

Palm Oil and Cocoa Sourcing Policy Session

~Promoting Sustainable
Production and Consumption~

July 20, 2020

Agenda

15 : 00~15 : 10

ESG Management and Our Sourcing Policy

15 : 10~15:35

**Sustainable Procurement Commitment of Palm Oil
(Discussion)**

15 : 35~16:00

**Sustainable Procurement Commitment of Cacao
(Discussion)**

16 : 00~16 : 15 **Questions and Answers**

Presenters

Presenter



Director &
Senior Executive Officer
Chief "ESG" Officer
(C"ESG"O)
Takashi KADOTA

Presenter



Executive Officer
Oils & Fats and
Chocolate Division
Hiroshi SHINANO

Facilitator



Assistant to CEO
Mariko
KAWAGUCHI

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ESG Management and Our Sourcing Policy

**Director &
Senior Executive Officer
Chief "ESG" Officer
(C"ESG"O)**

Takashi KADOTA

C"ESG"O ?

Chief ESG Officer



Positions with the objective of realizing the enhancement of the corporate value of the Fuji Oil Group by addressing social issues in business activities as a member of society and for the sustainable development of society.

Fuji Oil Group



- Management Philosophy

Work for People

- Awareness of Corporate Sociality

Conscientious Management

To Society

Corporate Values

Social Value (Responsibility)

Economical Value (Responsibility)

CSV
(Creating Shared Value)

ESG Management

Three Axes Management
(MOE+MOT+MOS)

P B F S
Plant-Based Food Solutions

Share our Group values to the world for creating the new Foods and for the sustainable future

The Fuji Oil Group seeks to develop the potential of food ingredients.
We will contribute to the happiness and well-being of the people by offering delicious and healthy food.

We seek to contribute to the society by creating the future of delicious and healthy foods using our core technologies in oils & fats and soy.

