



FUJI OIL CSR REPORT 2012

“Simply Unique” Fuji Oil

“Simply Unique” is reflected in our company name, “Fuji,” which consists of the kanji characters for “not” and “two.”

We debuted this motto on October 9, 2010 in commemoration of our 60th anniversary.

Fuji Oil operates its business in a spirit of innovation, never imitation, while we work closely

with our customers to develop products that utilize our oils and fats, ingredients for confectionary and bakery,

and soy protein products. Our “simply unique” technologies, experiences and ideas lead to

“simply unique” products and recommendations, which bring satisfaction and peace

of mind to our customers.

Aspiring to be a one-of-a-kind company is rooted in our foundation and in our motto “simply unique”.

Fuji Oil takes pride in the technologies and products that we have developed since our founding 60 years ago.

With this spirit still strong today, we are determined to continue to better serve our customers

with our one-of-a-kind products.

The words “simply unique” symbolize that determination.

At Fuji Oil, that is what each and every employee aspires to and is our pledge to society.

Photo: Hard Butters for Chocolate

We provide hard butters for chocolate that can be served for different climates and usage while maintaining its delicious flavor by applying various techniques, such as fractionation, hydrogenation and inter-esterification. Types of chocolate have been increased to suit different usages, ranging from chocolate bars to chocolate for coating bread, doughnuts and ice cream.

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Editorial policy

The Fuji Oil Group publishes this CSR report to help stakeholders gain a better understanding of our efforts to promote CSR. The 2012 issue includes feature articles in the Special Section detailing the creation of new corporate value through a new company that has been established to integrate group companies in the Southeast Asia region, corporate responsibility in the rapidly growing Indonesian market, partnership with cacao farmers, and research and development that supports achievement of our goal, “Simply Unique.” In reporting our activities, the focus is on visualizing our efforts to fulfill our CSR action plans. Executives clearly provide goals that the Group should achieve by committing themselves to the responsibility assigned to each of them.

Reporting period

The report covers achievements in fiscal year 2011 (April 1, 2011 to March 31, 2012), but also includes some activities outside of that period.

Reporting scope

The report mainly covers non-consolidated activities of Fuji Oil Co., Ltd. as for environmental data, efforts by the following Group companies in Japan are included: Toraku Foods Co., Ltd., Fuji Fresh Foods Co., Ltd., and F&F Co., Ltd. In cases where information on other companies is provided, the scope is described along with the data.

Month of issue

November 2012 (the next report is to be issued in November 2013)

Guidelines used for reference

The Japanese Ministry of the Environment’s Environmental Reporting Guidelines 2007
GRI (Global Reporting Initiative)
“Sustainability Reporting Guideline Version 3.1”

