trust in this program is steadily increasing, along with empowerment of the cooperatives involved.

Next Step

We will provide support to increase the number of cooperatives enrolled in the Tebma-Kandu program. We will raise the profile of Fuji Oil Ghana Ltd. within the local community, increase the number of staff, and strive for more timely communication. This will help us to understand the ideas and circumstances of members of women's cooperatives, as well as show that we are always willing to purchase raw materials from them. Furthermore, we will strengthen our relationships with external partners, and provide the necessary training to individual women and partner organizations.

- Plant 6,000 trees/year
- Traceability to the regional level: 50% by the end of FY2023
- Direct procurement rate of shea kernels from Tebma-Kandu cooperatives: 15%



Discussions with Tebma-Kandu women's cooperatives

Specific initiatives

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

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

In northern Ghana, native shea trees are at risk from increased land clearance by heavy machinery. They are also under threat of being cut down for use as charcoal, which is on the increase.

In FY2022, working with local NGO EcoRestore, we planted 6,107 saplings of shea and other native trees. We also provided land for EcoRestore to plant 66,000 saplings. Training in appropriate cultivation techniques is important to improve the survival rate of the saplings. We plan to continue to implement training as well as planting trees in FY2023.



Training in looking after saplings

## 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 CO<sub>2</sub> emissions and waste during shear kernel processing. Using fuel from byproducts also reduces the use of firewood, leading to less deforestation, water savings, and reduced energy costs. The company's plant now uses 100% non-fossil fuel energy.


## 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 plant 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 34 women's cooperatives as of 2022, funded the construction of warehouses to procure guaranteed 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. This program includes capacity building of cooperative members and reforestation projects. This initiative has benefited about 20,000 women in farms in Northern Ghana by empowering them and helping improve the productivity of the cooperatives covered by the program. In FY2023, the number of women's cooperatives in the program is set to increase to 52.

## 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

\* <https://globalshea.com/> 

# Creation of Plant-based Protein Resources



Material Issue

**Creation of Sustainable Food Resources**

## Management information

### Relevance to our business

Since its early days, 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, providing solutions to the problem of food scarcity by developing healthy plant-based protein ingredients with lower impact on the global environment has been our Group's mission since the company was founded. 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 health, 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 diverse food cultures and people with special dietary needs.

### Management system

The Chief Technology Officer (CTO) oversees initiatives in this area. The Sustainability Committee,<sup>\*1</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.<sup>\*2</sup>

\*1 [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

\*2 <https://www.fujioilholdings.com/en/sustainability/materiality/>

### Goals / Results

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

FY2022 Goals	FY2022 Results	Self-assessment
Develop next-generation soy meat ingredients that provide new value	Marketed two soy meat ingredients developed to provide flavor, meat-like fibrous texture and mouthfeel	○
Develop plant-based processed foods (for side dishes, etc.)	Marketed ten processed food products (side dishes, noodle soup, confectionery, etc.) replacing meat, milk, and eggs with plant-based ingredients	○



## Analysis

With the expanding market for alternatives to animal-based products, the Fuji Oil Group has leveraged the technologies for combining flavors and textures that we have developed over many years to develop new products such as meat alternatives with better quality than ever before. These have been well received and used by our customers in various products.

## Next step

It is important to create an enjoyable experience with food and to help keep the planet and people healthy, rather than simply offering plant-based protein as a meat alternative. To address this issue, we set the following goals for FY2023.

- Develop next-generation soy meat ingredients that provide new value
- Develop plant-based processed foods to help our customers and address social issues, and expand the market for such foods

## Specific initiatives

### GOODNOON: A flagship initiative towards the vision stated in Fuji Oil Group Management Philosophy

We launched our flagship GOODNOON<sup>\*1</sup> initiative in July 2022 to fulfil the vision<sup>\*2</sup> stated in our Fuji Oil Group Management Philosophy, and started to work on expanding the market for Plant-Based Foods (PBF). Combining our Group's unique ingredients and technologies, we will make it possible to create “surprisingly delicious foods” more quickly and in more creative ways, helping to address social issues.



<sup>\*1</sup> <https://www.goodnoon.jp/> (in Japanese) 

<sup>\*2</sup> Revised in April 2023 to: “Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy.”

### 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.

Soy meat is gaining recognition as an alternative to real livestock meat. In FY2022, we developed two types of Prime Soy Meat Blocks, a product line pursuing a superior, delicious taste to dispel preconceptions about soy meat. By applying oil & fat and protein processing technologies, we have reduced the bean-like flavor and achieved both a meat-like moderately fibrous texture and mouthfeel that developers had previously found difficult to achieve.



Prime Soy Meat Block DN1



Example of use: Fried chicken-style soy meat



Prime Soy Meat Block WB1



Example of use: Soy meat cutlet

There is a growing social need for alternatives to animal-based foods in response to environmental issues and diversifying values, and the market for products like dairy-free chocolate is predicted to grow. By bringing together our Group's unique ingredients and technologies, we have developed chocolate with no animal-based ingredients which tastes just as good as milk chocolate and white chocolate. This dairy-free chocolate is highly regarded for its quality and is now used by café chains and chocolatiers.



White chocolate with no animal-based ingredients



Example of use: chocolate truffles

## Proposing new value to consumers

Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd. will leverage our expertise to provide “surprisingly delicious foods,” giving consumers more choice by making PBF an everyday food option. Aiming to expand the market for PBF, we are working with our customers to create new products, starting from the PBF strategy presentation in July 2022, when we announced the scheme of the flagship GOODNOON initiative.

### Delicious PBF available to everyone

#### New Otani Co., Ltd.

The Hotel New Otani, operated by New Otani Co., Ltd., offers several dishes on its restaurant menu using soy protein products and soy milk-related products made by the Fuji Oil Group.




PBF dishes available at the hotel restaurant: Soy Meat and Tomato Stew, Healthy Soy Milk Pudding, Soy Milk Basque Burnt Cheesecake, from left to right (images from Hotel New Otani's website)

## cotta Inc.

Since May 2022, we have entered into a capital and business alliance with cotta Inc. which operates one of the largest websites for confectionery and baking ingredients in Japan.

In a survey of around 10,000 people aged 15 to 69 in Japan, 25.2% said “there are not many places selling PBF.” This is why we jointly launched the cotta tomorrow\* website in May 2023, to make PBF and other healthy ingredients available to more people. This provides an easy way for consumers to buy our Group's PBF products such as soy protein products. It is also a point of contact with consumers where we can communicate our Group's value. We are expanding the range of products available to buy through this website.

\* <https://www.cotta.jp/tomorrow/index.php> (in Japanese) 



cotta tomorrow website (2D code)



From left: Akiko Kurosu, President of cotta Inc.; Kiyohito Suzuki, Executive Officer of Fuji Oil Holdings Inc.; Koichi Izumi, Chef-owner of restaurant ASTERISQUE

## FamilyMart Co., Ltd.

In January 2023 the FamilyMart chain of convenience stores launched a range of “regional exclusive *karaage don*” dishes using “NAZOKARA®,” which is made with soy meat and MIRACORE® plant-based chicken-style *dashi* broth, in eight regions around Japan. As part of its efforts towards a sustainable food supply, FamilyMart is proactively using “NAZOKARA®,” a meat alternative, in anticipation of food shortages.



Regional exclusive *karaage don* using “NAZOKARA®” (image from FamilyMart's website)

## Chikaranomoto Holdings Co., Ltd. (Ippudo)

Since July 2022, the ramen restaurant brand Ippudo, operated by Chikaranomoto Holdings Co., Ltd., has been offering plant-based ramen dishes including “Plant-based Akamaru,” made with a soup base using our MIRACORE® technology, on the regular menu at its Lumine Est Shinjuku branch.



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



## MIRACORE®: the core technology behind the delicious taste


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MIRACORE® is a Fuji Oil Group technology brand that leverages the potential of plants to recreate the delicious taste that is typical of animal-based foods.

We are currently developing products focusing on the function of *dashi* broth or stock, an essential ingredient in dishes from around the world. In FY2022 we released two plant-based *dashi* products: a plant-based chicken-style *dashi* and a plant-based beef-style *dashi*. We are continuing with research and development with the aim of providing a satisfying taste for all kinds of dishes using MIRACORE® plant-based *dashi*.

We are also working together with professionals in various fields to create delicious plant-based solutions for the future, including speaking at the Zennippon Syoku Summit\* in March 2023.

In FY2023, we will work to develop new business with products using MIRACORE®.

\* [https://www.fujioil.co.jp/news/2023/\\_icsFiles/afieldfile/2023/03/22/230323\\_Release\\_Miracore\\_clean.pdf](https://www.fujioil.co.jp/news/2023/_icsFiles/afieldfile/2023/03/22/230323_Release_Miracore_clean.pdf) (in Japanese) 



At the Zennippon Syoku Summit

## Investing in a major Dutch fund dedicated to food technologies

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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 monitor their portfolio companies from an ESG perspective.

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. Through ongoing communication with the fund management company and the food tech portfolio companies around the world, 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

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As a founding member of the Plant Based Lifestyle Lab (P-LAB)\*, we are working to raise awareness of and promote PBF in collaboration with companies from a range of business domains.

Face-to-face events were held in FY2022 as COVID-19 restrictions were eased. At the P-LAB general meetings in April 2022 and March 2023, member companies shared examples of PBF development projects and products, and exchanged ideas through panel discussions with young managers of start-up companies. P-LAB was a special sponsor of the World King of Chefs Summit 2022, held in Awaji Island in November, where visitors showed great interest in the PBF menus offered in collaboration with member companies. During this event, Kiyohito Suzuki, Executive Officer, Division Head of PBF Division of Fuji Oil Holdings Inc., spoke at the World Food Education Forum in his capacity as a director of P-LAB, and talked about Fuji Oil's promotion of PBF as a step towards a sustainable future.

We at P-LAB also conducted a survey to investigate awareness of PBF. Going forward, as well as stepping up activities to serve as a communication hub of PBF information, we will continue to promote value creation by collaborating with member companies to develop new PBF products and dishes.

\* Founded in March 2021 with 15 member companies and became a general incorporated association in October 2021. Currently has 48 member companies (as of July 2023)

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



Speech at the World Food Education Forum



P-LAB display at the World King of Chefs Summit

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

Fuji Oil Ghana Ltd. 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.

Most consumers in Burkina Faso are not familiar with soy meat. In FY2022, we conducted a survey to investigate whether consumers would accept soy meat when prepared to suit local dishes, and designed a survey to investigate acceptable prices.

Going forward, we want to deepen our understanding of local social issues and markets so that we can leverage our Group's strengths to contribute to medium- and long-term solutions.

\* 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 **Material Issue** **Health and Nutrition**

## 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 helping address some of the physical and mental health issues faced by 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. Stabilized DHA/EPA<sup>\*1</sup> and soy peptides<sup>\*2</sup> are products resulting from our research that show great potential for addressing age-related health issues, including dementia, mental illness, lifestyle diseases, and frailty.<sup>\*3</sup> 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, to help prevent such health issues.

<sup>\*1</sup> 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.

