

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

January – June 2024



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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 2024 to June 2024 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.fujioilholdings.com/pdf/en/sustainability/sustainable/160310.pdf>

## 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% <sup>*1</sup>	TTP: 100%
	Labor Transformation Program (LTP) implementation rate: 100% (all suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia) <sup>*2</sup> )	LTP implementation rate: 100% (all direct suppliers)

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

\*2 Palmaju Edible Oil Sdn. Bhd. (Malaysia): An oils and fats manufacturer wholly owned by the Fuji Oil Holdings Inc.

# PROGRESS

## Major progress through June 2024

- We have achieved 100% traceability to mill (TTM) since 2019. The traceability programs have made good progress. Heading to the traceability to plantation (TTP) KPI we set, the performance during this reporting period was 96%.
- The Labor Transformation Program (LTP) went well. We are in the midst to catch-up the KPI. Current, we are at 76% during this reporting period.
- 93% of our group sourcing has been verified as deforestation free. Our Malaysia refinery, Palmaju Edible Oil, has achieved 99% verified No Deforestation.
- Under the Wild Asia Group Scheme (WAGS) of Wild Asia, a Malaysian social enterprise, we have helped a cumulative total of 1,338 farmers to obtain and/or maintain the certification and supported 95 farmers with BIO farming methods by December 2024.

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## Result data

Major stakeholders	Purpose of activity		【Target year】 Indicator	Result			
				2021 (Jan – Dec 2021)	2022 (Jan – Dec 2022)	2023 (Jan – Jun 2023)	2024 (Jan – Jun 2024)
Fuji Oil Group's suppliers, farms and dealers, NGOs	Fuji Oil Group's palm oil supply chains	Ensuring traceability	【2025 / 2030】 TTM 100%/100%	100%	100%	100%	100%
			【2025 / 2030】 TTP 85% /100%	85%	93%	95%	96%
	Identifying environmental and human rights issues		39 (Apr 2021 – Mar 2022)	47 (Apr 2022 – Mar 2023)	103 (Apr 2023 – Jan 2024)	55 (Apr 2024 – Jan 2025)	Cumulative number of grievances registered: 414 (May 2018 – Jan 2025)
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)	27%	61%	74%	76%
		Understanding the status of responsible palm oil sourcing by suppliers	Rate of suppliers that submitted self-assessment questionnaire and action plan	<Direct suppliers> Mills: 100% <Indirect suppliers> Mills: 85% Plantations: 24	< Direct & Indirect suppliers > 88%	< Direct & Indirect suppliers > 80%	< Direct & Indirect suppliers > The self-assessment 2024 has been implemented in H2 2024. Key findings to be updated in Sustainability Report 2025.
		Verification of "No Deforestation"	Rate of purchase volumes confirmed non-involvement in deforestation	83%	99%	99%	99%
Smallholders in Sabah, Malaysia, social enterprise	Supporting for RSPO certification	Cumulative number of smallholders supported to obtain and/or maintained RSPO certification	703 (Jan 2016 – May 2022)	908 (Jan 2016 – May 2023)	1,263 (Jan 2016 – Dec 2023)	1,338 (Jan 2016 – Dec 2024)	
	Supporting for BIO farming	Cumulative number of smallholders compliant with BIO farming methods	20 (Jun 2020 – May 2022)	70 (Jun 2020 – May 2023)	81 (Jun 2020 – Dec 2023)	95 (Jun 2020 – Dec 2024)	