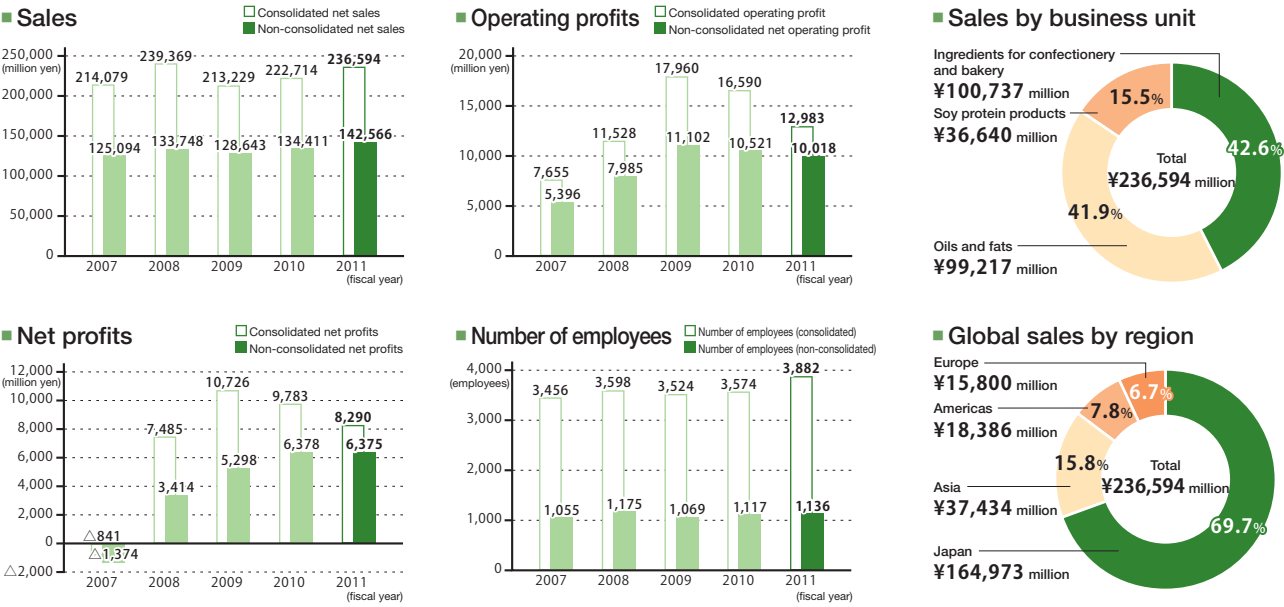
Summary of the Fuji Oil Group

The Fuji Oil Group produces products mainly using vegetable-based ingredients. While making the best use of what nature provides, we create products with properties that are superior to those of natural ingredients. With a primary focus on “oils and fats, and processed food products” and “processed foods using soy protein,” the Fuji Oil Group also works to expand its business into global, niche and specialty markets so as to meet diverse market needs.

Corporate profile (as of March 31, 2012)

Corporate name	: FUJI OIL CO., LTD.	President & CEO	: Yoshitaka Ebihara
Location of corporate	: 1 Sumiyoshi-cho, Izumisano-shi,	Number of employees	: 1,136 (non-consolidated), 3,882 (consolidated)
Head Office	Osaka	Subsidiaries/Associated companies	: 29 consolidated subsidiaries, 2 associated companies accounted for under the equity method
Established	: October 9, 1950		
Capitalization	: 13,208 million yen		

Major management indices



Summary of Business

■ Oils and fats business

Provides a variety of oils and fats, mainly specialty fats such as hard butters for chocolate, to enhance the functions of chocolate, frying oils and fats that excel in stability, and oils & fats with emulsifier for better flavors and textures.



■ Ingredients for Confectionery and bakery business

Provides a wide variety of chocolates that meet the needs of professionals pursuing deliciousness and the ease of use, margarine produced through effective use of our own emulsification and fermentation techniques, different kinds of creams with excellent characteristics, ingredients for desserts that provide full flavor, and many other products essential for confectionery and bakery.



■ Soy protein products business

Produces high-performance ingredients such as highly purified isolated soy proteins, soy peptides and soluble soy polysaccharides. The Group also provides a wide variety of processed foods using soy protein that contribute to nutrition and health as well as food products for household use such as soy milk and soy milk yogurt.



*Please see the Special Section of the Fuji Oil CSR Report 2011 for details on oils and fats business (palm oil business) and soy protein products business.

Major Fuji Oil Group Companies



— Find our products in your daily life! —

[illegible]

- 1 **Hard butter for chocolate**
With functions exceeding those of cacao butter
- 2 **Fats for frozen confectionery**
For adding flavor to ice cream
- 3 **Frying and spraying oils**
Used for frying and cooking instant noodles and fried confectionery
- 4 **Fats for whipping cream**
Used for whipping cream and coffee creamer
- 5 **Lubricating/releasing oils**
Used as lubricants for food manufacturing machinery and as demolding agents

- 6 Chocolate**
Chocolate using carefully selected cacao beans from various places around the world
- 7 Coating chocolate for bakeries**
Chocolate used to coat cakes and bread to easily add gloss
- 8 Molded chocolate**
Chocolate which keeps its shape even after being baked in dough
- 9 Chocolate for ice cream coating**
Coating chocolate for ice cream