Safety, quality, and the environment

Work for people

Challenge and innovation

Speed and timing

Mission

Our reason for being

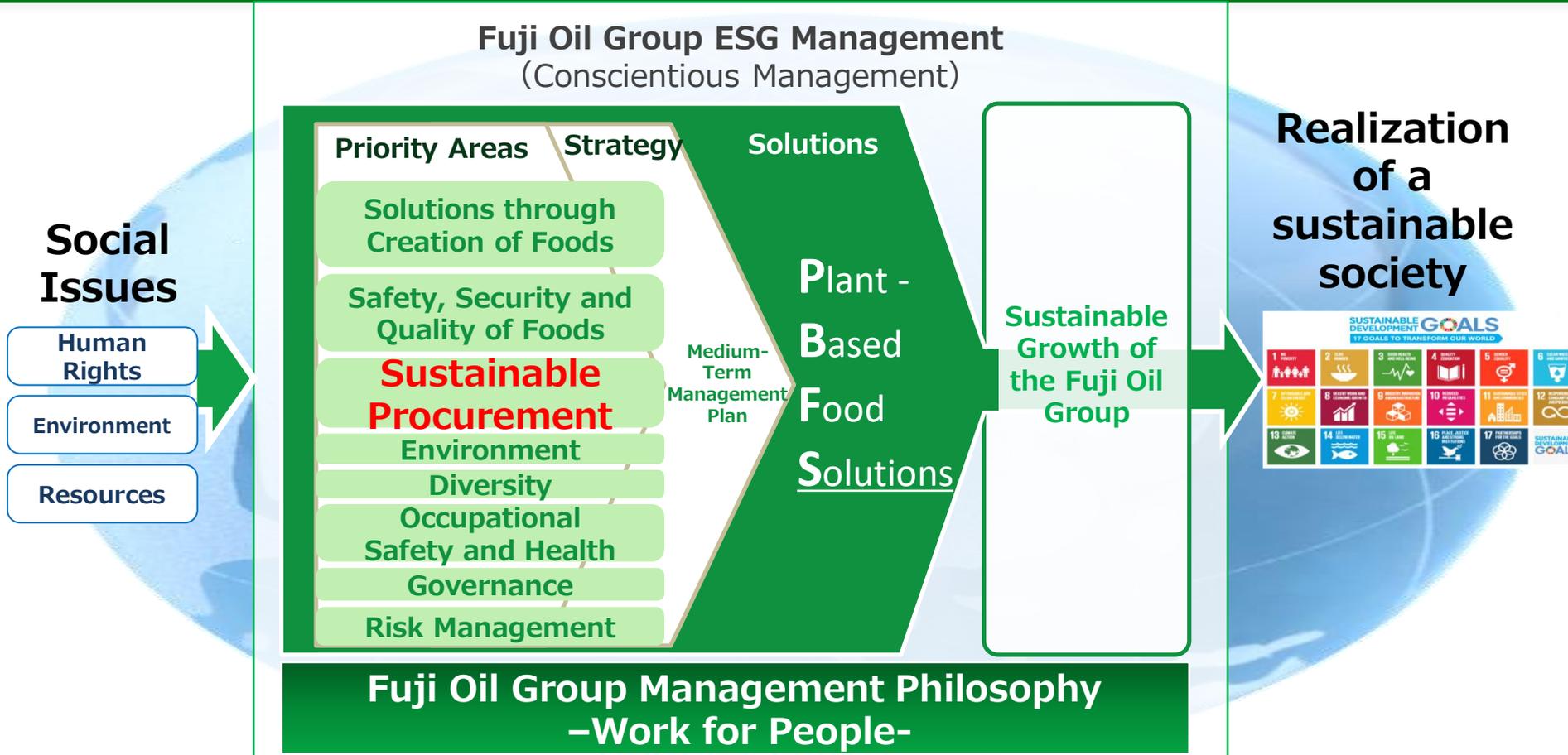
Vision

Values

The values that inform our actions

Our principles

Fuji Oil Group ESG Management



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Sustainable Procurement Commitment

Executive Officer
Oils & Fats and Chocolate Division

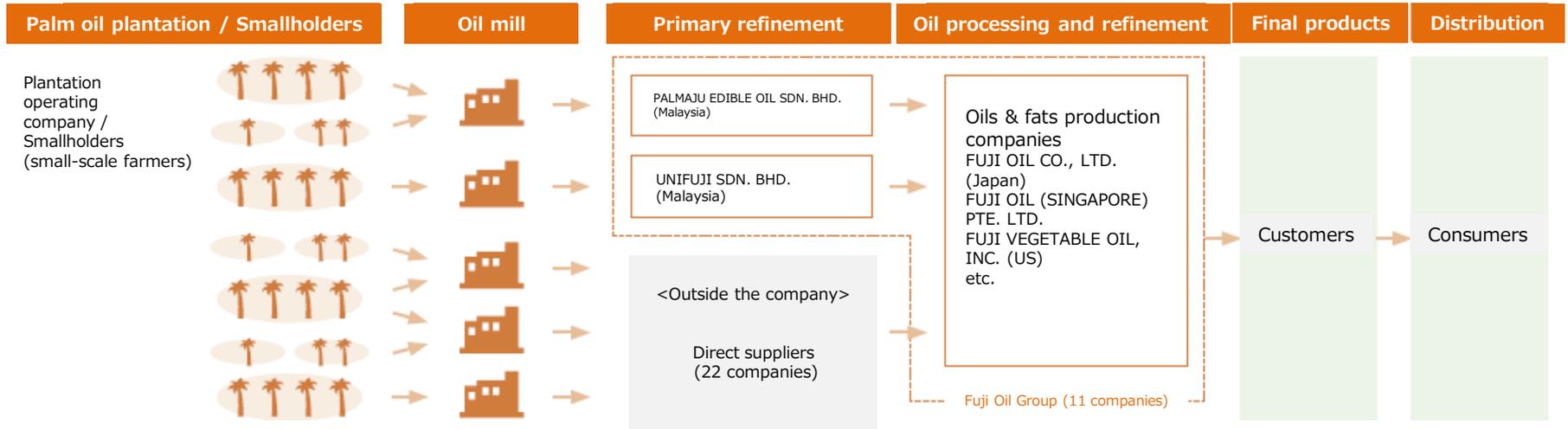
Hiroshi SHINANO

Sustainable Procurement Commitment

Initiatives for Curbing Climate Change, Biodiversity, and Human Rights Issues

Mid-to-long term target		2025	2030	Final Goal
Palm	Deforestation prevention	TTP 75%	TTP 100%	NDPE
	Exploitation prevention	Improved working environment 100% (Major subsidiary)	Improved working environment (all direct supplier)	
Cacao	Child labor Elimination	Zero WFCL	Zero Child labor	Eliminate child labor, eradicate deforestation
	Reforestation	500,000 tree planting	1 million trees planting	