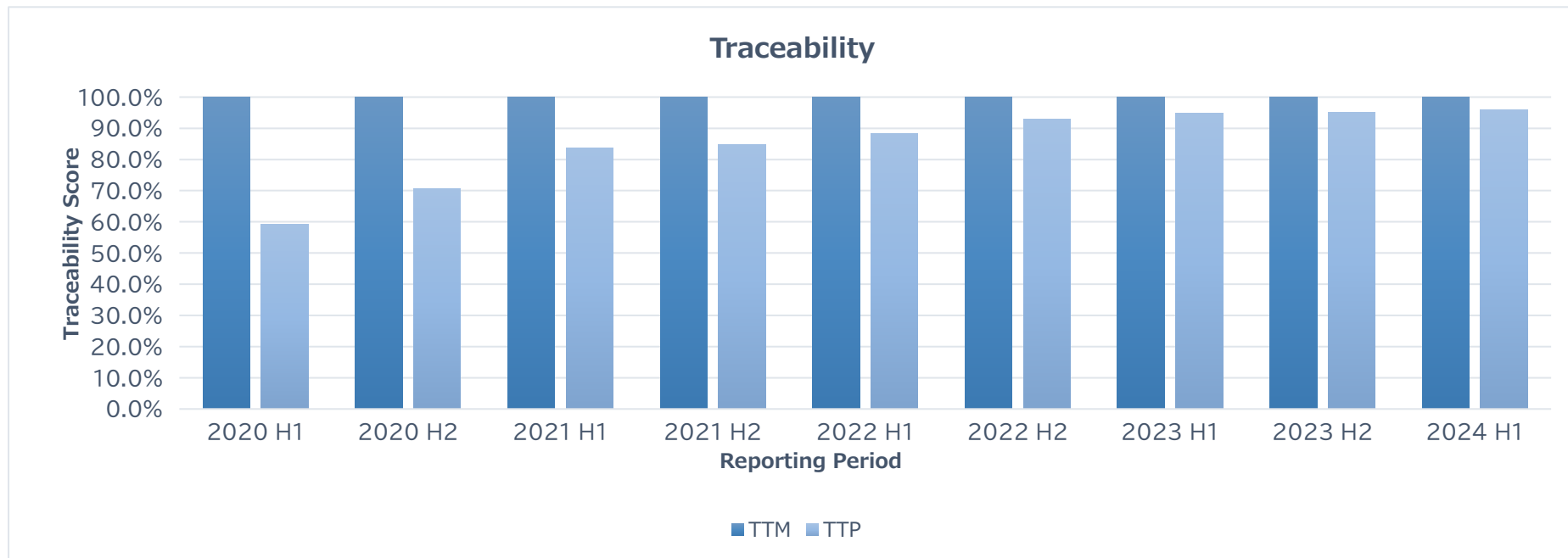
\*1 Number of grievances registered: In accordance with Fuji Oil Group's Grievance Procedure, the number of grievances determined to be directly or indirectly related to the Group's palm oil supply chain and to be breached to the Group's responsible palm oil sourcing policy. The number may vary after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

# PROGRESS

## 1. Traceability

In the period of January 2024 to June 2024, the Fuji Oil Group is proud to announce that we have maintained a 100% score for our TTM. Meanwhile, our TTP score have improved to 96% from 95% and 93% for the same period in 2023 and 2022 respectively. 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 TTP score 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 2024, 76% 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



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will be developed and shared with the suppliers after every site visit. We will continue to monitor the progress of implementation of 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.fujioilholdings.com/en/sustainability/palm\\_oil/](https://www.fujioilholdings.com/en/sustainability/palm_oil/)

## **B. Self-assessment Tools**

The self-assessment 2024 has been implemented in H2 2024. Key findings are to be updated in Sustainability Report 2025.

[https://www.fujioilholdings.com/en/sustainability/palm\\_oil/](https://www.fujioilholdings.com/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 2024, 99% of Palmaju Edible Oil supply chain has been successfully verified as deforestation free.

[https://www.fujioilholdings.com/en/sustainability/palm\\_oil/](https://www.fujioilholdings.com/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. Contributing significantly to this increase 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/](http://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 or 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 raised grievance being 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.

