

**Progress Report
on the Responsible Palm Oil
Sourcing Policy**

January – June 2025



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INTRODUCTION

About the report

This report describes the progress of traceability and supply chain improvement activities implemented in principle from January 2025 to June 2025 to achieve NDPE (No Deforestation, No Peatland Development and No Exploitation). This report is prepared as an interim report of the annual Sustainability Report.

Activities to promote the Responsible Palm oil Sourcing policy.

1. Traceability
2. Transformation Activities for Palmaju Edible Oil Supply Chain (Malaysia)
3. Procurement of palm oil certified by RSPO
4. Grievance Mechanisms
5. Areas for Priority Transformation (APT) Landscape Initiative (Indonesia/Malaysia)
6. Smallholder supporting project (Malaysia)

OUR AMBITION

The Fuji Oil Group Responsible Palm Oil Sourcing Policy (formulated March 2016)

The Responsible Palm Oil Sourcing Policy outlines commitments towards a No Deforestation, No Peatland and No Exploitation (NDPE) for all palm oil production within our supply chain.

https://www.fujioil.co.jp/en/sustainability/policy/palm_procurement/

Medium- to long-term KPIs

To strongly promote the Responsible Palm Oil Policy, FUJI launched medium- to- long term KPIs in June 2020, as a milestone of our ambition.

Medium- to long-term goals	KPI	
	2025	2030
NDPE	Traceability to plantation (TTP): 85% ^{*1}	TTP: 100%
	Labor Transformation Program (LTP) implementation rate: 100% (all suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia) ^{*2})	LTP implementation rate: 100% (all direct suppliers)

*1 The TTP KPI as of June 2020 was 75%. The TTP KPI was further revised to strengthen our commitment.

*2 Palmaju Edible Oil Sdn. Bhd. (Malaysia): An oils and fats manufacturer wholly owned by FUJI OIL CO., LTD.

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Major progress through June 2025

- During this reporting period, we achieved 99% traceability to mill (TTM). Our traceability program is progressing steadily, and traceability to plantation (TTP) reached 95%.
- One supplier's Labor Transformation Program (LTP) was completed in January 2025. We are in the midst to catch-up the KPI due to some changes in the supply chain. Currently, we are at 83% during this reporting period.
- 95% of our group sourcing has been verified as deforestation-free. Our Malaysia refinery, Palmaju Edible Oil, has achieved 100% verified no deforestation.
- Under the Wild Asia Group Scheme (WAGS) of Wild Asia, a Malaysian social enterprise, we have supported a cumulative total of 1,636 farmers in obtaining and/or maintaining the certification, and supported 91 farmers with BIO farming methods by June 2025.