- 10 Whipping cream**
Vegetable cream with a rich milky taste and refreshing after taste
- 11 Soft-serve ice cream**
Liquid mixture for soft-serve ice cream with a smooth texture
- 12 Custard cream**
Cream with a rich milky taste and egg flavor
- 13 Margarine and shortening**
Provides a crispy texture to baked confectionery
- 14 Ingredients with a fermented flavor**
Ingredients for desserts manufactured using emulsification and fermentation techniques

- 15 **Béchamel sauce**
White sauce containing high levels of dairy products
- 16 **Frozen dough**
Used for pie crusts and cookie dough sheets

- 17 **Soy protein isolates**
Gelling and water retaining properties, improving texture
- 18 **Textured soy proteins**
Offering a juicy and meaty texture with high water retention

- 19 **Soy peptides**
Ingredients rich in essential amino acids and with high absorbability
- 20 **Soluble soy polysaccharides**
Used for stabilizing acidic lactic beverages and preventing cooked rice and noodles from becoming sticky

- 21 **Flavored deep fried tofu**
Used for instant noodles (Udon)
- 22 **Ganmodoki**
(Bean curd mixed with thinly sliced vegetables and deep fried)
It is not necessary to run hot water over ganmodoki before cooking, and it will not break into pieces while cooking
- 23 **Frozen tofu**
It is possible to store this tofu frozen and use only the quantity needed

24 Soy milk for industrial use
Soy milk without the raw flavor of soy

- 25 **Soy milk**
Prepared soy milk designated as food for specified health uses
- 26 **Pudding**
Kobe Pudding
- 27 **Supplements**
Isofra-Balance by mail order
- 28 **Sports drinks**
Peptide-Athleta by mail order

Contributing to addressing food-related issues through Fuji Oil Group's business



Following the Great East Japan Earthquake

More than 18 months has passed since the Great East Japan Earthquake hit in March 2011, the effects of the disaster, such as electricity shortages caused by the nuclear power plant accident, are still having a significant impact on Japan. I would like to take this opportunity to reiterate my sympathies to those affected. Immediately after the earthquake, Fuji Oil established the Disaster Response Headquarters with the President as its Director to confirm the safety of all employees and the extent of damage. At Kanto Plant, which was the most severely damaged, production was shifted to other plants and efforts were concentrated on restoring the facilities quickly and safely in order to maintain a stable supply of food products. As a result, we were able to minimize the impact on customers. Since being affected by the disaster, it has become increasingly important for us to review our supply

chain management and improve our risk management practices, on which the concerted efforts of the entire company will continue to be a focus.

Thoughts behind the mid-term management plan Goals for “Global & Quality 2013 – For Sustainable Growth –”

As explained in the ongoing mid-term management plan “Global & Quality 2013,” its sub-slogan is ‘Sustainable Growth,’ the Fuji Oil Group aims “to achieve globally sustainable growth using its ‘simply unique’ technology and strong overseas operations to establish competitive superiority.” We have positioned the period covering the mid-term management plan as the “Three years of evolution” toward “qualitative growth on a global level and our efforts during this period will be focused on maintaining scale, profits and value high enough to be competitive to survive in the world market.” The term “Qualitative” in “Qualitative growth” implies

that we provide quality, techniques and services that meet not only Japanese standards but also global standards with the aim of maintaining and improving customer satisfaction.

The Fuji Oil Group is hoping to achieve profits high enough to ensure sustainable growth by promoting the three basic management principles of the mid-term management plan: “Global Management,” “Technological Management” and “Sustainable Management.” In this context, we will make constant efforts to sustainably create new social value and gaining the trust of all stakeholders and thereby improve corporate value.