The Palm Oil Supply Chain



Palm: Focused Prioritises

- **For Climate Change**
 - No deforestation and peatland development in supply chain within palm concessions
- **For Human Rights**
 - No exploitation of labor workers

5 methodologies to achieve NDPE (No Deforestation, No Peat, No Exploitation)

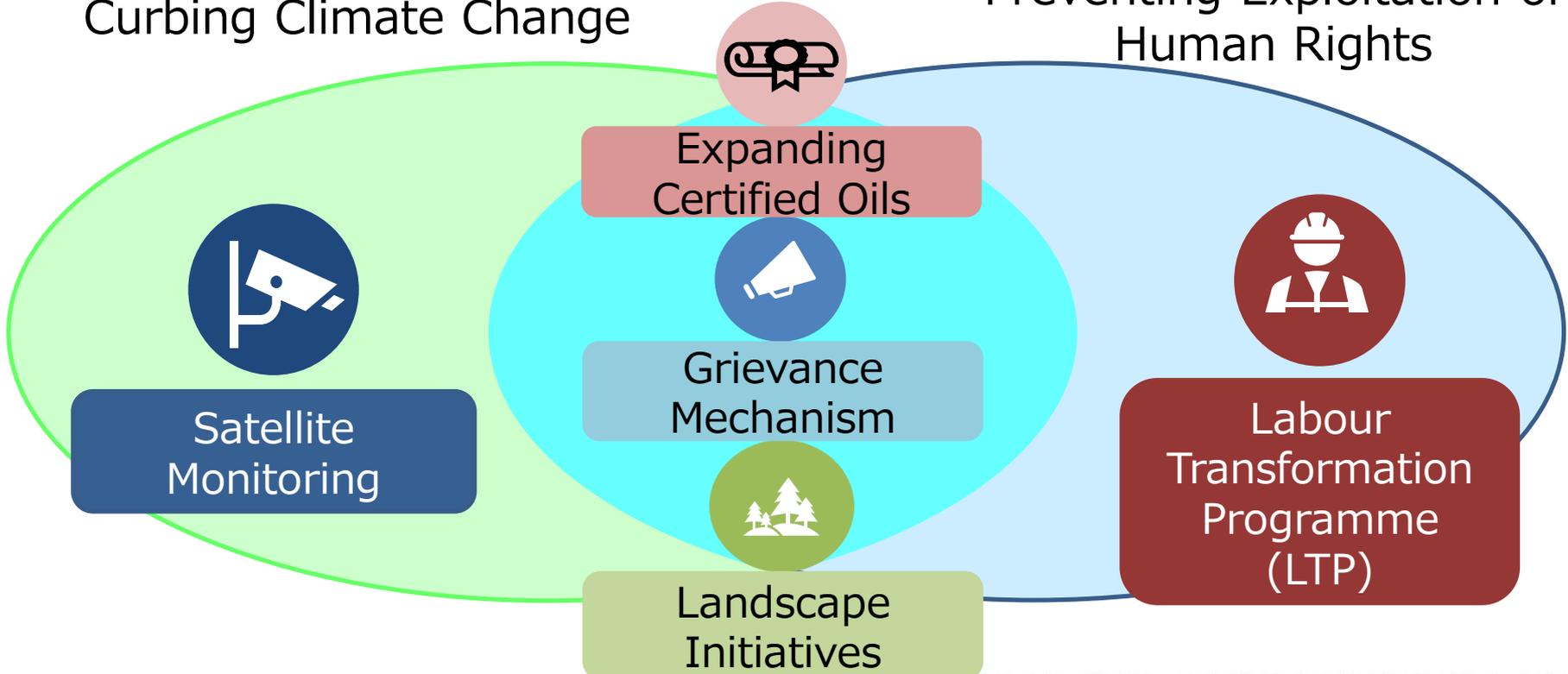
Main Procurement Source: 60% from Malaysia, 40% from Indonesia