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Results

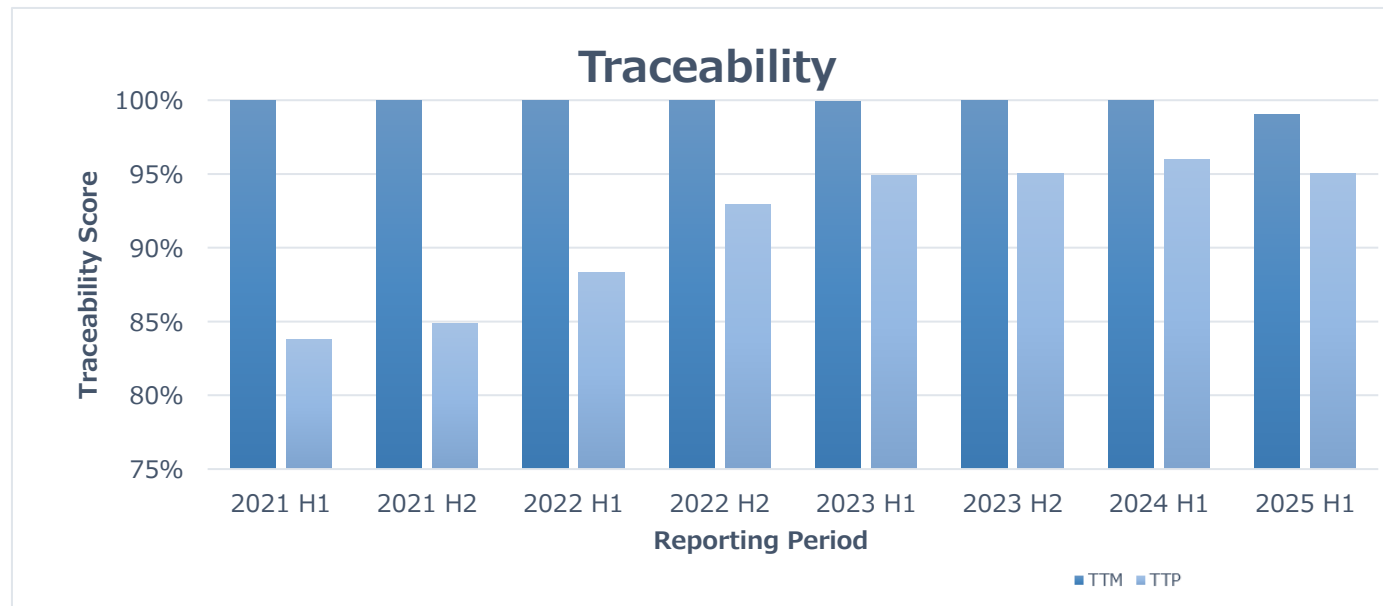
Key stakeholders	Purpose of activity		Target year/ Indicator	Result			
				2022 (Jan – Dec 2022)	2023 (Jan – Jun 2023)	2024 (Jan – Jun 2024)	2025 (Jan – Jun 2025)
Fuji Oil Group's suppliers, farms and dealers, NGOs	Fuji Oil Group's palm oil supply chains	Ensuring traceability	2025/TTM 100% 2030/TTM100%	100%	100%	100%	99%
			2025/TTP 85% 2030/TTP 100%	93%	95%	96%	95%
	Identifying environmental and human rights issues	Number of grievances registered* ¹	47 (Apr 2022 – Mar 2023)	103 (Apr 2023 – Jan 2024)	55 (Apr 2024 – Jan 2025)	84 (Apr2025 – Jan 2026)	
			Cumulative number of grievances registered: 511 (May 2018 – Jan 2026)				
Palmaju edible oil's suppliers, NGOs	Palmaju edible oil's supply chain	Improving working conditions for workers in its supply chain	2025/LTP implementation rate:100% (all suppliers of Palmaju edible oil)	61%	74%	76%	83%
		Understanding the status of responsible palm oil sourcing by suppliers	Rate of suppliers that submitted self-assessment questionnaire and action plan	< Direct & Indirect suppliers > 88%	< Direct & Indirect suppliers > 80%	< Direct & Indirect suppliers > 67%	< Direct & Indirect suppliers > 67%
		Verification of "No Deforestation"	Rate of purchase volumes confirmed non-involvement in deforestation	99%	99%	99%	100%
Smallholders in Sabah, Malaysia, social enterprise	Supporting RSPO certification		Cumulative number of smallholders supported to obtain and/or maintain RSPO and MSPO certification	908 (Jan 2016 – May 2023)	1,263 (Jan 2016 – Dec 2023)	1,338 (Jan 2016 – Dec 2024)	1,636 (Jan2016- Jun 2025)
	Supporting BIO farming		Cumulative number of smallholders complying with BIO farming methods	70 (Jun 2020 – May 2023)	81 (Jun 2020 – Dec 2023)	95 (Jun 2020 – Dec 2024)	91 (Jun 2020 – Jun 2025)

*1 Number of grievances registered: In accordance with Fuji Oil Group's Grievance Procedure, the number of grievances determined to be directly or indirectly related to the Group's palm oil supply chain and to be breached to the Group's responsible palm oil sourcing policy. The number may vary after publication due to the timing of grievance receipt.