Globally effective use of human resources

It is particularly important for manufacturers, including Fuji Oil, to utilize “human resources and technology” effectively in expanding its business globally. We need to “implant” new technology and materials not only domestically but also globally. Employees are also required to be actively involved in business both domestically and globally. Staff members of all departments, ranging from research and development to sales and manufacturing, should broaden their perspectives and communicate with a variety of people in order to promote their own development and growth. In 2011, we started overseas training programs for young Japanese employees to expand their knowledge as well as programs for national staff members at overseas offices to receive training in Japan. We have also established a system to promote local executive members to the position of president so that we can better understand local needs. We will implement more

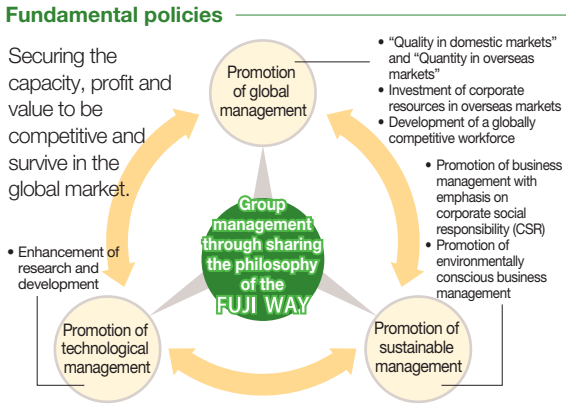
programs designed to provide employees with more opportunities to get to know the world and communicate with people around the world.

The goal of CSR for Fuji Oil Group

In the global food area, food safety issues and social issues associated with obesity and lifestyle-related diseases in advanced countries have been emerging. In developing countries, food shortages are a leading concern. Due to the growth in the population and dramatically increasing demand in emerging countries, securing food resources and ensuring a stable food supply have risen up to become serious issues. In addition, the development of agricultural land in emerging countries has caused environmental problems. In short, there is a wide variety of food-related issues that need to be addressed.

Fuji Oil has been taking various measures to address these issues, including through the establishment of a supply chain system that makes more efficient and effective use of resources, pays consideration to nature and environment, and optimally utilizes our technical capabilities to achieve “health” and “happiness.”

We understand that the goal of CSR for Fuji Oil Group, as a manufacturer of food ingredients, is to “contribute to healthier and happier living through the creation of contemporary eating habits as well as fine foods” while maintaining a harmonious relationship with nature and society, which has only limited global resources. For sustainable growth of our society, we will continue efforts to contribute to finding solutions for food-related issues through our business activities.





01

Special
Section

Promotion of Global Management

Establishing a regional headquarters in the Southeast Asia region with the aim of creating synergetic effects and thereby achieving new corporate values

Southeast Asia is the most important region for the Fuji Oil Group as it works to develop business in the global market. In recognition of this, in March 2012, FUJI OIL ASIA PTE. LTD. (FOA), its first regional headquarters, was established to integrate three Fuji Oil Group companies in Southeast Asia. FOA serves as a regional hub to expand business in the region via increased contributions to both the regional market and society.

“Creating another Fuji Oil” Making contributions in Southeast Asia as we do in Japan

FOA integrates the following three companies: PALMAJU EDIBLE OIL SDN. BHD. (PAL), which produces palm oil and palm kernel oil products, FUJI OIL (SINGAPORE) PTE. LTD. (FOS), which produces and sells specialty fats, and WOODLANDS SUNNY FOODS PTE. LTD. (WSF), which produces and sells ingredients for confectionery and bakery.

The supply chain, under which FOS processes PAL's products and supplies them to WSF, is the source of our competitiveness in Southeast Asia. However, this supply chain also had some inefficiencies; for example,

the three companies previously made separate sales calls to the same customer. According to FOA President Tomoyuki Yoshida, FOA will serve to comprehensively boost efficiency of the three closely related companies' business activities, including sales and marketing, in order to achieve synergistic effects and increased business performance.

“If we can successfully apply the Japanese business model in Southeast Asia, the synergies with Japan can be further strengthened, which will help enhance the business in Southeast Asia. “My hope is to contribute to the market and society in Southeast Asia to the same level as we do in Japan. In other words, we will create another Fuji Oil.

“Enhanced cooperation among our affiliate companies in Southeast Asia as a group will also facilitate speedier decision making. This is another core aim of ours.”