Since early 2022, we are also working with Earthworm Foundation in improving our grievance management. Through this collaboration we received several case reports linked to our palm oil supply chains and raised the cases with our suppliers to ensure the grievances are addressed. We look forward to continuing monitoring each ongoing case and addressing any issues raised within our supply chain as part of our NDPE commitment.

As of the end of January 2025, we have registered 414 cases in our grievance log and about 46% of the cases are considered closed.

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

# PROGRESS

## 5. APT Landscape Initiative (Indonesia, Aceh)

KPI Dashboard				
		2024 KPI	Progress as of Jun 2024	KPI Progress %
<b>Stakeholder support</b>	Collective action plans (CAPs) implemented	4	3	75%
	Regulations/Policies related with NDPE/Land Use updates for 2 districts	-	-	0%
<b>Forest Protection</b>	Companies that identified 100% HCV/HCS <sup>*1</sup>	8	8	100%
	Hectares of forest protected by village regulations	41,857	24,762	60%
<b>Resilient Farmers</b>	Farmers trained on palm oil GAP <sup>*2</sup>	2,000	1,038	52%
	Farmer's Business Units supported on alternative livelihood	4	2	50%
<b>Workers &amp; Families</b>	Individuals indirectly impacted	4,000	2,928	100%
<b>Community Rights</b>	Villages engaged through Participatory Mapping & Land Tenure Studies (PM-LTS)	22	8	36%
	Village conflicts are managed through conflict resolution process	8	5	63%

\*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 2024, the collective actions in the landscapes have progressed as below:

- Establishment of new MoUs at the village level in Aceh Selatan (8) and Aceh Tenggara (11) which covers participatory land use planning, forest conservation, land tenure issues, sustainable agriculture & alternative livelihoods.
- 1 company (PT Aceh Trumon Anugerah Kita) has committed to adopting NDPE policies into its sustainability policy. This increases the total number of companies with NDPE policies to 8.
- 3 community-based organizations have been formed for forest restoration and protection.
- 5 villages have submitted village regulations (PERDES) to the legal bureau for protection implementation covering 12, 093.91 Ha of protected areas.
- Beyond assessments, support has been provided for companies in managing & monitoring HCV areas. PT Nafasindo is actively restoring its 0.66 Ha of HCV area, while PT Laot Bangko focuses on wildlife monitoring & HCV protection.
- 63 palm oil farmers from Aceh Singkil have received GAP training & support in diversifying their crops. Seedlings have been provided to farmers to plant in their test farm areas (chili, spinach, water spinach, cabbage & long beans).
- 63 farmers have been encouraged to have livelihood diversification to improve their economic wellbeing while also indirectly supporting forest protection efforts by reducing pressure on farmers to expand their plantations to increase income.

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- Verification of participatory mapping & land tenure study documents for 9 villages where PLUP (Participatory Land Use Planning) has been completed.
- 34 plantation workers of PT RKMA across 2 plantation sites have received socialization on worker's health & safety, prevention of child labour.
- Enhancement of worker safety by PT Asdal by improving the provision of PPE. With improvements in working conditions, PT Laot Bangko has converted 96 daily workers to permanent employees.

# PROGRESS

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

KPI Dashboard				
		2024 KPI	Progress as of Jun 2024	KPI Progress %
<b>Supply Chain Transformation</b>	Mills are making progress to achieve 100% traceability to plantations	90	36	40%
	Mills are engaged to progress on social and/environmental commitments	17	24	100%
<b>Forest Protection</b>	Hectares covered by engagement leading to protection of remaining forest area	7,500	10,000	100%
	Hectars protected by human-elephant coexistence program	5,000	8,000	100%
<b>Resilient Farmers</b>	Smallholder farmers engaged	625	235	30%
	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%
<b>Workers &amp; Families</b>	Workers impacted directly & indirectly	6,525	5,385	83%
	Companies engaged for labor awareness & capacity building	43	29	67%