- 1 Satellite Monitoring
- 2 Labour Transformation Programme (LTP)
- 3 Landscape Initiatives (Aceh, Indonesia)
- 4 Expanding Certified Oils
- 5 Grievance Mechanism

NDPE Achievement Policy

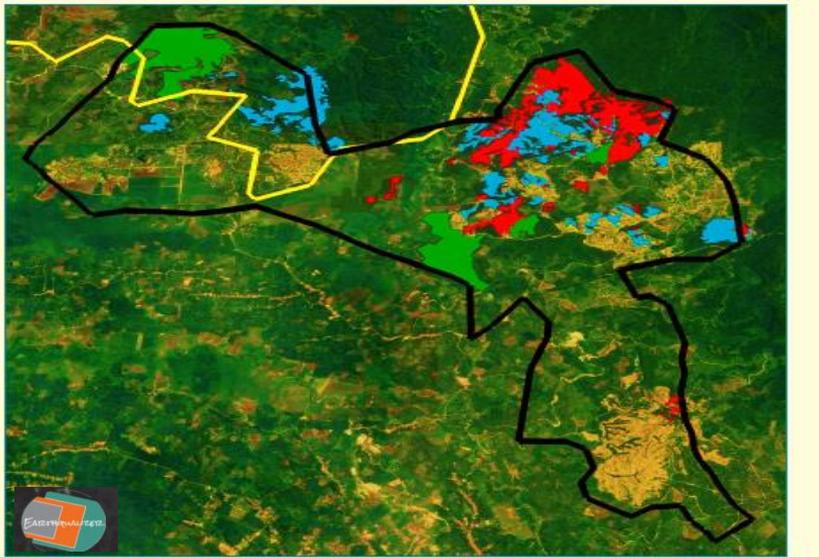
Curbing Climate Change

Preventing Exploitation of Human Rights



1. Satellite Monitoring

Satellite Monitoring of Deforestation within Suppliers' Concessions



To reduce deforestation risks in Fuji Oil's palm supply chain, Fuji Oil has partnered with an International NGO to monitor suppliers' concessions* using optical satellite imagery to capture deforestation alerts.

The deforestation alerts will be provided monthly and the monitoring scope will depend on availability of Traceability to Plantation (TTP) data.

The images are produced with resolution of 3 to 30 meters

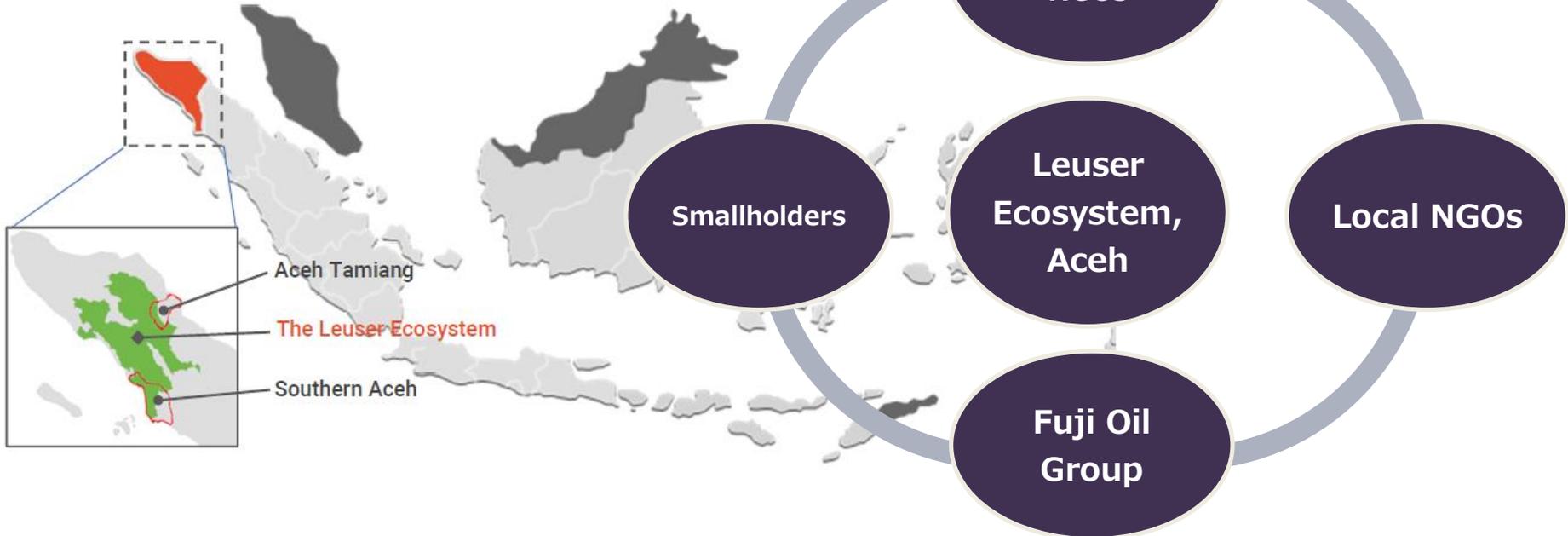
2. Labour Transformation Programme (LTP)