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

<sup>\*3</sup> 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

The Chief Technology Officer (CTO) oversees initiatives in this area. The Sustainability Committee,<sup>\*1</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.<sup>\*2</sup>

<sup>\*1</sup> [https://www.fujioilholdings.com/en/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability_management/)

<sup>\*2</sup> <https://www.fujioilholdings.com/en/sustainability/materiality/>

### Goals / Results

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

FY2022 Goals	FY2022 Results	Self-assessment
Establish differentiated advantages of the health functions of stabilized DHA/EPA	<ul style="list-style-type: none"> <li>• Showed a significant increase in serum concentrations of DHA with a single intake of stabilized DHA/EPA</li> <li>• Showed positive metabolite changes in human with intake of stabilized DHA/EPA for one month</li> </ul>	○
Build a network of partners dedicated to dementia prevention	<ul style="list-style-type: none"> <li>• Initiated dialogues with two to three municipalities. Although we were able to communicate the importance of preventing dementia, these efforts did not lead to actual partnerships because of impartiality issues with collaborating with a single company</li> </ul>	△



FY2022 Goals	FY2022 Results	Self-assessment
	<ul style="list-style-type: none"> <li>Drafted plans for municipality partnerships. We plan to explore the implementation of a case study in the form of an industry-academia collaboration involving municipalities.</li> </ul>	

## Analysis

We studied how the absorption of ingested DHA/EPA changes biomarkers using a milk beverage containing stabilized DHA/EPA, which can potentially prevent dementia. The study showed that, compared to the placebo group, DHA levels in the blood increased rapidly after ingestion. The study also demonstrated changes in several metabolic health markers after continuous intake for one month. There was a reduction in metabolite X, which increases in patients with Alzheimer's disease, as well as an increase in metabolite Y, involved in vasodilation. Plans are underway to obtain intellectual property rights and publish papers based on this research. The partnership network for preventing dementia presented programs to several municipalities and explored areas of potential collaboration. While we were able to communicate the importance of preventing dementia, we learned that there are various issues, including (1) the requirement for specific protocols and (2) the difficulty for municipalities to collaborate with a single company. We will continue to explore partnerships with medical institutions showing interest in the efficacy of food products containing stabilized DHA/EPA. We plan to collaborate with academia in the development of ways to track dementia through healthtech,\* including novel identification methods for cognitive symptoms of dementia. Using the results of this collaboration, we will explore the potential for conducting a proof of concept for dementia prevention in municipalities.

\* 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

It is important to establish evidence and advantages of the health functions of the food ingredients we supply, and to create motivation for older people to practice prevention. With these in mind, we set the following goals for FY2023.

- Establish differentiated advantages of the health functions of stabilized DHA/EPA

## Specific initiatives

### Serum level changes from the intake of milk beverage containing stabilized DHA

In FY2022, we conducted a joint study with Shimane University Faculty of Medicine and Kato Hospital in Kawamoto, Shimane Prefecture, which had been delayed by the COVID-19 pandemic. For this study, the milk beverage jointly developed with our Group company Omu Milk Products Co., Ltd. was fortified with 297 mg of DHA for its high antioxidant properties, and was consumed by older adults for about one month. DHA was immediately detected in the blood after ingestion of the fortified drink. After one-month of consumption, positive changes were observed in health biomarkers in the blood. The results of this study will be analyzed in more detail in order to provide accurate information that can be used to determine the appropriate intake. In Japan, the market for functional oils and fats claiming health functions — especially cognitive functions — is likely to expand considerably in the future. Although only one new product was released in FY2022, we believe in the importance of continuously bringing new products to the market, in order to make delicious DHA-enriched foods accessible to more customers.

# Reduction of Sugars Intake

## Management information

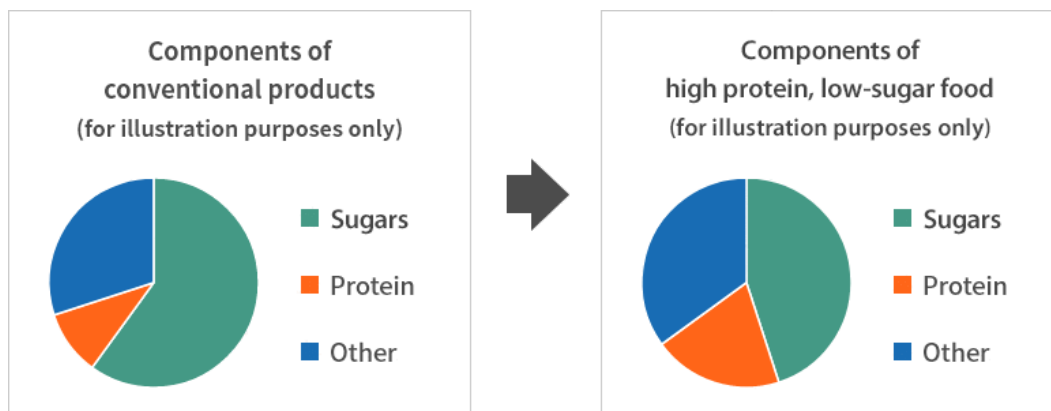
### Relevance to our business

Prevention of obesity and lifestyle diseases by eliminating the excessive intake of sugars is gaining interest worldwide. In 2015, the World Health Organization (WHO) published a guideline that recommends adults and children should reduce their daily intake of sugars to less than 10% of their total energy intake. (A further reduction to below 5% would provide additional health benefits.) 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 to develop and grow sales of sugar-free chocolate.

\* Some of the sugar contained in staple foods (bread, rice, noodles, 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,<sup>\*1</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.<sup>\*2</sup>

\*1 [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

\*2 <https://www.fujioilholdings.com/en/sustainability/materiality/>

## Goals / Results

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

FY2022 Goals	FY2022 Results	Self-assessment
Develop protein food ingredients suitable for staple food applications	Developed a soy protein ingredient for low-sugar/high-protein rice and noodle dishes, and used this in 11 health-oriented products	○
Develop reduced-sugar food products and ingredients	Established a recipe for sugar-free drinks to improve taste and satisfaction, and promoted them to customers	○

### Analysis

There is consumer demand for low-sugar and protein-fortified foods such as rice and noodles, and the use of soy protein has been accepted. We have also developed a technique to improve sugar-free drinks, balancing drinkability with reduced sugar content, and proposed the recipe to our customers.

### Next Step

Offering food ingredients that are low in sugars is important to reduce sugars intake, which is a risk factor of lifestyle diseases and obesity. To address this, we set the following goals for FY2023.

- Expand the market for low-sugar/protein-fortified foods

## 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 in the Japanese market. For instance, partially replacing sugars with proteins in staple foods, such as bread and boxed meals, allows them to reduce easily the amount of sugars without sacrificing taste.



Meal options with low-sugar rice ingredients (Rice balls, fried rice, beef rice bowl)

\* The photos are for illustration purposes only.

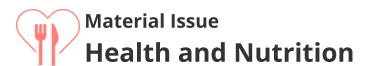
## Reduced-sugar and sugar-free chocolate

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In North America, the market demand on sugar-free chocolate has shown an annual growth of above 20% in the past few years, reflecting rising health awareness among consumers. Although sales of sugar-free chocolate were adversely affected by escalating prices in 2022, health awareness remains high, with consumers citing total calories and sugar content as important factors when selecting products. Blommer Chocolate Company (U.S.) continues to supply customers a chocolate with sugar content dramatically lower than existing products but with great flavor and taste. This chocolate uses sugar as the only sweetener and eliminates sugar content by 50%, while maintaining the great taste and satisfaction as conventional chocolate.

There is also high demand for sugar-free or reduced-sugar chocolate in other regions including Australia and the EU. The Fuji Oil Group is continuously responding to the market requirements. By providing food options, we are helping consumers to reduce their intake of sugars.

# 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 an action package published in 2018, the World Health Organization (WHO) called on governments and food manufacturers to take action in regions where the estimated TFA intake exceeds 1% of total energy intake, advocating for a reduction in TFA to less than 2 g/100 g of total fat or oil in all industrially produced foods by 2023. Regions where estimated TFA intake exceeds 1% of total energy intake are mainly in Europe and North America.

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,<sup>\*1</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.<sup>\*2</sup>

\*1 [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

\*2 <https://www.fujioilholdings.com/en/sustainability/materiality/>

### Goals / Results

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

FY2022 Goals	FY2022 Results	Self-assessment
Reduce TFA in all products (to less than 2 g/100 g of total fat or oil) at PT. Freyabadi Indotama (Indonesia)	Switch to low-TFA products completed for all products	○
Coordinate final steps at Fuji Oil (Singapore) Pte. Ltd in switching one of four products.	Preparations completed for trial production	○
Complete the switch for one of eight products planned at Fuji Oil (Zhang Jia Gang) Co., Ltd. (China)	Overall, some delays due to movement restrictions etc., but switch completed for one product	○

## Analysis

In FY2022, TFA was reduced in all products at PT. Freyabadi Indotama (Indonesia). This progress was achieved thanks to legislation in countries around the world, improved customer understanding of the need to reduce TFA intake, and the development of a Group-wide system for making reductions.

In China, there were some delays due to movement restrictions, but progress has been made, including customer evaluation and product improvement. The switch to low-TFA products should be completed by the end of FY2023.

By FY2022, 11 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)				Completed	
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. (U.S.)	Completed				
BLOMMER CHOCOLATE COMPANY (U.S.)	Completed				

## Next Step

Maintaining product quality is critical when reducing TFA in products. While keeping this in mind, we set the following goals for FY2023.

- Complete switch for all four products planned at Fuji Oil (Singapore) Pte. Ltd.
- Complete switch for all eight products planned at Palmaju Edible Oil Sdn. Bhd. (Malaysia)
- Complete switch for all seven products planned at Fuji Oil (Zhang Jia Gang) Co., Ltd. (China)

## Specific initiatives

## Response to demand for low-trans acid oils and fats

FY2023 is the target date for taking action to reduce TFA in the WHO action package. In preparation for this target, Group companies have been taking measure such as testing and evaluating samples with customers, and conducting trial production at customer sites. Steady progress is also being made in other steps, including sourcing raw materials for product changes and making delivery arrangements. We will increase our efforts to complete the switchover by the end of 2023.



# Ensuring Product Safety and Quality



Material Issue  
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 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.

\* Fuji Oil Group Basic Policy of Safety, Quality and Environment (PDF, 331KB) 

### Management system

The ESG Division Officer oversees initiatives in this area. The Sustainability Committee,\*<sup>1</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.\*<sup>2</sup>

\*<sup>1</sup> [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

\*<sup>2</sup> <https://www.fujioilholdings.com/en/sustainability/materiality/>

### Goals / Results

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

FY2022 Goals	FY2022 Results	Self-assessment
Raise quality awareness of employees in order to achieve zero serious quality-related complaints*	<ul style="list-style-type: none"> <li>No serious quality-related complaints</li> <li>Conducted on-site audits, remote audits and follow-up meetings about non-conformities</li> <li>Held e-learning courses on Quality Assurance Regulations (Group policies) and the 5S and 3T methodologies (for quality managers at Group companies)</li> </ul>	○
Strengthen communication with quality managers at Group companies and promote a food safety culture and the sharing of quality-related information	<ul style="list-style-type: none"> <li>Quality managers quarterly reported quality-related information from their company and country</li> <li>Quality managers posted reports on the platform on the topic of initiatives at each company to establish a culture of quality and food safety, and of the mock recall exercise held in 2022</li> </ul>	○

\* 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 FY2022. 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

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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 FY2023.