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1. Traceability

During the period from January to June 2025, the Fuji Oil Group achieved 99% traceability to mill (TTM). Meanwhile, our traceability to plantation (TTP) was 95% and continuous efforts in terms of supplier engagements are being carried out to improve information shared on traceability to the plantation. In recent years, more palm oil companies have increased the disclosure of information such as traceability to the oil mills on their supply chain, oil mill list (mill list), and grievance list, etc. Together with our partner we are working on a plan to engage traders and suppliers to continue improving our global traceability scores. We also remain committed to increase our traceability scores across all our business units.



Fuji Oil Group-wide Traceability Score

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2. Transformation Activities for Palmaju Edible Oil Supply Chain (Malaysia)

As part of the policy implementation strategy, we employ an Aggregator Refinery Transformation Plan (ART) for suppliers in the supply chain of Palmaju Edible Oil, which is our group's primary refinery in Malaysia. Since 2016, progress has been made to engage a range of partners in the supply chain, including refiners, millers and growers.

Our implementation strategy has evolved to now center around a number of specific transformation activities that are focused on prioritized needs in the supply chain. This report focuses on 3 main activities, namely A. Engagements to implement "No Exploitation" commitments (Labor Transformation Program: LTP), B. Self-assessment Tools and C. Engagements to implement "No Deforestation" commitments.

A. Labour Transformation Program (LTP) to "No Exploitation"

This program focuses on suppliers of Palmaju Edible Oil Sdn Bhd and provides tailored support for addressing human rights-related issues to all of the company's suppliers. The scope of the program includes the following eight elements.

- 1) Employee contracts
- 2) Wages & working hours
- 3) Employees' grievance management
- 4) Freedom of movement
- 5) Freedom of association
- 6) Ethical employment
- 7) Worker's accommodation
- 8) Health & Safety

As of June 2025, 83% of Palmaju Edible Oil Sdn. Bhd. (Malaysia) suppliers are covered by the program. The engagement is conducted through site visits, document reviews, interview with management and workers. An improvement action plan and reports will be developed and shared with the suppliers after every site visit. We will continue to monitor the progress of implementation of

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action plan through annual self-assessment tools and visit onsite whenever deemed necessary. Ethical recruitment is the most common issue identified during the engagement. The management of suppliers is aware of this issue and they are in the process of rectifying it as investigation and in-depth discussion is needed with the top management of suppliers. The Group will continue working toward our goal of 100% LTP implementation rate across the supply chain to achieve zero exploitation.

https://www.fujioil.co.jp/en/sustainability/palm_oil/

B. Self-assessment Tools

In H1 2025, 38% of the direct suppliers and 79% of the indirect suppliers from the Palmaju supply chain have taken part in the self-assessment exercise. The report will help Fuji to monitor, provide support, and work together with our suppliers as part of our commitments towards NDPE.

https://www.fujioil.co.jp/en/sustainability/palm_oil/

C. Engagements to implement “No Deforestation” commitments

The “no deforestation” engagement focuses more on industry collaboration instead of one-to-one engagement. All the engagement works can refer to Landscape initiative projects supported by Fuji Oil. As of June 2025, 100% of Palmaju Edible Oil supply chain has been successfully verified as deforestation free.

https://www.fujioil.co.jp/en/sustainability/palm_oil/

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3. Procurement of palm oil certified by RSPO

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

RSPO is the most widely recognized international certification system in the industry in producing Certified Sustainable Palm Oil (CSPO). The Fuji Oil Group has been implementing the RSPO's new Shared Responsibility rules and expanding the volume of palm oil certified by RSPO we procure every year. In January to June 2025, Fuji Oil Group sourced approximately 64% of RSPO certified palm oil.