1. One on one supplier engagement program
2. To build capacity in addressing identified labor issue as shown below:
 - i. Freedom of movement
 - ii. Employment contract
 - iii. Ethical recruitment
 - iv. Grievance mechanism
 - v. Wages and working hours
 - vi. Freedom of association
 - vii. Safety and health
 - viii. Workers' accommodation

3. Landscape Initiatives in Indonesia

APT in Aceh, Indonesia since 2018

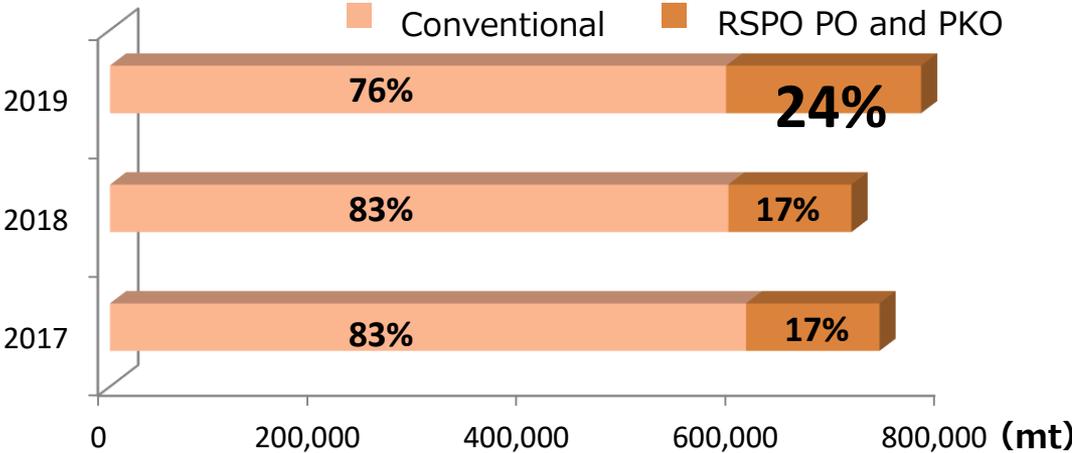
Area Prioritized Transformation



Since 2018, Fuji Oil has joined the multi-stakeholder landscape initiative, APT, to collaborate with local and international NGOs, suppliers and smallholders in tackling deforestation, exploitation, land tenure and poverty issues.