- 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

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### Enhanced quality management system

Since early 1990s, some Fuji Oil Group companies started 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. Furthermore, this allows to resolve problems that do arise more quickly and collaboratively, avoiding any inconvenience to our customers.



## Acquisition of Management Certifications

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.\*

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

## Food safety-related risks and countermeasures

In FY2022, the risk assessment 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 Quality Assurance Department or the department in charge of quality assurance at each Group company plans and provides appropriate training to employees to raise quality awareness in accordance with local conditions. For example, 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 FY2022, 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

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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 FY2022, no serious labeling violations occurred at Group companies in or outside Japan.

### Related documents

ESG Data Book (PDF 4.57MB) 

# 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 have set out Basic Policy of Safety and Health\* with the aim of protecting the lives and health of our employees and all the people working at our business sites, and eliminating work-related accidents.

\* Fuji Oil Group Basic Policy of Safety, Quality and Environment (PDF, 331KB) 

### Management system

The ESG Division Officer of Fuji Oil Holdings Inc. oversees initiatives in this area. The Sustainability Committee,\*<sup>1</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.\*<sup>2</sup>

\*<sup>1</sup> [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

\*<sup>2</sup> <https://www.fujioilholdings.com/en/sustainability/materiality/>

### Goals / Results

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

FY2022 Goals	FY2022 Results	Self-assessment
Zero serious accidents* <sup>1</sup> and serious property damage accidents* <sup>2</sup>	<ul style="list-style-type: none"> <li>Serious accidents: 1, serious property damage accidents: 0</li> <li>One fatal accident occurred at Fuji Vegetable Oil (U.S.)</li> </ul>	✕

\*<sup>1</sup> Accidents resulting in death, permanent disability to limbs or other body parts or long-term hospitalization (60 days or more).

\*<sup>2</sup> Explosion, fire, or physical accident resulting in an order from a public authority to shut down the entire site.

## Analysis

We did not achieve our goals as there was one fatal accident at a Group company outside Japan. 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 safety experience training using VR at Group companies outside Japan.

## Next Step

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Our goal for FY2023 is once again 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 FY2023.

- 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

## Circumstances of serious accident

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One fatal accident occurred at Fuji Vegetable Oil (U.S.) in FY2022. The Production Productivity Management Group from Fuji Oil Holdings Inc. visited the site to investigate the cause of the accident with the local team and put measures into place to prevent similar accidents from happening again. An audit of the whole site was conducted at the same time. All Group companies outside Japan have also conducted safety inspections and made efforts to prevent accidents.

## Risk management and countermeasures

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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 and safety 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

Planned audits are conducted each year at business sites in Japan and Group companies outside Japan. In FY2022, ten 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 overseas Group companies, the next occupational health and safety audits are planned based on the results of their previous audits. In FY2022, the Production Productivity Management Group conducted remote audits of three production sites and on-site audits of four production sites. Remote audits of Group companies outside Japan involve advance review of documentation, reviews via online meetings, and live video audits. Live video streaming allows staff based in Japan to visually inspect overseas sites from where they are. At production sites where audits have been conducted, progress checks and follow-up checks are carried out after improvements have been made in response to the issues identified. We aim to eliminate work-related accidents at our sites through this ongoing cycle of audits, improvements, and follow-up.



## Multilingual reminders

At Group companies outside Japan, 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

Management certification status

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

## Supplier safety and health

The provision of safe and hygienic workplaces for all workers, legal compliance and risk management are stipulated in the Occupational Safety and Health section of the Fuji Oil Group Supplier Code of Conduct<sup>\*1</sup> published in April 2021. We ask all our suppliers to agree to this policy and submit a consent form. The third edition of the CSR Procurement Guidelines<sup>\*2</sup> (revised in November 2021) applies to 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 these procurement guidelines.

<sup>\*1</sup> Fuji Oil Group Supplier Code of Conduct (PDF, 2.3MB) 

<sup>\*2</sup> CSR Procurement Guidelines (3rd Edition) (PDF, 223KB) 

## 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 could 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 share warnings and information about occupational accidents that have occurred within the Group. 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 improved safety awareness. We set up safety experience rooms at Fuji Oil Co., Ltd. and Fuji Oil (Zhang Jia Gang) Co., Ltd. (China), and let employees at Group companies outside Japan experience dangerous conditions through VR devices. VR devices are permanently installed at Fuji Oil Co., Ltd. and Fuji Oil (Zhaoqing) Co., Ltd. (China). Group companies in Japan are aiming to improve 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,<sup>\*1</sup> and safety meetings.<sup>\*2</sup>

<sup>\*1</sup> Activities to raise employees' safety awareness by handing down knowledge of past labor accidents and countermeasures to younger generations.

<sup>\*2</sup> 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 4.57MB) 

# DE&I Management

## Management information

### Relevance to our business

As a corporate group operating globally, the Fuji Oil Group has a significant social responsibility to respect the diversity of our employees' values and attributes. Moreover, making the most of the strengths of a diverse range of employees in management is vital to ensuring our competitiveness and improving our corporate value. In recent years, the variety of work style choices has been increasing and there are now many different ways to contribute to the company. 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 promote diversity, equity and inclusion (DE&I) in the management of our business so that we can harness the power of diverse human resources and build a corporate culture where everyone feels that they belong and that their voice is valuable.

### Basic approach

The Fuji Oil Group Management Philosophy is the basic guiding principle and 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 achievements.

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. Since our employees are the source of sustainable social value and better corporate value, we strive to fully leverage their diverse values and individualities. We open opportunities to posts and projects widely, regardless of nationality, gender or age, and objectively evaluate performance and potential skills to make the most of our diverse human resources.

#### 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

The Global HR Group at Fuji Oil Holdings Inc. and the Human Resource and Administration Division at Fuji Oil Co., Ltd. oversee initiatives in this area. The Sustainability Committee,<sup>\*1</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.<sup>\*2</sup>

\*1 [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

\*2 <https://www.fujioilholdings.com/en/sustainability/materiality/>

## Management system



## Goals / Results

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

FY2022 Goals	FY2022 Results	Self-assessment
Increase diversity on executive teams	<Group-wide> Increased diversity of the Management Committee Meeting (with foreign nationals and women) from 42% (as of April 1,	○

FY2022 Goals	FY2022 Results	Self-assessment
	<p>2022) to 45% (as of April 1, 2023)</p> <p>&lt;Japan&gt; Actively appointed women as outside directors and outside corporate auditors at Group companies in Japan, to foster female executive managers by building engagement and participation in management. Increased percentage of women from 9% (as of April 1, 2022) to 13% (as of April 1, 2023)</p>	
Develop the next generation of executive talent	<p>&lt;Group-wide&gt; In FY2020, launched a development program for the next generation of executive talent, selected candidates from across the entire Group, and expanded the pool of human resources</p> <p>&lt;Japan&gt;</p> <ul style="list-style-type: none"> <li>Selected 16 candidates for the next generation of executives and conducted a nine-month training at Fuji Oil Co., Ltd.</li> <li>In addition to making presentations to the executive team on new business proposals for the next medium-term plan, conducted skills training on strategic planning, decision making and allocation of human resources</li> </ul>	○
Develop global talent through our global trainee program	<p>Sent two trainees from Japan on international assignments</p> <ul style="list-style-type: none"> <li>Held language and on-the-job trainings</li> <li>Finished selection of candidates for FY2023</li> </ul>	○
Japan: Encourage diverse work styles	<ul style="list-style-type: none"> <li>Used our telework system to meet the needs of diverse work styles</li> <li>Introduced a non-fulltime employment contract for re-employed contract employees</li> </ul>	○
Japan: Ensure equity	<ul style="list-style-type: none"> <li>Provided distance learning equally to all employees regardless of employment status, including cost subsidies, for educational opportunities on self-development</li> <li>Stepped up information dissemination to managerial positions for them to encourage employees to take parental leave regardless of gender or employment status</li> <li>Conducted management training, including training on an equitable evaluation system, for all supervising managers in Japan</li> </ul>	○
Japan: Support long-term, meaningful employment of people with disabilities	<p>Started regular consultations with occupational physicians (once a year) to provide a support system for long-term employment</p>	○
Outside Japan: Embed DE&I into company culture	<p>&lt;Blommer Chocolate Company (U.S.)&gt; Recruited volunteers throughout the organization and established a DE&amp;I Committee undertaking the following activities</p> <ol style="list-style-type: none"> <li>Held monthly DE&amp;I leadership training for all employees</li> <li>Advised and assisted on introducing flexible leaves that consider employee diversity</li> <li>Updated employee handbook to include diversity</li> </ol> <p>&lt;Harald Indústria e Comércio de Alimentos Ltda (Brazil)&gt; Has been undertaking long-term DE&amp;I actions to create a</p>	○

FY2022 Goals	FY2022 Results	Self-assessment
	<p>workplace with inclusive leadership, equality, and equitable opportunities free of prejudice and discrimination</p> <ol style="list-style-type: none"> <li>1. Held DE&amp;I live webinar for all employees and conducted surveys to keep abreast of gender identities and other issues. Also, held discussions and made improvements on the Group's diversity vision</li> <li>2. Achieved the target of 5% increase year-over-year of employees that are female, over 50, or of African descent</li> <li>3. Certified and ranked as one of the best workplaces in Regional Sector/Barueri City (fifth consecutive year) and in Brazil's Industrial Sector (third consecutive year) by the Great Place to Work Institute</li> </ol>	
Outside Japan: Promote cultural reforms	<p>&lt;China&gt;</p> <ol style="list-style-type: none"> <li>1. Held workshops for all employees across all regions to raise awareness of the company's vision</li> <li>2. Established a new communication channel for employees to enable whistleblowing or consultation</li> <li>3. Achieved the target of 50% female or locally based executives</li> </ol> <p>&lt;Fuji Vegetable Oil, Inc. (U.S.)&gt;</p> <ol style="list-style-type: none"> <li>1. Held leadership training for supervisors</li> <li>2. Built relationships with vocational schools in target areas and started full-scale recruitment activities</li> </ol> <p>&lt;Southeast Asia&gt;</p> <p>Introduced flextime and revised the program to encourage work styles that match new value systems after the COVID-19 crisis. Working on initiatives to incorporate a model of the Group Management Philosophy into the evaluation system</p> <p>&lt;Europe&gt;</p> <p>Held regular council meetings composed of employee representatives and management executives, which focus on employee engagement activities</p>	○