Some key contributing factors to the increase in RSPO certified palm oil was the establishment of a supply system by UniFuji refinery (Malaysia), a joint venture with United Plantations Berhad, and increased demand in the U.S. and European markets in response to the EUDR. In 2024, we established a joint venture company JPG Fuji Sdn Bhd in Malaysia with Johor Plantations Group Berhad (Formerly known as Johor Plantations Berhad and Mahamurni Plantations Sdn Bhd) (Malaysia: hereinafter referred to as "JPG"), a palm cultivation company in Malaysia. Going forward, we plan to step up efforts to meet more customer requests to increase the procurement of palm oil certified by RSPO.

* Check our progress at www.rspo.org/

* *The Group's RSPO certified oil handling ratio is updated in the [Supply Chain Database](#).

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4. Grievance Mechanisms

In May 2018, the Fuji Oil Group established and launched our very first palm oil grievance mechanism as one of the very important pillars in implementing our Responsible Palm Oil Sourcing Policy. Our grievance mechanism set a platform for our stakeholders or any interested party to raise to us if there is any grievance against Fuji Oil Group or our supply chain, regardless of human rights or environmental issues. We will engage our suppliers and take appropriate corrective action in accordance with our Responsible Palm Oil Sourcing Policy, after the grievance is validated.

Since FY2020, we have been partnering with Earthqualizer, a satellite company to support in our Palm supply chain deforestation monitoring. This partnership allows us to identify, monitor, address, and verify the deforestation that occurs in the Group's supply chain in Indonesia and Malaysia. The availability of the information allows us to explore solutions with suppliers and communicate more effectively with our valuable stakeholders.

As of the end of January 2026, we have registered 511 cases in our grievance log and about 96% of the cases are considered closed.

https://www.fujioil.co.jp/en/sustainability/grievance_mechanism/

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5. APT Landscape Initiative (Indonesia, Aceh)

KPI Dashboard		Update		
		2025 KPI	Progress as of June 2025	KPI Progress %
Stakeholders' support	Collective action plans (CAPs) implemented in 2 districts	4	3	75%
	Regulations/Policies related with NDPE/Land Use updates for 2 districts	-	-	0%
Forest Protection	Companies that identified 100% HCV/HCS*1	-	-	0%
	Hectares remaining HCV/HCS under protection through local regulations	41,857	26,880	64%
Resilient Farmers	Farmers trained on palm oil GAP*2	2,500	2,308	92%
	Farmer's Business Units supported on implementing alternative livelihood activities	5	3	60%
Workers & Families	Workers directly & indirectly engaged via activities with companies & government	-	-	0%
	People indirectly impacted	1,000	5,000	100%
Community Rights	Villages engaged through Participatory Mapping & Land Tenure Studies (PM-LTS)	30	12	40%
	Conflicts are managed through conflict resolution process	10	5	50%

*1 HCV/HCS: High Conservation Value/High Carbon Stock

*2 GAP: Good Agricultural Practice

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Since 2018, Fuji Oil Group continues to support the Aceh Tamiang Landscape in Indonesia through Earthworm Foundation with the goal of reducing deforestation and demonstrating the viability of sustainable commodity production, conservation, and good social and labor practices on a large scale. Indonesia is a significant source in our supply chain, and we are committed to continuing our efforts in this landscape.

In 2021, the program expanded its scope across a vast region of about 3.9 million hectares, which covers around 70% of the northernmost province of Aceh in Indonesia. The region spans 12 regencies, with one of the world's most valuable rainforests — the Leuser Ecosystem — at its center. This program was designed as a multi-stakeholder collaboration to improve not only the palm plantations but also the entire designated region.