4. Expanding Certified Oil

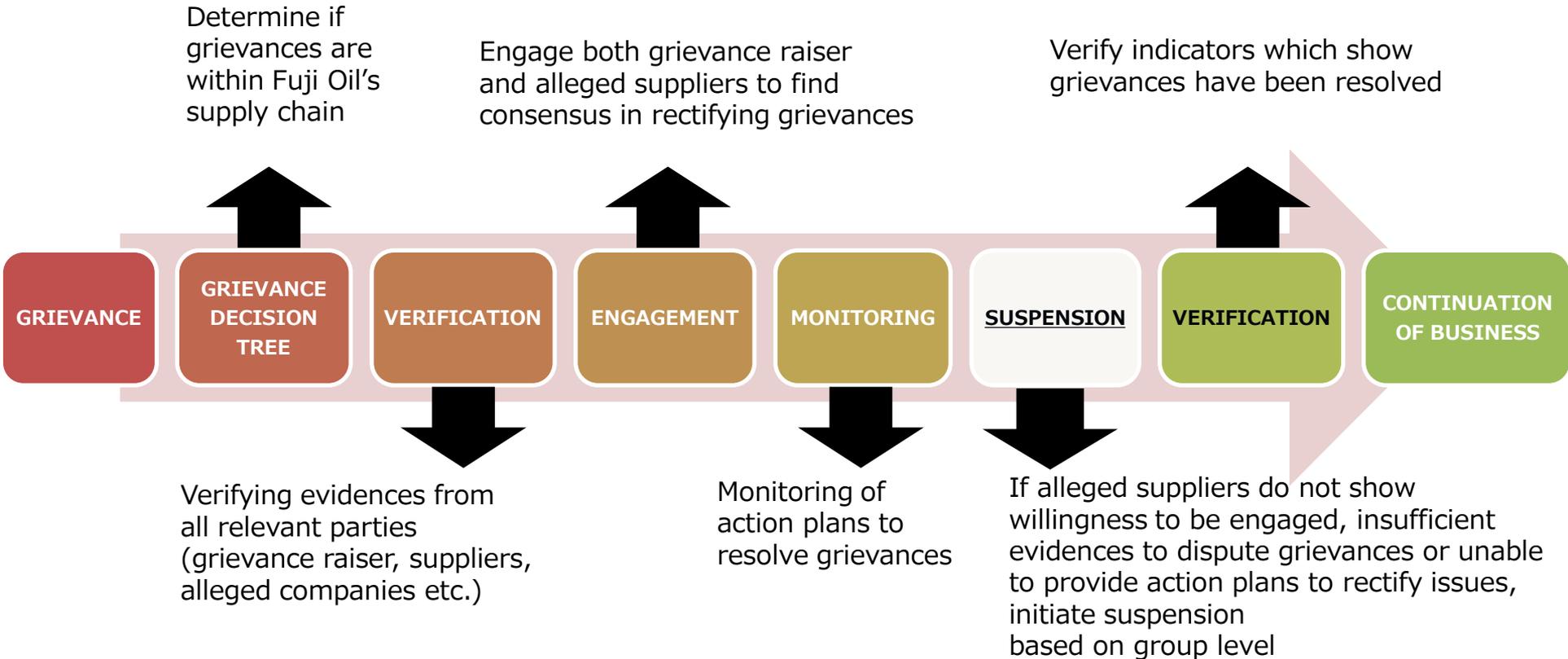
RSPO Certified Versus Total Purchased Palm and Kernel 2017-2019