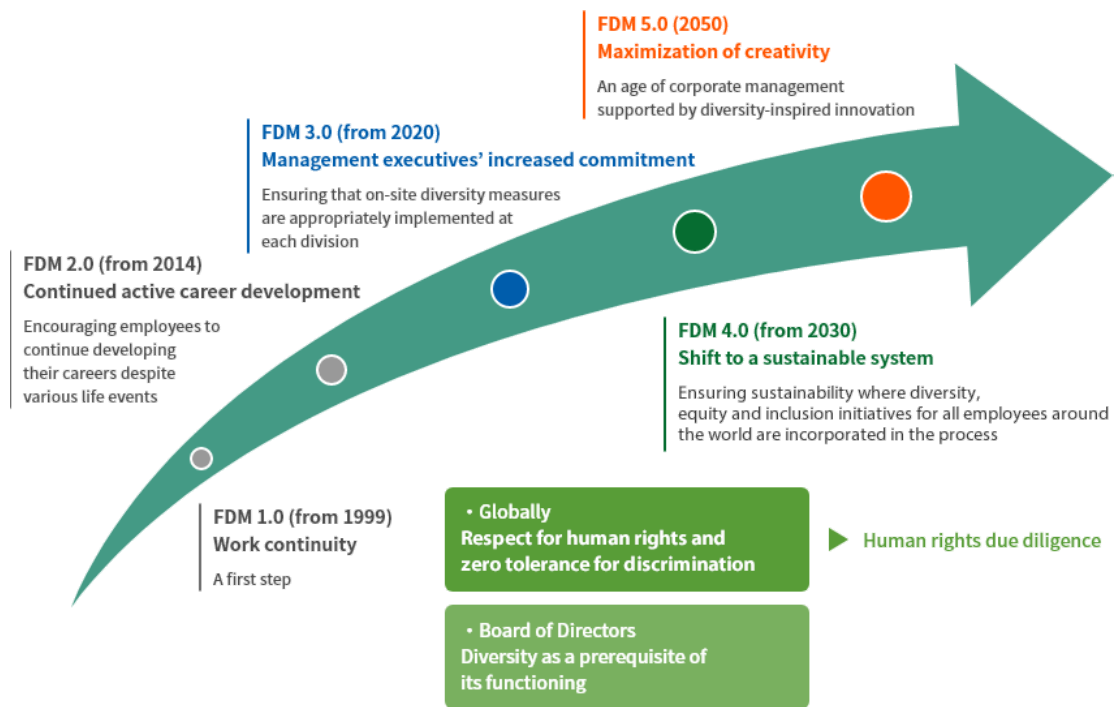
## Analysis

To foster the next generation of executive talent, our current executive team held comprehensive discussions to approach development strategically based on their future vision of the Fuji Oil Group. We aim to improve executive diversity going forward. In April FY2022, to promote active careers for older employees, we fully revised our contracted reemployment program and changed the program to allow for non-fulltime work. In accordance with the revised program, we started a career design training course for employees approaching the retirement age of 60, so that they can design their post-retirement financial plan, work style and lifestyle, and make the necessary preparations. We plan to expand the training course and make it available to a wider range of ages from FY2023.

## 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 have room for improvement. To address this issue, we set the following goals for FY2023.

### 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

### Outside Japan

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

### FDM 3.0 measures



### Initiatives at Fuji Oil Co., Ltd.

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#### 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 contracted reemployment program to offer more choices to our employees. The revised system went into effect in April 2022. We also expanded our career development education for employees approaching the retirement age of 60, in line with the philosophy of the new system and 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

At Fuji Oil Co., Ltd., the number of female employees taking parental leave has increased since the Act on Childcare Leave came into effect in 1992. On the other hand, 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.

In FY2014, we started conducting 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. At present, we offer the following assistance program.

##### <Pregnancy>

- Consultation service for physical health issues during pregnancy
- Interview before parental leave

##### <Maternity leave>

- Guaranteed bonus (20%)
- Parental leave (can be taken until the end of the first April after the child turns two)
- Support for returning to work through a parenting concierge service
- Continued subsidy for distance learning

##### <Returning to work>

- Provision of short hours of work for parenting employees taking care of a child up to the first grade of elementary school
- Babysitter subsidy
- Use of telework system or flextime system without core time

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. This has resulted in 59% of eligible male employees taking parental leave (averaging 21 days) in FY2022. The length of leave taken has also increased in recent years, with six in 32 employees taking more than a month off in FY2022. We will work on promoting understanding of the program among managers and strive to improve the work environment, in order to further encourage all our employees to make use of the parental leave regardless of employment status or gender.

#### Ensuring equity

##### Managers' attitude reform

The key to ensuring equal opportunity is held by managers who play a central role in human resource development. Since FY2019, we have enhanced the education program focusing on human resource development and diversity management for all managers at Fuji Oil Co., Ltd. and Fuji Oil Holdings Inc.

In FY2022, we conducted training to enhance the management skills of all supervising managers working at Fuji Oil Co., Ltd. and Fuji Oil Holdings Inc. Under the theme of practicing goal-based management, managers learned comprehensively about the essence of goals and about day-to-day management to achieve these goals. They also participated in small group discussions on appropriate behavioral assessment, based on actual case studies. From FY2023, we plan to conduct more practical training to bring about changes in the attitudes of managers.

## 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. As of April 2023, the percentage of women in managerial positions at Fuji Oil Co., Ltd. and Fuji Oil Holdings Inc. is 12%. Moving forward, we recognize the need for a greater focus on equal opportunity in recruitment and training. In the five years through FY2023, 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 that is free of gender discrimination in work assignments, on-the-job trainings, and off-the-job-trainings.

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. In FY2022, at the request of female employees, we held a health seminar on menopause and andropause given by a visiting lecturer and an occupational physician, which was attended by more than 100 people. We will continue to make plans for measures to promote women's active participation in FY2023.

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



### 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 FY2022, we continued to create multiple positions for people with disabilities and recruited two employees through individual interviews at a local public employment service agency. Since FY2022, we have also provided regular consultations with occupational physicians in an effort to create a comfortable workplace for them. As of April 1, 2023, we have 31 persons with disabilities under our employment. Although we have not yet reached the statutory employment rate, we plan to further intensify our recruitment efforts in FY2023.

### 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 FY2022, ten non-regular employees have passed the test. We will continue to actively promote talented and highly motivated individuals to regular employee status through this system.

### Work style reform

At Fuji Oil Co., Ltd., in FY2016 we launched the Creative Work Project 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. We will use IT effectively to firmly establish a system that allows employees to produce results regardless of time and place of work. In FY2022, around half of all direct employees used our telework system.

## Global DE&I management

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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

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By the end of June 2023, we received the following external recognition for our diversity initiatives:

Fuji Oil Co., Ltd.

- August 2017      Obtained “Platinum Kurumin” certification from Japan's Ministry of Health, Labour and Welfare
- November 2022    Maintained accreditation from the Osaka City Mayor as a Leading Company in Women's Participation in Osaka City

Harald Indústria e Comércio de Alimentos Ltda (Brazil)

Received the following two accreditations at the company ranking for best workplaces by the Great Place to Work Institute

- November 2022    Certification in Brazil's Industrial Sector (third consecutive year)
- May 2023          Certification in Regional Sector/Barueri City (fifth consecutive year)

\* External Recognition

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

## Related documents

ESG Data Book (PDF 4.57MB) 

# Securing and Developing Human Resources



Material Issue

**Securing and Developing Human Resources**

## Management information

### Relevance to our business

With the globalization of our business of offering food to people around the world, about 70% of the Fuji Oil Group's approximately 6,000 consolidated employees are now based outside Japan. Human resources underpin our corporate activities, and are vital assets to achieve our goals and sustain business growth. We believe that the Group's growth depends on the growth of our diverse human resources as we vigorously pursue challenges and innovation, and constantly create new businesses, technologies and products together.

### Basic approach

To grow sustainably, the Fuji Oil Group must make the most of the skills of our diverse workforce in order to fulfill the mission stated in our Group Management Philosophy and keep on serving the global food market. Our aim is to enable our global and diverse workforce to work together and maximize their potential. To that end, we provide growth opportunities and create a better workplace that align with our business strategies and respond to the constantly changing market.

### Human resource strategy

In line with the Fuji Oil Group Management Philosophy and the Fuji Oil Group Human Rights Guidelines formulated in March 2023, we are committed to developing diverse human resources who can make the most of their skills and grow, and who will actively work together on the global stage to help the Fuji Oil Group grow sustainably, through timely policies aligned with our business strategies.

### Fuji Oil Group's human resource strategy



## Management system

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In FY2022, Group companies carried out their own human resource development initiatives according to their business conditions, under the plan laid out by the Global HR Group at Fuji Oil Holdings Inc. In line with our identification of material ESG issues<sup>\*1</sup> for FY2023, we transferred oversight under the material ESG issue and action theme of "securing and developing human resources." The Human Resource and Administration Division Head of Fuji Oil Holdings Inc. oversees initiatives in this area. The Sustainability Committee,<sup>\*2</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives.

\*1 <https://www.fujioilholdings.com/en/sustainability/materiality/>

\*2 [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

## Next Step

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In FY2023, based on the Group policies for human resource initiatives, Fuji Oil Co., Ltd. in Japan established a new human resource development section to enhance performance by providing a streamlined system that conducts both hiring and training. Using the following three concepts, we will develop training programs available to eligible employees regardless of their employment status.

1. Provide opportunities for acquiring a diverse range of expertise
2. Support self-directed career development
3. Foster a culture in which supervisors seriously consider their subordinates' careers and support them

To address these issues, we set the following goals for FY2023.

### **Securing human resources: Improve retention rate of new hires**

- Strengthen initiatives, including recruitment plan, screening, as well as post-hiring training programs
- Review hiring methods to avoid mismatch in hiring for production jobs (conduct plant tours, roundtable discussions and other activities before recruits join the company)

### **Developing human resources**

- Offer new training plans that support career independence
- Undertake measures to enhance individual expertise

## Specific initiatives

## Development of human resources with global business skills

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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, Fuji Oil Holdings Inc. identified the qualities required of future executive managers and carried out comprehensive discussions on the global and strategic development of executive candidates. We select candidates from the entire Group regardless of their nationality, gender, or background and develop diverse executive managers who can move the Group forward.

In FY2022, Fuji Oil Co., Ltd. identified the qualities required of its leaders and selected candidates with a view of fostering its future leaders. Sixteen selected candidates took a practical training program for about nine months, which included planning new businesses and making presentations to top management.

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. Fifteen employees underwent the training in FY2022. 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 also work 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 FY2022, Fuji Oil Co., Ltd. conducted training to improve the English speaking skills of selected personnel engaged in work requiring English. In addition, we began full-scale implementation of our global trainee program in FY2021. The program provides trainees with 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. We thus work on early-stage development of candidates for future management positions at Group companies outside Japan.

## Career support system

For employees working at Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd., we provide upskilling support through training programs by job level, and financial assistance for distance learning courses, along with educational support and incentives for getting the proper work qualifications. We also provide employees with the opportunity to share growth and issues with their supervisors during their evaluation feedback. 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.

In FY2023, we launched the FUJI Learning Cafe, a cafeteria-style training program for fostering learning habits and a culture of continuous learning, and where employees can discuss with their supervisor and choose a program in line with the career direction they would like to pursue. We create a culture in which employees develop the direction of their own careers with the support of their supervisors. We will also expand the scope of the senior career training program that started in FY2022.

**Fuji Oil Co., Ltd. (Japan) FY2023 training system for regular employees**

Class	Job-level-specific training	Training for management talents	Training for global talents	Business skills (general training)						
Manager	Training to improve organizational management skills	Training to cultivate potential executives	English speaking training Advanced class Regular class  Global trainee training  Pre-departure training for international assignments	Logical thinking training	Training conducted by each department	FUJI Learning Cafe	Distance learning	Resilience training	Second career & life plan	
Class 4	New manager training	Training to develop management skills							Career design	Financial training
Class 5										
Class 6										
Class 7-9	Key person training									
	New employee training Follow-up training									
Tentative job offer period	Prospective employee training									

## Employee engagement

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Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd. conduct an annual employee satisfaction 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 FY2022 was the same as in FY2021, maintaining a high level of satisfaction compared to benchmark. On the other hand, looking at individual survey items, there was insufficient understanding and awareness of corporate policies. Hence, we worked on boosting understanding by holding policy briefings and producing videos for division-level training. Starting in FY2023, we plan to change the survey method into an engagement survey that more accurately captures employee job satisfaction and motivation, which could not be measured by the present survey, and to rapidly implement measures to increase job satisfaction.