As of June 2025, the collective actions in the landscapes have progressed as below:

- Progress in establishing and strengthening multi-stakeholder forums through preparations for forming a Natural and Environmental Resource Management Working Group (POKJA PSDA) in Aceh Tenggara with support from the district.
- Mapping stakeholders in four Aceh districts to support conflict resolution and safeguarding of Indigenous People and Local Communities (IPCL) rights to land and forest governance.
- Growing private sector engagement and support for sustainability through outreach to palm oil companies and cooperatives that has led to early steps towards sustainability commitments; evidenced by policy drafting by CV Perangin-Angin Group (PAG) and Koperasi Produsen Sada Negeri Grup (KPSNG).
- Biodiversity monitoring, recovery planning and mapping of land tenure within conservation areas for PT Laot Bangko and PT Aceh Trumon Anugerah Kita (ATAK).
- 32 villages across three districts have finalized participatory land use planning (PLUP), identifying over 74,000 ha of conservation area.
- Community-based organizations (CBO) have collectively restored 324.96 ha of forest with assistance and maintained protection activities across nearly 20,000 ha through patrols, signboards, agroforestry and community engagements in conservation.
- 733 smallholders trained on Good Agriculture Practices (GAP), safety and financial skills, bringing the total number of farmers trained to 2,038.

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- Introduction of test-farming in six villages with activities such as soil improvement, irrigation and vegetable seed distribution with local government support.
- Support of ten villages through government-led Koperasi Merah Putih, aligning with national cooperative policies to boost local economies.
- Focus towards strengthening implementation of existing participatory mapping and land tenure study (PM-LTS) target villages.
- Workshop held in Subulussalam focusing on an Alternative Policy Roadmap to address land tenure issues in six villages.
- Progress on worker safety and fair employment has been observed at PT ATAK and PT Riztya Karya Mandiri (RKMA).
- Safety at work as part of smallholder training has reached 164 smallholders, helping improve both sustainable farming and safe working conditions of farm-labourers.

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5. APT Landscape Initiative (Peninsular Malaysia – South Central Forest Spine: SCFS)

KPI Dashboard		Update		
		2025 KPI	Progress as of June 2025	KPI Progress %
Supply Chain Transformation	Mills are making progress to achieve 100% traceability to plantations	108	39	36%
	Mills are engaged to progress on social and/environmental commitments	81	85	100%
Forest Protection	Hectares covered by engagement leading to protection of remaining forest area	-	-	0%
	Hectars protected by human-elephant coexistence program	5,000	8,433	100%
Resilient Farmers	Smallholder farmers engaged	2,000	1,364	68%
	Capacity building sessions for smallholder farmers implemented	-	-	0%
	Hectares of indigenous customary land to be mapped, documented & submitted for formal land title application	1,214	1,338	100%
	Village engaged in community mapping trainings	-	-	0%
Workers & Families	Workers impacted directly & indirectly (A total of 8,395 workers have been impacted out of 18,000 workers since 2021)	18,000	8,395	46%
	Companies engaged for labor awareness & capacity building	-	-	0%