FOA's responsibilities and roles

The primary role of FOA is to take profit responsibility and manage budgets. The second is to decide the direction of each company's sales, marketing and R&D. The third is to manage the procurement and purchase of raw materials



as well as financing in a unified manner so as to reduce costs and enhance efficiency. The fourth is to make strategies and create new business projects that take into account the circumstances unique to Southeast Asia. “Fulfilling these responsibilities in Singapore will allow us to make decisions and subsequent actions quicker,” says Mr. Yoshida. “Particularly in R&D, our efforts are also being directed to creating and presenting proposals in order to promptly address issues together with customers and thereby promote sales.”



Tomoyuki Yoshida
President of FUJI OIL ASIA
PTE. LTD. (FOA)

Paying close attention to the opinions of national employees to meet customers' needs

FOA aims to grow together with stakeholders according to the following three principles: “fulfilling social responsibility through its business by building close relationships with customers,” “placing importance on the spirit of creativity” and “helping all employees growing as individuals.” If FOA

is to grow into the future, one particularly important issue is the creation of new business projects.

“It is important that onsite staff are encouraged to develop new ideas,” says Mr. Yoshida. “I want my employees to propose new ideas without hesitation and also intend on focusing my efforts on identifying and developing each employee's strengths.”

As well as developing employees' skills, Mr. Yoshida says another core focus is development of a corporate climate in which new business ideas are proposed freely by staff. He also considers it important to promote local staff to managerial positions to help strengthen the sense of unity among employees of each group company and eventually increase business mobility.

Being a globally reliable company

Through business activities that have been undertaken up to now in Southeast Asia, the quality of Fuji Oil Group's products has gained the trust of customers in the region. With this trust as a driving force for future development and growth, FOA will focus further efforts on strengthening its position in Southeast Asia and also on gaining wider trust around the world.

Data

PALMAJU EDIBLE OIL SDN. BHD. (PAL)

Location: Malaysia
Establishment: September 1985
Number of employees: 159
Business description: Production of palm oil and palm kernel oil products

FUJI OIL ASIA PTE. LTD. (FOA)

Location: Singapore
Establishment: March 2012
Number of employees: 19
Business description: Planning of new projects, promotion of business in the Southeast Asia region, business support to companies under FOA's umbrella and promotion of collaboration among group companies in the region

FUJI OIL (SINGAPORE) PTE. LTD. (FOS)

Location: Singapore
Establishment: October 1981
Number of employees: 133
Business description: Production and sales of specialty fats, mainly in Southeast Asia

WOODLANDS SUNNY FOODS PTE. LTD. (WSF)

Location: Singapore
Establishment: February 1988
Number of employees: 111
Business description: Production and sales of ingredients for confectionery and bakery and other miscellaneous products

Voice

Growing together with the company



Twenty five years have passed since I joined the company. While at first I was bewildered by the culture of a Japanese company, now I appreciate the system under which employees are appraised according to their efforts and outcomes and the climate in which employees are encouraged to take on new and challenging tasks. Both these elements have helped me improve my abilities. As a manager, I am now focusing my efforts on developing younger employees. I believe that in order for the company to further develop we need to build and strengthen the sense of unity. We need to recognize unity as a group by sharing information with other group companies. I hope to keep growing with the company as a member of the Fuji Oil Group.



Tammy Low
Quality Control Manager
FUJI OIL (SINGAPORE) PTE. LTD.

Group Company Dialogue

Offering high-level quality and services in Southeast Asia through collaboration of group companies

In May 2012, the presidents and employees of PALMAJU EDIBLE OIL SDN. BHD. (PAL), FUJI OIL (SINGAPORE) PTE. LTD. (FOS) and WOODLANDS SUNNY FOODS PTE. LTD. (WSF), which are grouped under the umbrella of FUJI OIL ASIA PTE. LTD. (FOA), gathered to discuss how the Fuji Oil Group should be in Southeast Asia—how it would look and how it could contribute to the regional market and society.