## Dialogue between labor and management

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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 Human Resource and Administration Division 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 and executive officers is 100%.

### Related documents

ESG Data Book (PDF 4.57MB) 

# Employee Health (Health Management)

## Management information

### Relevance to our business

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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

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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, and we aim to make the greatest possible contribution to the health of all people and the planet by first helping our employees live healthy lives.

#### Fuji Oil Group Health Management Declaration

In Fuji Oil Group's Management Philosophy, we set forth our 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." 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

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Initiatives for employee health management at Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd. are promoted by the Health Management Section of the Human Resources Department 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 Insurance Society.

## Specific initiatives

### Better mental and physical health management system

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At Fuji Oil Co., Ltd., we have all employees undergo regular health examinations, and 100% of employees have had a regular health examination and 92.4% of eligible employees have had a secondary health examination (as of March 31, 2023). 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 by the industrial health staff.

In addition to these initiatives, in FY2022, we carried out COVID-19 vaccination at Fuji Oil Co., Ltd.'s Hannan Business Operations

Complex. 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.

At the request of female employees, we held a health talk on “menopause and andropause” together with an external lecturer and an occupational physician that was joined by over 100 participants.

To prevent mental health problems, we have employees respond to a stress check questionnaire (92.8% response rate in FY2022), and support each workplace's efforts to solve issues identified there and improve the working environment by conducting psychological assessments. We offer Life Career Counseling services, including consultation on career concerns in addition to mental health problems with full-time in-house counselors. Affiliated external counsellors also support for employees suffering mental health problems. 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 need to take a long leave 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. We have also formed a system for smooth reinstatement of employees by continuing to provide health-related support in the approximately three-month transitional period after returning to work and are creating an organization where both returning employees and their coworkers can continue to enjoy their work.

We began publishing a column on health in FY2020 as part of our information sharing via our Japan-wide intranet, and in FY2022 vastly increased the amount of information posted. In an edition on lifestyle-related diseases that covered topics like blood pressure, lipids and diabetes, we also featured charts displaying data from employee health examinations, which is making employees more aware of their health by giving them a better idea of where they stand compared to their peers. The column is also shared with Group companies in Japan for an even more widespread promotion of health.

## 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 to advice on healthier lifestyles. By using 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 soy meat products (F-lunch) and menus using local vegetables, 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
Preventing smoking	Promote the 22 <sup>nd</sup> of each month as No-smoking Day to encourage smokers to quit
	Provide a smoking cessation program in partnership with the Health Insurance Society
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)
	Provide a walking campaign and online exercise program in partnership with the Health Insurance Society
	Shoulder the costs of exercise-related services as part of the welfare program
Supporting sleep	Establish a silent room with an environment for napping
	Introduce the benefits of the coffee nap* with digital signage

\* A technique of consuming caffeine through coffee or green tea and then taking a short nap in order to suppress sleepiness and improve work efficiency afterward.

## External recognition

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**Named among the top 500 in the large enterprises category (White 500) of the 2023 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. (sixth consecutive year)
- Fuji Oil Co., Ltd. (sixth consecutive year)

**Named in the large enterprises category of the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi**

- Fuji Sunny Foods Co., Ltd. (fifth consecutive year)

**Named in the SME category of the 2023 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. (fifth consecutive year)
- Omu Milk Products Co., Ltd. (fifth consecutive year)

\* Other external recognitions

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

## Related documents

ESG Data Book (PDF 4.57MB) 

# Partnership with Communities

## Management information

### Relevance to our business

The Fuji Oil Group has key operating sites in 14 countries (as of July 2023). Since food culture varies from region to region, our activities as a food ingredient manufacturer, including plant operations and product sales, require cultivating close relationships with local people. Our business success relies on a partnership with these communities. To this end, we carry out local-based development initiatives that are in line with the social needs of the region. 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 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.

\* <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 are overseen by the ESG Division Officer, while initiatives are led by the ESG Division’s Sustainability Development Group at Fuji Oil Holdings Inc.

## Specific initiatives

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

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 FY2022, we held three programs that can be conducted both in-person and online, two on soybeans (“The Global Environment and Our Food” and “Food Education Bingo”) and one on palm oil (“Food Detectives, Discover the Secrets of Food!”). We taught a combined 32 classes, in-person and online, on the power of soy and palm oil to 857 students at 21 elementary schools. A total of 5,149 children have participated in the food education project since it began.

Aside from the food education project, we also started holding food education events on cocoa using a video. The video contains information linked to our program Sustainable Origin,\* and was designed to teach children about the chocolate manufacturing process, the issues at cocoa producing regions, and our efforts to address these issues, together with a friendly mascot called Prince Cocoa. In FY2022, we also held food education events for students and their parents. More



The Global Environment and Our Food, food education lecture on soybeans





than 250 people across 9 locations explored the topic of global sustainability through familiar foods, using ingredients used by the Fuji Oil Group as subject matter.

Prince Cocoa, mascot for the food education program on cocoa

\* <https://www.fujioil.co.jp/product/chocolate/sustainable/> (in Japanese) 

#### Comments from participants:

- I wonder what soy meat and soy cream taste like! I'd love to try it someday. (3rd grader)
- With the use of soy meat and other foods, I hope that the Earth's energy will be protected so that people can see the beauty of nature 10 or even 100 years from now. (6th grader)
- I think they learned about familiar things that were not taught at school, made new discoveries, and developed new interests. Environmental issues must be considered on a global scale. I think this gave students the opportunity to think about things that were familiar to them since elementary school. (Teacher at school venue)
- I enjoyed learning about chocolate and the SDGs. I wish that the children at chocolate plantations will be able to study. (6th grader)
- I've been using palm oil and canola oil at my part-time job. All this time, I've taken it for granted. After learning that forests are being cut down to produce oil, and about climate change and other environmental problems, I want to use them more carefully in the future. (University student)
- Learning how food can serve society made my expectations and interest in food companies grow even more. (University student)

## 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 from FY2021, in FY2022 the Fuji Oil Group donated chocolate (two types: with cocoa butter and with vegetable oil) to four high schools in Japan to use as aids for teaching about environmental problems through familiar foods. A combined 750 students learned about climate change and the importance of forest conservation.

\* <https://www.thinktheearth.net/en/> 

## Hannan Forest Project

Fuji Oil Co., Ltd. launched the Hannan Forest Project in 2010 to regenerate the secondary forest in Izumisano City, Osaka Prefecture, where its head office is located. Since then, project activities have been further developed. From 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 secondary forest.

In FY2022, the volunteering events were held four times (65 participants in total) because of unseasonable weather and voluntary restrictions during the COVID-19 pandemic. 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.
- As sunlight shine through the canopy, the forest starts to regenerate. Insects, birds, and other lives are now being spotted with increasing frequency.

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



Thinning a bamboo grove

\* <http://izumisano-kyuryo.jp/en/> 

### Comments from the person in charge of collaboration at Osaka Prefecture:

The Izumisano Kyuryo Ryokuchi aims to create a park that will help achieve the SDGs. Together with the leading local companies, we have been working on activities to create a forest full of life. I eagerly look forward to initiatives that will serve as role models for creating an abundant future with a sustainable natural environment.

## 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 FY2022, we hosted a seminar featuring two speakers at the Sendai International Center in Miyagi Prefecture, with precautions taken to prevent the spread of COVID-19 for in-person attendees (around 150 people participated in-person and another 100 watched via livestream).

### FY2022 lecture content and speakers:

- Food Technology Will Change the Future of Food, Prof. Shin-ichi Ishikawa (Miyagi University)  
Development of new food technologies that can address future food and environmental issues, such as cultured meat and plant-based meat alternatives, as well as the future of food that includes automation and the use of the Internet of things (IoT), which merges devices and information technology modelled by smart kitchens.
- Thoughts on Health and Longevity from the Perspective of Nutrition, Dr. Masafumi Kuzuya (Director, Meitetsu Hospital)  
The significance of consuming soy products and the importance of engaging in social activities to prevent frailty in older people (physiological stage prior to requiring nursing care), based on clinical research experience on preventive geriatric medicine.

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



Front view of the public lecture



Prof. Ishikawa of Miyagi University



Dr. Kuzuya of Meitetsu Hospital

## Providing a path to entrepreneurship: Chocolate business startup program for low-income earners in Brazil

Harald Indústria e Comércio de Alimentos Ltda (Brazil) has been working with local NGOs and municipalities, offering a chocolate business startup program to low-income earners in Brazil since FY2019, with 575 people that have taken part in the program in FY2022 (over 1,500 in total).

Participants were provided with online tools and ingredients, along with online courses or in-person training at community kitchens and confectionary stores in São Paulo. The program is popular with participants, who are mostly young adults and women, due to the low startup costs and quick returns of running a chocolate candy business.

In addition, more than 2,100 free workshops were held annually for making commercial chocolate and confections for consumers. More than 40 trained instructors explained how to create practical recipes.

Harald is also working with the Fundação Bunge Foundation on a pilot project for vocational training to meet the demands of people seeking employment in the food



Certified students in 2022

service industry. The project offers free qualification courses on baking, confectionery, and cooking to young people in the suburbs of São Paulo. Fifteen selected students spend a year obtaining professional certifications and then undergo six months of career monitoring in a practical setting in preparation for employment.

## Related documents

ESG Data Book (PDF 4.57MB) 

# Risk Management System

## 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. The Group's value chain is exposed to a wide range of potential risks, including impacts on numerous fronts arising from changes in social issues, international relations and economic environments.