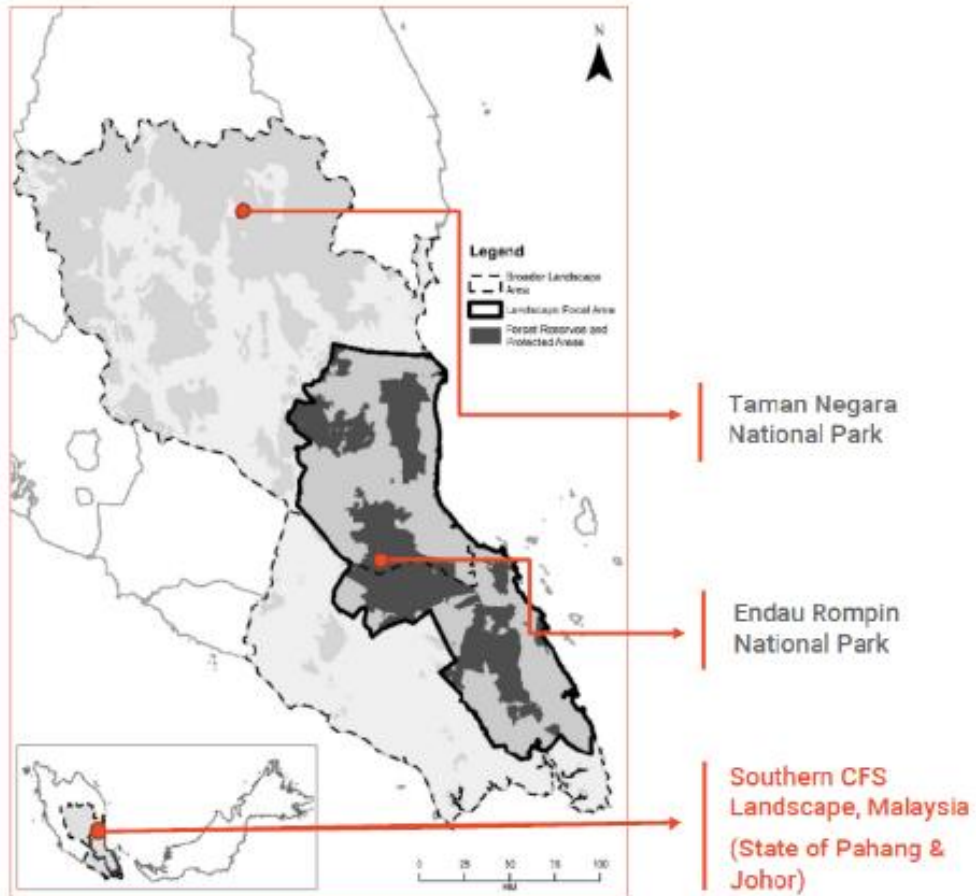
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The Fuji Oil Group has identified the Southern Central Forest Spine (SCFS) Landscape in Peninsular Malaysia as another Area for Priority Transformation. Since early 2022, the Group has further supported the landscape initiatives through Earthworm Foundation with the goal of progress towards the NDPE (No Deforestation, No Peatland Development, No Exploitation) standard. The palm oil supply chain in the SCFS landscape is interconnected, and it is important to work with multiple stakeholders within the landscape to drive transformation related to TTP through dealer engagement, labor practices, and the coexistence of humans and wildlife.

As of June 2025, the collective effort in the landscape has achieved progress action plan is as below:

- 39 mills have recorded 100% TTP, 59 mills partial TTP and 10 mills have unknown progress.
- An additional 8 mills have established NDPE Action Plan, bringing the total to 85 mills and achieving the landscape target.
- Overall SCFS landscape has seen a decrease of 40% in deforestation compared to the deforestation in Q2 2024 with 1,244 ha of forest loss.
- Continuous monitoring of ongoing grievance cases for three plantations (Nadi Mesra, YP Olio and AA Sawit) that are mainly contributing to the deforestation within the palm oil concession in SCFS landscape.
- Supported a workshop as key partners with Department of Wildlife and Nature Park (DWNP) and W Conservation Society (WCS) to develop a standardized Human-elephant coexistence (HEC) module for managing human-elephant interactions, targeting local community.
- Five training programmes such as advanced chilli, food handling and basic first aid, reaching 55 additional farmers and certifying seven Orang Asli guides as Malim Gunung Mountain Guides.
- Farmers received chilli fertigation systems and mushrooms blocks to start cultivation.
- Camping and cooking equipment distributed to Sg Mok Ecotourism Association members.
- Worked with Ministry of Human Resources to convene a multi-stakeholder dialogue on National Guidelines for Reimbursing Migrant Worker Recruitment Fees.

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Photographer: Bejay Yapp/Earthworm

Stakeholder meeting with MPOB on Sawit Intelligent Management System (SIMS)



Photographer: Bejay Yapp/Earthworm Foundation

Early warning system for HEC management by Sungai Ara Farmers' Cooperative (KPSA)

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6. Smallholder supporting project

Since 2016, the Fuji Oil Group has been onboarded as one of the partners under Wild Asia (WA), participating in the Wild Asia Group Scheme (WAGS) to support smallholders in adopting sustainable agricultural practices. Through WAGS, Wild Asia implements certification and capacity-building support for independent smallholders, with contributions from multiple partners, including the Fuji Oil Group. Further details of the partnership and associated activities are available in [the Sustainability Report 2025](#).