# PROGRESS

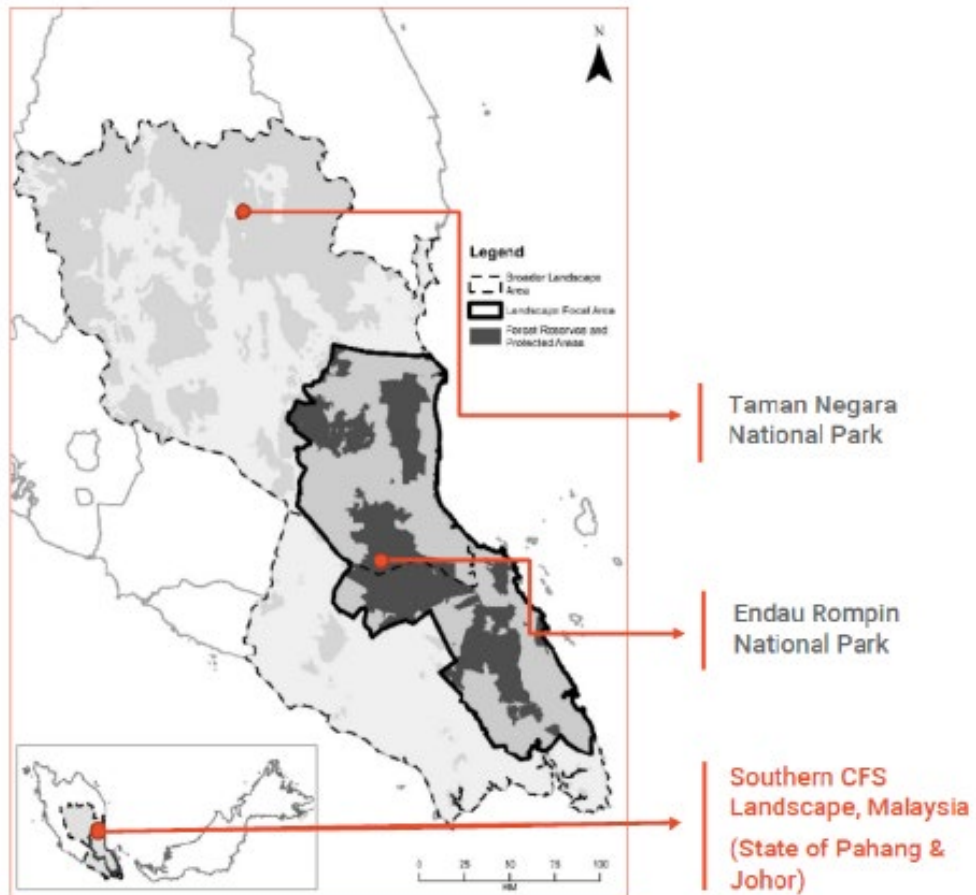
The Fuji Oil Group has identified the Southern Central Forest Spine (SCFS) Landscape in Peninsular Malaysia as another Area for Priority Transformation. Since early 2022, the Group has further supported the landscape initiatives through Earthworm Foundation with the goal of progress towards the NDPE (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 2024, the collective effort in the landscape has achieved progress action plan is as below:

- A total of 40% of the mills within the SCFS Landscape have achieved 100% traceability to plantations (TTP).
- 10,000 ha covered by deforestation monitoring and engagement leading to protection of remaining forest area.
- Successfully raise the topic of human-elephant coexistence to the state & district-level in a stakeholder engagement with the Chairman of Johor State Health & Environment Committee & the District Office of Kota Tinggi Johor, addressing wildlife conflicts in the Kota Tinggi district & project briefing with the Department of Wildlife & National Park for Johor state & district.
- A total of 235 smallholder farmers outreached through income diversification and capacity building sessions.
- Completion of 5 introductory seminar on the MPOB framework in Pahang & 1 in Johor for independent smallholders, with a total of 202 & 19 new smallholders joined respectively.
- 3 new mushroom houses have been built as part of farmer's income diversification. 1 smallholder has also successfully harvested around 185kg from their mushroom house production which estimated to have a sale of RM 2,590.
- 30 participants from 11 companies attended a Labour Education Seminar while 98 participants from 14 companies attended a Labour Symposium Program.
- Engagement has started with FELCRA HQ in preparation for the implementation of Ethical Recruitment Due Diligence programme in 3 mills & associated estates in the landscape.