How the group should contribute in Asia

Mr. Yoshida: The Fuji Oil Group includes “global management” in its mid-term management plan. What contribution should we be making in Southeast Asia in order to expand our business?

Mr. Kanzaki: PAL purchases and processes crude palm oil and sells processed oil to the Group. Serving as an upstream company, our highest priority should be to always supply safe, stable, and high-quality products to the Group.

Mr. Kanemori: WSF, situated the furthest downstream, produces ingredients for confectionery and bakery, such as whipping cream and margarine. We purchase raw materials from FOS and PAL. As diet becomes increasingly Westernized in ASEAN nations, Hong Kong and Taiwan, demand for bread and cake is on the rise, as it was in Japan during its high-growth period. Our role is to supply delicious products to these markets.

Mr. Teo: One of the most important responsibilities for companies is sustainability of business activities. To do this we need to make profits. Particularly in Singapore, where costs are high, cost competitiveness is essential.

Mr. Kelvin: Being in charge of sales and marketing mainly of oils and fats in FOA, I find it most important to respond to customers’ requests. Particularly in Singapore, saturated fatty acids and trans fatty acids are strictly regulated and we are required to comply with relevant regulations.

Mr. Kanemori: Our company has already started selling low trans fatty acid products to customers. In Singapore, we need to produce products that are low in trans fatty acids but still taste delicious. This is another important mission for a manufacturer of oils and fats.

Community-based procurement of raw materials

Mr. Arima: I am a member of the Raw Materials Procurement Department in the headquarters and have been assigned to Singapore, to build and maintain face-to-face relationships with local suppliers. And we have to make effective the procuring system to supply safe, secure and inexpensive ingredients to our entire group. Fuji Oil selects suppliers that are conscious of the environment and food safety and who also supply us with ingredients at fair prices. Meeting the criteria of the Roundtable on Sustainable Palm Oil (RSPO)^{*1} is an important issue for us. Our business partners also require us to comply with the RSPO criteria.

Mr. Kanzaki: PAL has been a RSPO member since 2004. And we are also considering entering into cooperative relationships with NPOs to develop and implement measures to improve production efficiency.

Mr. Yoshida: It is important to build better relationships with farms upstream of the value chain both in terms of achieving sustainable development of the company and fulfilling stakeholders’ expectations.

^{*1} RSPO: See P. 26 for details.



Together with employees

Mr. Yoshida: What about your responsibilities to employees?

Mr. Kanzaki: Malaysia is a country of diverse races and religions. It is therefore very important to pay careful consideration to individual employees’ values and cultures in creating a favorable work environment in order to maintain motivation and increase productivity. It is necessary to listen to employees’ opinions carefully and hold discussions with them frequently.

Mr. Teo: It is important to train and retain the next generation of employees. We should share our knowledge and experience accumulated within the company and also pass this on to younger generations. I encourage every one of our employees to appreciate the sense of participation and think about our company’s future with the management team. To do so, we need to create more opportunities for communication.

Expectations of the new regional headquarters FOA

Mr. Yoshida: FOA has been established. What are your expectations?

Mr. Teo: I hope communication with the Head Office will be smoother through FOA. I also hope that all group companies’ vectors will be consolidated to strengthen our cooperative relationships. To fulfill my hope, I think we should focus further efforts on promoting research and development (R&D), identifying needs in Southeast Asia, and improving competitiveness through cost reductions. We are in an environment where there are many competitors. We will increase our market share in Asia through streamlining, and this can only be achieved by a unified group.

Mr. Kanzaki: I hope FOA will serve as a coordinator of the three companies from management point of view. We expects FOA to successfully coordinate the three companies, so that it will indicate us clear direction we should take as a group, and helps us increase efficiency in many ways.

Mr. Kelvin: It is important to provide products at competitive prices to meet increasing demand. To do so, cooperation of the three companies is very effective. It is also important to effectively leverage strengths unique to Fuji Oil, such as R&D and quality, to compete with other companies. The Asian market is growing and people in the region expect us to provide products that are not only inexpensive but also high quality and values. We should understand people’s needs correctly and respond to their true needs.