Under the Certification Project, Wild Asia, through the WAGS programme, provides technical and operational support to WAGS member smallholders in Sabah, enabling them to maintain MSPO and/or RSPO certification. Between January and June 2025, approximately 400 new smallholders were onboarded across Sabah into the WAGS certification programme and are undergoing preparation for inclusion in future audit cycles, subject to meeting certification requirements. During this phase, Wild Asia also piloted the onboarding of farmers through the WAGS App, trialling the use of digital registration and data capture to support farmer onboarding, field monitoring, and certification readiness. Since 2016, the WAGS programme has supported a cumulative total of 1,636 smallholders in meeting the requirements of RSPO and MSPO certification standards.

Under the WAGS BIO Project, as of June 2025, the total number of BIO farms meeting the criteria established by Wild Asia reached 91 farms in Sabah. During 1H 2025 (January–June 2025), the WAGS BIO team organised a series of BIO Awareness Workshops to introduce BIO farming practices to certified smallholders and farmers participating in outreach activities. During the same period, a reduction in the number of active BIO farmers was recorded, as a proportion of farmers initially onboarded subsequently withdrew or temporarily suspended participation after assessing the programme's implementation requirements and commitments.

The WAGS BIO programme is an initiative led by Wild Asia to support the transition from conventional oil palm farming to a chemical-free, biodiverse, and regenerative agricultural system. Launched in 2018 under the Living Soils project, the programme promotes practical and scalable regenerative practices that improve soil health, crop resilience, and smallholder livelihoods.

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WAGS BIO Farms adopt a holistic farming approach that integrates organic soil management, biodiversity enhancement, and livelihood diversification, while maintaining economic viability for smallholders. As of June 2025, Wild Asia has established 101 BIO farm plots across Beluran, Kinabatangan, Telupid, Lahad Datu, Tongod, and Kunak, supported by seven BIO demonstration farms that serve as practical learning and training sites.

The programme follows a step-by-step regenerative pathway, starting with the efficient use of on-farm resources and the gradual reduction of chemical inputs. Early practices include frond stacking, cut-and-drop ground cover, in-situ composting, and recycling of organic waste to improve soil condition and reduce erosion. Later stages introduce fermented bio-inputs and promote polyculture, intercropping, and income diversification activities such as mushroom cultivation. Some farms also apply biochar to improve soil structure and enhance carbon sequestration.

During Phase Three of the partnership with the Fuji Oil Group (July 2023–June 2025), support focused on the practical implementation of regenerative agriculture at WAGS BIO farms, including:

- reducing synthetic inputs through the use of organic materials such as mulched fronds, cut-and-drop vegetation, and compost to build soil organic matter and promote natural fertility;
- recycling mill by-products into bio-active organic fertilisers; and
- introducing regenerative techniques such as biochar application, polyculture, intercropping, and livestock integration to enhance biodiversity and soil organic carbon.

Collectively, these practices contribute to healthier soils, higher productivity per unit area, improved food security, and more sustainable and resilient smallholder livelihoods.

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Piloting farmer onboarding through the WAGS App to support digital registration, field monitoring, and certification readiness.



Wild Asia conducting introduction session to dealers and their suppliers.



Wild Asia distributing RSP0 premium to RSP0 certified farmers.



Wild Asia conducting Biochar training to farmers.



Wild Asia conducting baseline monitoring at BIO farms.



Wild Asia supporting the establishment of medicinal plants at a BIO farm as part of intercropping.

ANNOUNCEMENT

Upcoming Progress Updates:

Sustainability Report 2026 (H1 FY2026)

Responsible Palm Oil Sourcing Policy Progress Report (H2 FY2026)