# PROGRESS



Photographer: Bejay Yapp/Earthworm Foundation

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



Photographer: Bejay Yapp/Earthworm Foundation

Elephant conflict management by Sungai Ara Farmers' Cooperative (KPSA)

# PROGRESS

## 6. Smallholder supporting project

Since January 2016, the Fuji Oil Group has worked with other companies in the Wild Asia Group Scheme (WAGS), a support organization for smallholders organized by the Malaysian social enterprise Wild Asia. Details of projects can be found in our Sustainability Report 2024

In the Certification Project, the WAGS field team provided extensive supports to WAGS member smallholders in Sabah, enabling them to maintain MSPO and/or RSPO certification status. WAGS field team has conducted multiple outreach session to introduce the WAGS programme to smallholders and dealer across Lahad Datu, Kinabatangan, Sandakan, Beluran, Nabawan, Keningau and Tenom, whereas more than 800 small producers have attended. Since 2016, Fuji has supported a total of 1,338 smallholders, helping them meet the requirements for sustainable certification in both the RSPO and MSPO standards.

Total number of BIO farm, which fulfill criteria established by Wild Asia, reached 95 in Sabah, as of December 2024. In Q1 2024 (2024.1-3), the WAGS BIO team has organized a series of BIO Awareness workshops to introduce BIO Farming to certified smallholders, farmers participating in the outreach sessions.

The WAGS BIO programme is a structured initiative by Wild Asia aimed at transforming conventional oil palm cultivation into a chemical-free, biodiverse, and regenerative agricultural system. Launched as part of the “Living Soils” project in 2018, it introduces low-tech, scalable practices to improve soil health, crop resilience, and farmer livelihoods.

WAGS BIO Farms advocate for a holistic and sustainable farming system that integrates chemical-free, regenerative agriculture practices to enhance soil health, biodiversity, and profitability.

# PROGRESS

In our phase-three-project partnership (2023.7-2025.6), we'll continue to support certification project and more focus on provision of further implementational support for regenerative agricultural practices at WAGS BIO farms.

1. Reducing synthetic inputs by incorporating organic materials such as mulched fronds, cut-and-drop vegetation, and compost to build soil organic matter and promote natural fertility.
2. Transforming household and factory waste—including oil palm decanter cakes and empty fruit bunches—into bio-active fertilizers.
3. Introducing advanced techniques like biochar application, polyculture, livestock integration, and intercropping to create biodiverse ecosystems that accommodate natural microhabitats and improve soil organic carbon.

This system enhances soil microbiology and conditions for plant growth while boosting yields per unit area. Additionally, polyculture thrives in these biodiverse environments, offering farmers supplemental income, improved food security, and better health and nutrition for their families. WAGS BIO Farms not only regenerate the land but also provide sustainable livelihoods, making farming profitable and environmentally sound.

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# PROGRESS



Wild Asia conducting sessions to share insights about their sustainable farming programmes



Wild Asia's Executive Director, Dr Reza Azmi (Founder) explaining about the soil condition to farmers



Wild Asia teaching farmers to set up mini Bio Transformation Units to produce organic inputs



Wild Asia conducting farm visit to farmer's farm to monitor conditions

# ANNOUNCEMENT

## **Upcoming Progress Updates:**

Sustainability Report 2025 (H1 FY2025)

Responsible Palm Oil Sourcing Policy Progress Report (H2 FY2025)