### 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 FY2023*	
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 connected to Group operations

\* The identified significant Group-wide risks

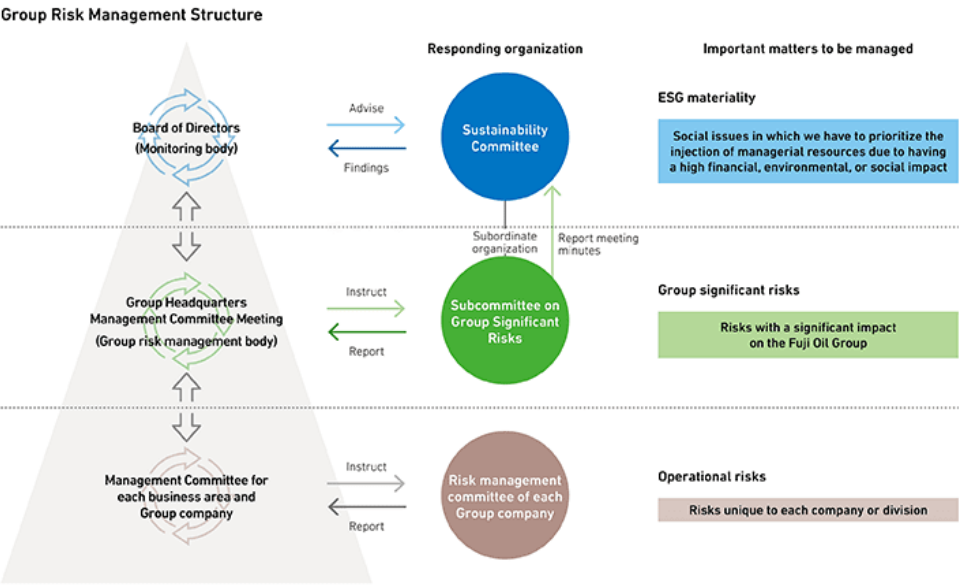
[https://www.fujioilholdings.com/en/ir/policies\\_and\\_systems/risk/](https://www.fujioilholdings.com/en/ir/policies_and_systems/risk/)

# Management system

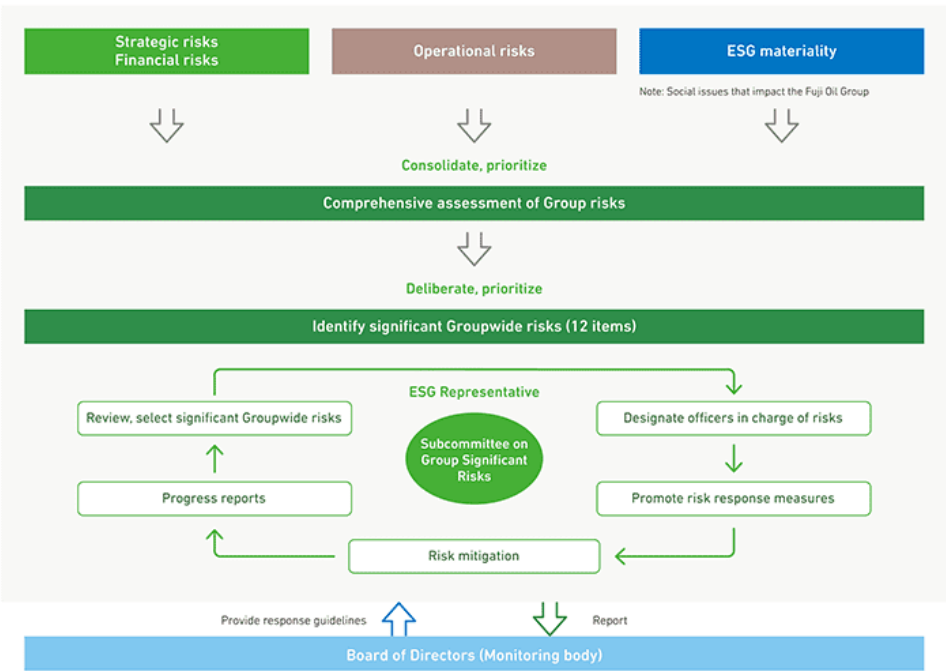
The Fuji Oil Group has positioned the Management Committee Meeting as its Group-wide risk management body. The committee uses a variety of information sources that account for the circumstances surrounding the Group — such as risks perceived by management, ESG materiality map and the risk maps of each regional headquarters and Group companies — to comprehensively determine the degree of impact on our business, and the likelihood and timing of manifestation. We then select risks that are significant to the entire Group and establish a Group-wide risk management system to plan, implement, check the progress of, evaluate and improve overall risk response measures.

Each regional headquarters and Group company creates a risk map and identifies their specific operational risks. At the same time, Fuji Oil Holdings Inc. 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,\*<sup>1</sup> 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 is overseen by the Fuji Oil Holdings ESG Representative. The Sustainability Committee, an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.\*2

\*1 [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

\*2 <https://www.fujioilholdings.com/en/sustainability/materiality/>

## Goals / Results

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

FY2022 Goals	FY2022 Results	Self-assessment
Strengthen risk management in the Fuji Oil Group	<ul style="list-style-type: none"> <li>Conducted Group-wide discussion of risks at the Subcommittee on Group Significant Risks (four times in total)</li> <li>Performed new risk assessments at regional headquarters and Group companies, and held risk management meetings based on the results</li> </ul>	○
Properly disclose information on the financial implications of climate-related risks based on the TCFD recommendations	<ul style="list-style-type: none"> <li>Compiled the latest information for FY2023 changes to TCFD disclosure in annual securities reports</li> <li>Discussed the information to be disclosed at the Subcommittee on Group Significant Risks to add objectivity and validity</li> </ul>	○
Prepare to comply with TNFD disclosures	<ul style="list-style-type: none"> <li>Gathered the latest information on TNFD, investigated biodiversity issues connected to Group operations, and conducted a qualitative assessment of their impact on our business</li> </ul>	○

## Analysis

The significant Group-wide risk items selected were discussed at the Subcommittee on Group Significant Risks and the risk management meetings with each regional headquarters and Group companies that were held on the basis of the new risk assessments. Action was then promoted to help strengthen risk management throughout the entire Group.

For our TCFD disclosure, we made it more accurate, timely and relevant by gathering pertinent information and holding discussions with the related divisions in order to specify the timing, duration and degree of impact of each risk and opportunity for each scenario. Our efforts were lauded by the Financial Services Agency in their FY2022 edition of the reference casebook of good practices on the disclosure of narrative information, which included us in the section on “Examples of Corporate Sustainability Information Disclosure in Securities Reports: Environment (Climate Change, etc.).”\*

We are also collecting a variety of information and identifying biodiversity issues within the Group’s business in preparation ahead of the release of the formal TNFD disclosure framework.

Significant Group-wide risk items and TCFD information disclosure items are managed appropriately by the Chief Officer, who reports their statuses in a timely manner to the Management Committee Meeting (our Group-wide risk management body) and Board of Directors (our monitoring body) for approval.

\* <https://www.fsa.go.jp/news/r4/singi/20230131/03.pdf> (in Japanese) 

## 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 FY2023.

- Strengthen risk management in the Fuji Oil Group
- Properly disclose information on the financial implications of climate-related risks based on the TCFD recommendations
- Prepare for appropriate information disclosure regarding biodiversity based on the TNFD framework



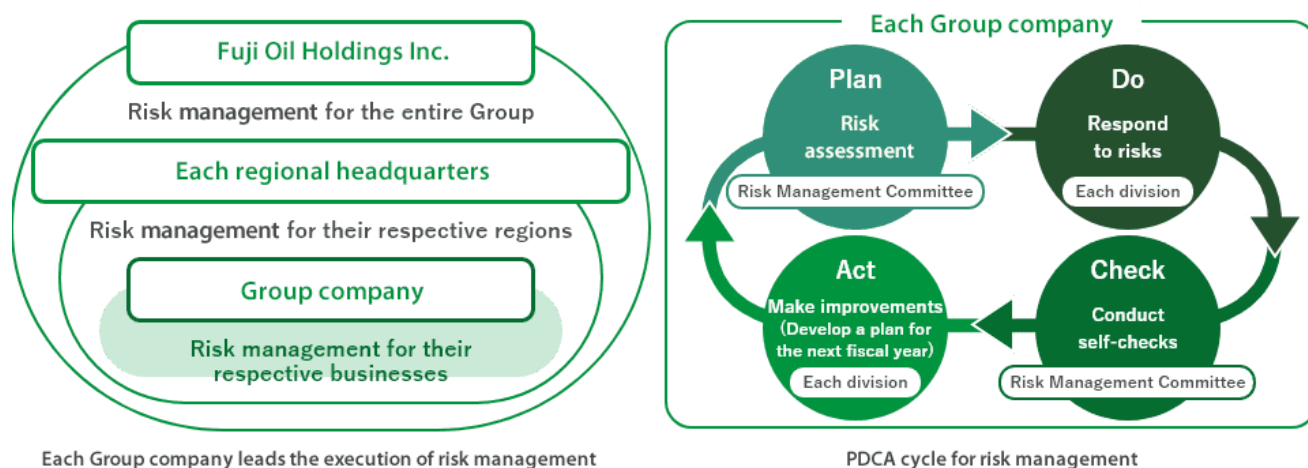
### Risk management method adopted by each Group company

#### PDCA

The Fuji Oil Group clearly defined the roles of Fuji Oil Holdings Inc., companies acting as regional headquarters and Group companies, 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



### Business continuity plan (BCP)

In recent years, numerous natural disasters, pandemics, and rising geopolitical risks resulting from war and conflict cause damage and impact that hinder continued socioeconomic activity. As a food company, 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 the event of such damage or impact. 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 carry out a range of measures including introducing a safety confirmation system for 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. To also reduce the impact of various geopolitical risks and improve the Group's overall risk resilience, we work with relevant divisions based on the latest information received from regional headquarters and Group companies in order to construct and analyze risk scenarios from multiple perspectives and devise responses. Through activities like these, we strive to stage a rapid and appropriate first response in emergencies, ensure employee safety and 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

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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 FY2022, we increased preparations against supply chain disruption risks, reviewed the methodology used in our annual risk assessment of Group companies, and introduced a new risk assessment tool. This new tool identifies risks at Group companies from multiple angles, and calculates and visualizes the risk awareness level from the perspective of the relevant Group company, and the level of impact when the risk occurs. We also conducted risk management communication meetings both remotely and in person, shared the risk assessment results and promoted response measures, with the goal of raising the risk management level of regional headquarters and Group companies.

In addition, in FY2022 we continued providing training to eight employees newly posted to international assignments on the fundamentals of risk management and the risk management system of the Fuji Oil Group. Through these activities, we strive to raise our employees' risk awareness and their sensitivity to risks.



Risk management communication meeting  
(Woodlands Sunny Foods Pte. Ltd.)

# Information Security Management

## Management information

### Relevance to our business

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

We fulfil our corporate social responsibilities by providing reliable products and services, and properly managing all critical information we receive from customers, business partners and various stakeholders involved in our business operations.

As information technology and digital data security become increasingly vital to our operations, we ensure to safeguard against unauthorized access and cyber attacks, and promote the digital transformation (DX) of the Fuji Oil Group. This will further increase 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 continue to 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,<sup>\*1</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.<sup>\*2</sup>

\*1 [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

\*2 <https://www.fujioilholdings.com/en/sustainability/materiality/>

### Goals / Results

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

FY2022 Goals	FY2022 Results	Self-assessment
Review and update the Group's Information Security Regulations to reflect the latest risk trends	<ul style="list-style-type: none"> <li>Regulations revision completed</li> <li>On-site evaluation of measures taken by companies in line with revised content (5 companies)</li> <li>No serious security incidents occurred, thanks to the increased internal awareness of security risks.</li> </ul>	○

## Analysis

COBIT\* Level 4 requires the ability to demonstrate implementation of activities that ensure IT security, to measure the status of information asset protection and IT security assurance compliance, and to be ready to implement improvements when necessary. To meet these requirements, we introduced an evaluation system by the Computer Security Incident Response Team (CSIRT), including internal security audits. In FY2022, checks were conducted for five Group companies. This system ensures a robust PDCA process for information security management.

When the evaluation identifies 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.

\* A framework to measure the maturity of IT governance, evaluated on a scale of 0 to 5. Level 5 indicates the process is “optimized”.

## Next step

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We will continue providing support for both IT and OT\* security measures in order to raise awareness of the Group's Information Security Regulations revised in FY2022; and ensure compliance in all our companies.

- Continue conducting measure evaluations by CSIRT, which include internal security audits (FY2023 plan: IT evaluation for six companies, OT evaluation for four companies)

\* Operational technology (OT) comprises the systems and their associated technologies which control and operate control devices in factories and other facilities.

## Specific initiatives

### Education

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Since FY2018, we have been conducting IT security training for Group employees to raise awareness, mainly by e-learning. The completion rate in FY2022 was 96.2%. \* 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 officers, executive officers and employees who have a company email address and use a computer in their day-to-day operations.