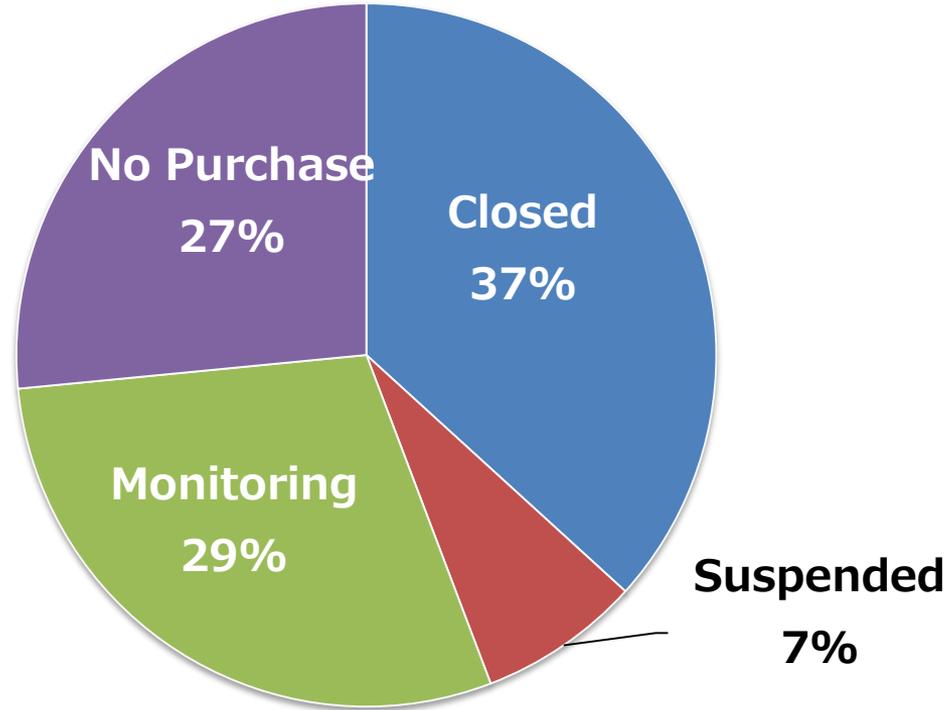
UNIFUJI

- A joint venture refinery with local plantation company (United Plantations)in Malaysia
- Establishing a supply system in line with the spread of RSPO certified oil
- The increase of RSPO % in 2019 due to UNIFUJI's contributions

5. Grievance Mechanism with Suspend and Engage Protocol



5. Status of Grievance List



*As of June 31, 2020

Discussion



WWF
Ms. MINAMI

Facilitator
Assistant to CEO
Mariko KAWAGUCHI

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Senior Executive Officer
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Takashi KADOTA

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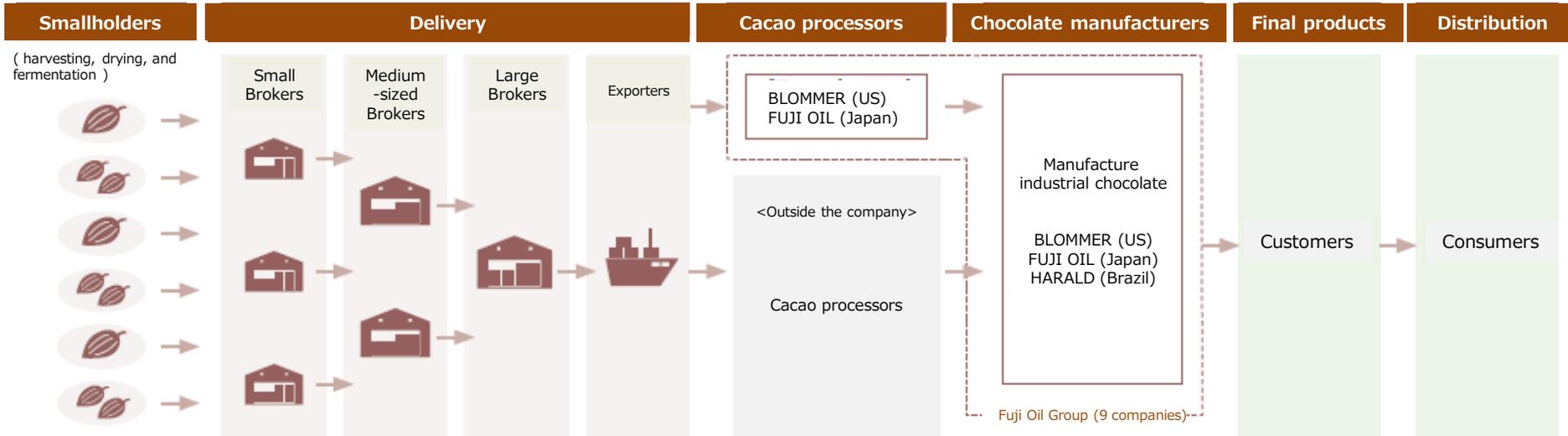
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**Sustainable Procurement Commitment of Cacao
(Discussion)**

Hiroshi SHINANO

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The Cocoa Supply Chain



Cacao: Focused Prioritises

- **Child Labor Elimination**

- SDG Alliance 8.7 of ending all child labor by 2025 is said to be difficult to achieve
- Child Labor remains a persistent challenge in Ghana and the Ivory Coast
- 2.1 million children still work in cocoa in Ivory Coast and Ghana
- Access to quality education, family nutrition, and household income all impact child livelihood

- **Reforestation**

- Ivory Coast lost 46% of its forest cover between 1986 and 2015
- Thousands of farms now operate in protected forest preserves
- Loss of biodiversity and long term concerns around impact on climate change

Blommer Chocolate's sustainable origins



BLOMMER CHOCOLATE'S SUSTAINABLE ORIGINS™

WE AIM TO BE THE PREFERRED PARTNER IN RESPONSIBLE SOURCING AND PROGRAM DESIGN FOR ALL STAKEHOLDERS



SUSTAINABLE ORIGINS



74%
of our West African bean supply is sustainable

HEALTH CARE

7 Maternity wards and health centers are covering about **73** communities and approx. **20,000** families

205,331 Vaccinations

120,938 Medical consultations

3,984 Baby deliveries

300 Ambulance evacuations

11,500 Mosquito nets distributed

Approx. **750** households have access to clean drinking water from hydraulic pumps

EDUCATION

12 Primary schools and child care centers with **60** classrooms covering approx. **50** communities



7,721 Children have attended Blommer facilitated schools

On average **46%** of enrolled children are girls

16,892 Schools kits distributed

CHILD PROTECTION

Child Labor Monitoring and Remediation Systems (CLMRS) in place at **97%** of the network farmer groups

Child Protection Committees established in **65** villages

WOMEN'S EMPOWERMENT

37 Literacy centers created **1,477** Women students



213 Village Savings and Loan Associations (VSLA) established with **5,791** members across **78** villages

92% of members are women
\$501,668 In cumulative savings

1,015

Women trained and engaged in income generating activities

Introduction of livestock and food crops

TRACEABILITY

79% Farms GPS mapped



PREMIUMS

\$7,530,128 Paid in farmer and coop premium during the 18/19 season

PRODUCTION IMPROVEMENTS

4,876,250 High yielding cocoa seedlings provided to farmers

Approx. **59%** of farmers benefitted from Good Agricultural Practices (GAP) training

REFORESTATION

560,793 Forest and fruit trees distributed across approx. **28,000** ha

Blommer is an original signatory of the Cocoa & Forests Initiative



February 2020

Initiatives for Child Labor Elimination



Launch Sustainable Program in Ghana, previously implemented in Ecuador and Côte d'Ivoire



Map supply chains in Côte d'Ivoire and Ghana



Establish Child Labor Monitoring and Remediation Systems (CLMRS) in 100% of Côte d'Ivoire and Ghana Supply Chains



Partner with the Jacobs Foundation in the CLEF and ELAN programs

CLMRS (Child Labor Monitoring and Remediation Systems)

From Annual Report of ICI

CLMRS
Results in 2019



CLEF/ELAN Program

CLEF

Expected results (2030)

Target capitalization of CHF 110 M



2 M children in cocoa communities reached with quality education



10 k learning schools ensure learning across the entire cocoa belt



2500 classrooms built ensure access to education in most vulnerable communities



5 M farmers reached with effective child learning/child rights messages



3 rigorous studies, including 1 RCT investigating the links between quality education, poverty, and child labour



National policy on quality education



Accountability framework using bi-annual surveys to monitor progress against quality education/child labour targets

ELAN

Expected results (2025)

Target capitalization of CHF 40 M



-1.3 million children aged 0–5 years reached with nurturing care interventions



200 ECD relevant infrastructures are renovated and equipped to improve the quality of child-friendly spaces.



All projects follow clear guidelines and a minimum package of activities.



Local scientific on the early years is generated.

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



Mapping of in Côte d'Ivoire and Ghana supply network to ensure farms are operating outside of protected forests



Distribution of forest tree seedlings to promote reforestation



Partnership in the World Cocoa Foundation's Cocoa and Forests Initiative

Discussion



ACE
Ms. SHIROKI

Facilitator
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Questions and Answers

Respond to inquiries in advance and questions in chat.
We may not be able to reply in time.
In that case, we will respond later through interviews
and e-mails.
Thank you for your understandings.

Thank you for attending our Webinar

This webinar and major questions and answers will be published on our website later.