### Internal security audit

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Since FY2020, we have been conducting internal security audits within the Fuji Oil Group 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 FY2023, we will update the evaluation items covered by the audit to include OT security measures and cloud services used by business divisions, as we continue conducting internal audits and self-assessments.

# Strengthening Compliance



## 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). We defined the Fuji Oil Group Three Principles of the Code of Conduct to clarify specific behaviors that all Group members are expected to follow to ensure that they act ethically and practice compliance. The basic values and spirit underlying these ethics and compliance have also been embedded in the Fuji Oil Group Management Philosophy\* established in November 2015.

\* <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

In FY2023, the Legal Division of Fuji Oil Holdings Inc. is planning various measures to increase compliance awareness and is working to address compliance issues throughout the Group under the supervision of the division head. The Sustainability Committee,\*<sup>1</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.\*<sup>2</sup>

\*<sup>1</sup> [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

\*<sup>2</sup> <https://www.fujioilholdings.com/en/sustainability/materiality/>

## Goals / Results

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

FY2022 Goals	FY2022 Results	Self-assessment
No serious compliance violations	There were no serious violations of laws and regulations affecting Fuji Oil Group business operations	○
Conduct a risk assessment and monitoring of fair transactions and other significant Group compliance risks	<ul style="list-style-type: none"><li>Conducted cartel risk assessments at Group companies and relevant individual interviews at sites assessed as high risk</li><li>Introduced measures in response to the above results</li></ul>	○
Raise employee awareness of compliance	We received a 93.2% positive response rate to the question, "When business and compliance are in conflict, is there a culture of prioritizing compliance?" (a 2.6 point increase over previous year)	○

## Analysis

In FY2022 we focused on strengthening initiatives in the area of antitrust compliance by establishing Basic Regulations for Compliance with Competition Laws (not externally disclosed) that apply to the entire Fuji Oil Group, performing a cartel risk assessment and conducting awareness-raising activities in response to the risk. Engaging in fair and proper transactions is one of the pillars of our Group business operations and is also stipulated in the Fuji Oil Group Three Principles of the Code of Conduct, and we will continue our efforts in the future.

There were no serious legal or regulatory violations affecting Fuji Oil Group operations in FY2022. The compliance awareness of employees throughout the Group is also on a slight upward trend, and a compliance culture is steadily being fostered step by step.

## Next step

We are again aiming for zero cases of serious compliance violations in FY2023. We recognize that we need to develop a compliance risk management system (including prevention of bribery and other corruption) for the entire Group to achieve this, and will work on the following specific goals and measures.

- No serious compliance violations
- Conduct a compliance program including training for the entire Group
- 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 are available in nine languages that are spoken in the countries and regions in which we operate, and are adapted to their laws and regulations. The guidelines are also proactively used by Group companies, which conduct workshops on case studies included in the guidelines. The guidelines are distributed to employees in booklet or PDF forms.



## Compliance training

We conduct Group wide e-learning training for employees\* globally (available in nine languages) on key compliance issues, including laws and regulations related to fair business transactions, such as anti-bribery, anti-corruption, and antitrust laws with the aim of enhancing compliance sensitivity of all Fuji Oil Group employees. Our FY2022 e-learning on antitrust laws had a 95.6% participation rate.

In addition, the Legal Division collaborates with other relevant departments to provide the necessary compliance education for the necessary departments through face-to-face trainings or e-learning. In FY2022, for the Europe-Africa region we invited lawyers from external law firms as lecturers for online group training covering antitrust laws. Twenty employees from sales and other divisions within the Europe-Africa region participated and contributed to an active Q&A session.



Group training for sales division personnel of Fuji Oil Co., Ltd.

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

## Monitoring

We conduct compliance monitoring of Group companies worldwide in cooperation with Audit and Supervisory Committee members and departments responsible for internal audits, risk management and other relevant divisions.

Moreover, the Legal Division 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. We have also provided third-party partners in some specific areas with access to the Fair Trade Helpline, as part of the effort to promote fair transactions (since January 2019).

The Fuji Oil Group's Compliance Helpline has been available for employees at Group companies outside Japan (since May 2015). Some of these companies also operate their own whistleblowing system in addition to the Compliance Helpline.

We created an environment that facilitates reporting both in and outside Japan that ensures the confidentiality and anonymity of informants and accepts reports 24 hours a day, 365 days a year. Upon reception, we promptly investigate the details of the report, make necessary corrective measures, and provide feedback to the whistleblower.

Fuji Oil Holdings Inc.'s Whistle-blowing Regulations guarantee the confidentiality and anonymity of whistleblower and prohibit the dismissal and unfair treatment of an employee due to 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 FY2022, we received 32 whistleblowing reports throughout the entire Group. The Fuji Oil Holdings Inc. Legal Division annually reports to the Board of Directors on the number of whistleblowing received across the Group, their summaries and corrective measures. The Board of Directors supervises operation of the whistleblowing system. In FY2022, the Board of Directors discussed how to promote the whistleblowing hotline outsourced to an outside law firm, and made new efforts to raise awareness of it. This included the publication of an article on the Group's internal communication site (in Japanese, English, Chinese and Portuguese) that introduces the outsourced hotline, including related Q&A. We also introduce the Group's whistleblowing system at every compliance training session to ensure that the system is well known.

## Corruption prevention

Preventing bribery and corruption is one of our key compliance issues related to fair transactions. We have established the basic regulations for preventing bribery (not externally disclosed) 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.

To instill these anti-bribery 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. The e-learning on preventing bribery and corruption held in FY2021 had a 95.4%\* participation rate.

In addition, employees can use the whistleblowing system described above to anonymously raise concerns and grievances related to bribery and corruption in the company. The Fuji Oil Holdings Inc. Board of Directors receives reports from the Legal Division on measures against bribery, and supervises the establishment and execution of such measures.

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

## Political donations

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The Fuji Oil Group does not make political donations.

## Compliance with laws and regulations

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There were no serious violations of laws or regulations affecting the Fuji Oil Group's business operations in FY2022.

## Related documents

ESG Data Book (PDF 4.57MB) 

# Group Governance

## Management information

### Relevance to our business

The Fuji Oil Group began expanding to markets outside Japan on a full scale in the 1980s, and has major business sites in 14 countries around the world (as of July 2023). 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. In April 2023, we revised our vision to "Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy" in line with the current state of our businesses and the Group's circumstances. We also believe that a basic approach to Group governance is vital to providing a unified Group management in countries and regions with different values, cultures and business practices. To that end, we formulated the Fuji Management Regulations and other concrete Group policies in order to build an effective Group governance system.

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

### Management system

The Chief Strategy Officer (CSO) oversees initiatives in the area. The Sustainability Committee,\*<sup>1</sup> an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.\*<sup>2</sup>

\*<sup>1</sup> [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

\*<sup>2</sup> <https://www.fujioilholdings.com/en/sustainability/materiality/>

### Goals / Results

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

FY2022 Goals	FY2022 Results	Self-assessment
Improve communication within the Fuji Oil Group to further enhance awareness of the Group Management Philosophy and execute Group strategy	In April 2023, as a preliminary step toward enhancing awareness of the Group Management Philosophy, we provided guidance on the revision of our vision to all Group companies. The revision of our vision began with management-level interviews, followed by two deliberations at the Fuji Oil Holdings Inc. Management Committee Meeting and a resolution by the Board of Directors	○
Revise our system for monitoring management execution to align with our recent transition to a company with an Audit and Supervisory Committee	Transitioned to a company with an Audit and Supervisory Committee, with the Board of Directors conducting oversight focused on monitoring management execution	○

## Analysis

In FY2022, we carried out initiatives to improve Group governance. This included the revision of our vision in the Fuji Oil Group Management Philosophy and our system for monitoring management execution to align with our transition to a company with an Audit and Supervisory Committee. At the same time, we revised our Group policies in order to express our Group governance policies in a concrete manner. Based on these policies, we are building an effective Group governance system.

In FY2023, we will further carry out initiatives to disseminate our revised vision as well as enhance awareness of our Group Management Philosophy.

In line with the review of our business management structure, we will improve the monitoring of our management execution from the standpoint of our business segments and regional headquarters. Using financial and non-financial KPIs of management targets set forth in our Medium-Term Management Plan as indicators to measure the progress of the Fuji Oil Group's management strategy, we are committed to achieving our goals to enhance our corporate value and help greater society.

## Next step

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We recognize that strengthening the management cycle of management supervision and business execution between Fuji Oil Holdings Inc. and Group companies is our challenge. To address this issue, we will work on the following goals in FY2023.

- Disseminate our revised vision and enhance awareness of the Fuji Oil Group Management Philosophy
- Monitor management execution from the standpoint of our business segments and regional headquarters, in order to strengthen our global management

## Specific initiatives

## Internal control system

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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 in order to ensure high value-added work, including the Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), and U.S. Certified Public Accountant (USCPA).

Remote audits and onsite inspection are used for the operational audits. Remote audits employ system data analysis and online conference systems as used during the COVID-19 pandemic. We resumed onsite inspections depending on the situation and risks at subsidiaries outside Japan to assess and confirm the effectiveness of our internal control systems.

# 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

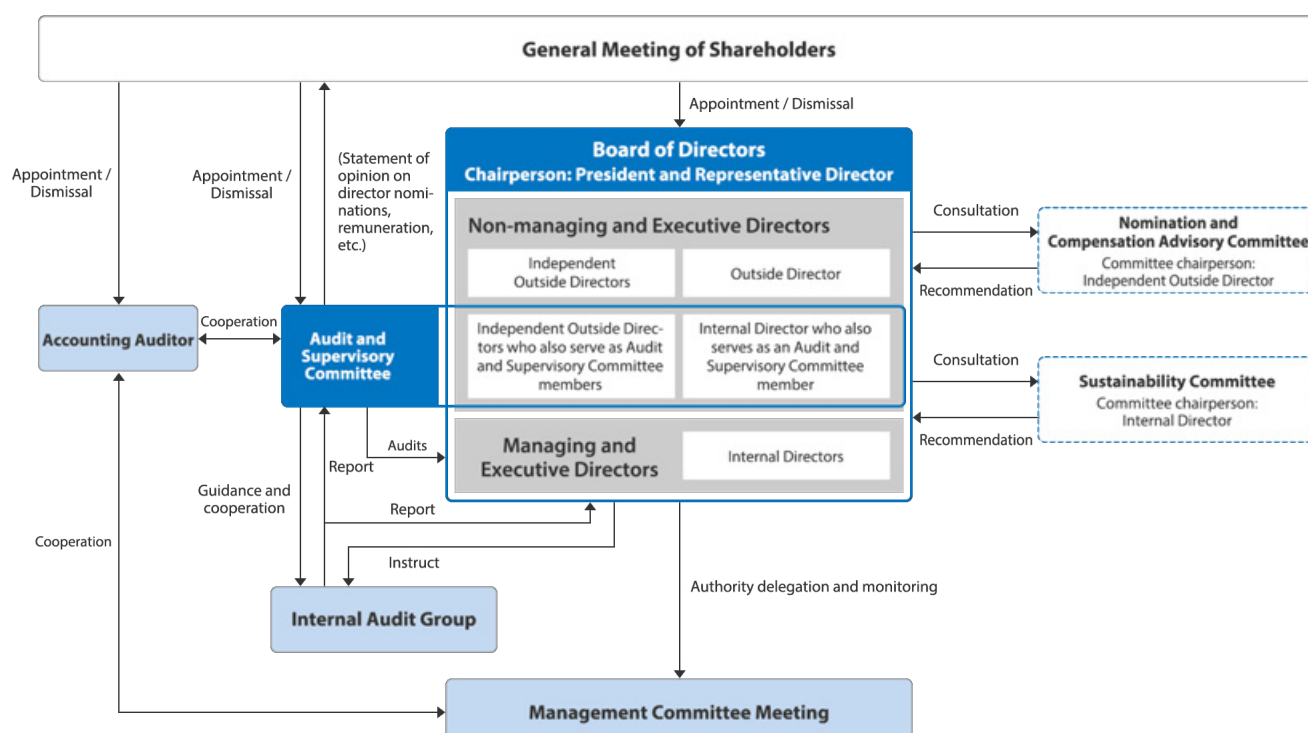
The Group aims to prevent situations that would harm corporate value, such as violation of laws and regulations, fraud and misconduct. We position corporate governance as an important mechanism for ensuring timely and decisive decision-making process and business operations.

In June 2022, Fuji Oil Holdings Inc. shifted 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

(As of March 31, 2023)



## 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

On the Board of Directors, a Board Secretariat has been set under the Chief Strategy Officer (CSO) and is responsible for 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 interconnection between both meetings (to accurately reflect the requests and instructions from the Board of Directors in the business execution, among others), and enhance 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 provides the results as feedback to the Board of Directors. In response to this feedback, the Board of Directors deliberates on essential matters to enhance corporate value. These matters are then reflected in the annual agendas of both the Board of Directors and the Management Committee Meetings to stimulate discussions that will facilitate management for business execution. Through constant monitoring of the matters discussed by the Management Committee Meeting, the Board of Directors ensures that their directives are properly carried out on the executive side and strives to enhance corporate governance.

The Sustainability Committee<sup>\*1</sup> and the Nomination and Compensation Advisory Committee<sup>\*2</sup> 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, and reports its activities and makes recommendations on material ESG issues and other matters 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 CEO succession plan, review of executive structure including CEO reappointment, and review of director remuneration KPIs from the perspective of ensuring transparency and objectivity, and makes recommendations to the Board of Directors.

\*1 [https://www.fujioilholdings.com/en/sustainability/sustainability\\_management/](https://www.fujioilholdings.com/en/sustainability/sustainability_management/)

\*2 <https://www.fujioilholdings.com/en/about/governance/compensation/>



## Goals / Results

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

FY2022 Goals	FY2022 Results	Self-assessment
Deliberations on policies and corporate strategies from the medium- to long-term perspective	<ul style="list-style-type: none"> <li>The Board of Directors also deliberated on short-term measures because of rapid changes in the business environment caused by unstable global conditions. However, the transition to a company with an Audit and Supervisory Committee clarified the role of the Board of Directors to overseeing business execution through monitoring, and enhanced corporate management and supervisory functions, receiving recognition from a third-party institution</li> <li>During the effectiveness evaluation process, recognized the need to find a way to increase deliberations on the direction and progress of R&amp;D (including organizational structure and investment), a theme requiring a medium- to long-term perspective</li> </ul>	○
Corporate strategy, management resource allocation and setting of both financial and non-financial management goals	<ul style="list-style-type: none"> <li>In the Medium-Term Management Plan, Reborn 2024, presented our corporate strategy and management resource allocation policy and set KPIs for both financial and non-financial aspects, receiving some level of recognition from a third-party institution</li> <li>In the effectiveness evaluation, further discussions, based on deliberations on policies and corporate strategies from the medium- to long-term perspective, were considered necessary. In particular, it was suggested that, aside from the meeting of the Board of Directors, briefing opportunities should be set up to provide information and discuss the direction of R&amp;D (including organizational structure and investment)</li> </ul>	○
Strengthening group governance	<ul style="list-style-type: none"> <li>From the perspective of driving growth strategies and strengthening our business portfolio, some progress had been made by adopting a region-based approach. However, the results of a questionnaire survey of all directors revealed their perception that strengthening our management and business foundation takes priority due to the emergence of uncertainties in the business environment</li> <li>In this regard, conducted an organizational revision in April 2023 to strengthen collaboration between each functional division of Fuji Oil Holdings Inc. and Group companies outside Japan, as well as strengthen the global management, governance and compliance of our businesses</li> </ul>	△
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)	<ul style="list-style-type: none"> <li>By transitioning to a company with an Audit and Supervisory Committee, strengthened the monitoring function with some level of outward success, receiving recognition from a third-party institution</li> <li>Identified the need for discussions on setting KPIs for monitoring by the Board of Directors, as well as discussions on the delegation of authority that accompanies this. Shared a heightened awareness that further efforts are necessary to achieve the desired state of the Board of Directors</li> </ul>	○

## Analysis

In the effectiveness evaluation of the Board of Directors for FY2022, we conducted interviews with CEO and the Outside Director who is the chairman of the Nomination and Compensation Advisory Committee. We also conducted a survey of all directors. To set the survey questions, the Board of Directors secretariat gathered the opinions of all directors in advance and outsourced the creation of the survey to a third-party assessment organization, which formulated a unique design that enabled the assessment of the following five items: (1) Confirming the degree of improvement in response to the issues raised in the previous fiscal year, (2) Comparison of expected changes prior to transitioning to a company with an Audit and Supervisory Committee and actual results, (3) Response to new governance requests, (4) Narrowing down of agenda items for deliberation, and (5) Operations management by the secretariat. The results of the survey indicated that since transitioning to a company with an Audit and Supervisory Committee, the company has made progress in relation to initiatives towards achieving a monitoring-based Board of Directors and strengthening group governance. Furthermore, active and open discussions are being held by the Board of Directors. The survey also indicated that the Board's focus is on improving corporate value, and that monitoring is leading to improvements in the quality of management. On the other hand, the improvement of monitoring functions is still considered to be an issue, and members share a heightened awareness that further efforts are necessary to achieve the desired state of the Board. Additionally, the following issues were indicated:

### 1. Operational challenges

- (1) Need for discussion on setting KPI that should be monitored by the Board of Directors
- (2) Need for a clearer distinction between short-term and medium- to long-term problem domains

The themes requiring a medium- to long-term perspective

- Progress in the execution of business strategies and allocation of management resources (including human resources) to support them
- Direction and progress of R&D (including organizational structure and investment)

### 2. Issues related to roles and functions

- (1) Designing opportunities for accountability outside of the Board of Directors to more appropriately share the management status of internal directors with outside directors
- (2) Need for discussion about delegating authority related to setting KPIs to be monitored by the Board of Directors (1. 1 above)

## 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. The Group decides the annual Board of Directors agenda for the following fiscal year based on the results of Board deliberations concerning the effectiveness evaluation. In determining annual agenda themes, the Board of Directors secretariat holds discussions with the directors in charge of each theme and the Management Committee Secretariat, and designs an agenda schedule for the Board of Directors so that it is linked with the Management Committee. With the transition to a company with an Audit and Supervisory Committee, the effectiveness of the Audit and Supervisory Committee is important to improving the effectiveness of the Board of Directors. For this reason, in FY2022, as part of the Board effectiveness evaluation, we also conducted an effectiveness assessment of the Audit and Supervisory Committee. We will develop and operate a framework to effectively improve our governance as a whole by sharing assessment results with Directors who also serve as Audit and Supervisory Committee members as well as all other Directors.

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

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

Corporate Governance Report (PDF, 864KB) 

NOTICE OF THE 95TH ORDINARY GENERAL MEETING OF SHAREHOLDERS (PDF, 191KB) 

## Related documents

ESG Data Book (PDF 4.57MB) 

## 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

- June 2023: Continued to be listed in the FTSE4Good Developed Index, FTSE4Good Japan Index, FTSE Blossom Japan Index, and FTSE Blossom Japan Sector Relative Index
- June 2023: Continued to be listed in the S&P/JPX Carbon Efficient 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, FTSE Blossom Japan Index, and FTSE Blossom Japan Sector Relative Index.

- June 2023: Listed in the Morningstar Japan ex-REIT Gender Diversity Tilt Indexes (GenDi J) (Selected for the first time)



Built with the data and scoring methodology of Equileap, "GenDi J" is designed to emphasize the stocks of companies that have strong gender diversity policies embedded in their corporate culture and that ensure equal opportunities to employees, irrespective of their gender. Companies are divided into five equally sized groups based on their Gender Equality Score. Fuji Oil Holdings is in Group 1, the highest tier of "GenDi J".

### Communication with society

- January 2023: Silver Award in the Sustainability Site Awards 2023 organized by the Association for Sustainability Communication
- February 2023: Excellence Award in the Nikkei Integrated Report Awards\* organized by Nikkei Inc. (fifth consecutive year)



\* Formerly called the Nikkei Annual Report Awards until 2020

## Creation of sustainable food resources / health and nutrition

- October 2022: Chairman's Award of the Agriculture, Forestry and Fisheries Research Council (Private Sector Category) in the 23rd Agriculture, Forestry and Fisheries Research and Development Achievement organized by Japan's Ministry of Agriculture, Forestry and Fisheries and the Japan Association for Techno-innovation in Agriculture, Forestry, and Fisheries
- January 2023: Award for Excellence in the 2022 Nikkei Excellent Products and Services Awards organized by Nikkei Inc.
- March 2023: 2022 Branch Technology Award by Kansai Branch of Japan Society for Bioscience, Biotechnology, and Agrochemistry (JSBBA KANSAI)

## Environment

- December 2022: "A" rating from CDP in 2022 for water security and forests, and "A-" rating for climate change
- February 2023: Selected as a Supplier Engagement Leader in the CDP Supplier Engagement Rating 2022
- May 2023: Selected among the top 200 Asia Pacific Climate Leaders in a joint survey by Nikkei Asia, the Financial Times (UK), and German research agency Statista (second consecutive year)



## Sustainable procurement

- March 2023: Awarded the Minister's Award for Excellence in Sustainable Raw Material Procurement by Domestic Food Manufacturing Businesses by Japan's Ministry of Agriculture, Forestry and Fisheries
- April 2023: Perfect evaluation score in the RSPO Shared Responsibility Scorecard

## Women's empowerment

- August 2017: "Platinum Kurumin" certification from Japan's Ministry of Health, Labour and Welfare
  - Fuji Oil Co., Ltd.
- November 2022: Continued to be certified as a Leading Company in Women's Participation in Osaka City
  - Fuji Oil Co., Ltd.



## Health management

- November 2022: Certified as Great Place to Work in Brazil in Brazil's Industrial Sector (third consecutive year)
  - Harald Indústria e Comércio de Alimentos Ltda (Brazil)
- May 2023: Certified as Great Place to Work in Brazil in Regional Sector (fifth consecutive year)
  - Harald Indústria e Comércio de Alimentos Ltda (Brazil)
- March 2023: Listed among the top 500 in the large enterprises category (White 500) of the 2023 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. (sixth consecutive year)
  - Fuji Oil Co., Ltd. (sixth consecutive year)

Recognized in the large enterprises category of the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi

- Fuji Sunny Foods Co., Ltd. (fifth consecutive year)

Recognized in the SME category of the 2023 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. (fifth consecutive year)
- Omu Milk Products Co., Ltd. (fifth consecutive year)