Mr. Arima: I have learned that there are differences in customers’

needs and other requirements between Japan and overseas and have gradually come to understand the various trends and issues of each company. I will share local information I have obtained not only with the Raw Materials Procurement Department in Japan but also with FOA so that we can pursue optimization of the entire Group.

Mr. Kanemori: President Yoshida has said, “We should be well aware that we are part of one company,” which I think is important. FOA seeks for the same business model as Fuji Oil Japan. If we all have the awareness of being part of one unit, more efficient and rational business activities will be possible. For example, we can use human resources flexibly in the region and, thereby, it will be easier to establish systems that allow us to serve customers better.



Goals under the new organization

Mr. Yoshida: In conclusion, please tell your goals for the future.

Mr. Teo: It is of course necessary to offer high quality and services. The key to doing this is personnel. We have to make this company one in which employees are united to achieve the same goal.

Mr. Kanzaki: The most important goal for PAL is to provide products with stable quality at a fair price. At the same time, in order to be recognized as a valuable company, we need to supply a larger amount of products than we do now. I aim to place more emphasis on volume in the future.

Mr. Kanemori: My hope is to provide more delicious food to people in Southeast Asia. The primary goal is to offer Japanese delicacies and new tastes that local people have never experienced by adding adjustments in such a way as to meet local needs, at fair prices, in extensive areas.

After the dialogue

The supply chain consisting of the three companies under FOA serves as a strength of the Fuji Oil Group. When FOA efficiently integrates these three companies and provides them with support, their functions will be further enhanced, generating synergistic effects. They can thereby aim to achieve better development. To fulfill this goal, I will continue collaborating with the presidents of the three companies to further enhance the group’s power.

Tomoyuki Yoshida (moderator)

President
FUJI OIL ASIA PTE. LTD. (FOA)



Establishing good relationships with local suppliers

Atsuhiko Arima

Stationed in Singapore
Raw Materials Procurement
Department, FUJI OIL CO., LTD.



Providing new delicacies to suit local taste preference

Taisuke Kanemori

President
WOODLANDS SUNNY FOODS
PTE. LTD. (WSF)



Promoting better communication and developing a sense of unity

Teo Yong Wah

President
FUJI OIL (SINGAPORE) PTE. LTD. (FOS)



We have to compete with other companies not only with prices but also our strengths.

Kelvin Sng

Sales & Marketing Manager
FUJI OIL ASIA PTE. LTD. (FOA)



Our responsibility is to supply products of constantly stable quality.

Yasuyuki Kanzaki

President
PALMAJU EDIBLE OIL SDN. BHD. (PAL)





02
Special
Section

Promotion of Sustainable Management of Overseas Companies

To be the best manufacturers of chocolate for industrial purpose in ASEAN

Among Southeast Asian countries, which have been experiencing rapid economic growth, Indonesia is undergoing particularly significant growth. PT. FREYABADI INDOTAMA (FAI), which has been manufacturing and selling chocolate since the 1990s, is expected to develop further as the market grows. FAI's efforts to meet this goal include the formation of a corporate culture that helps strengthen its already extensive quality control and well-structured business organization.



To dedicate delicious chocolate to consumer

With some 240 million people, Indonesia has the world's fourth largest population. With the GDP growth rate in 2011 increasing by 6.5% over the previous year, the country is demonstrating increasing economic growth. Indonesia is also a mega market for food products. PT. FREYABADI INDOTAMA (FAI) has been manufacturing and selling chocolate for industrial purpose since 1995. With the high production capacity, FAI supplies chocolate in Indonesia and also to neighboring countries.

People in Indonesia, which was formerly under the sovereignty of the Netherlands, are quite familiar with chocolate. There are a large number of bakeries and confectionery shops in the capital city, Jakarta. As lifestyles in Indonesia become increasingly Westernized, demand for chocolate is also increasing. Against this backdrop, FAI is aiming to boost its business performance by adjusting its efforts in R&D,

PT. FREYABADI INDOTAMA (FAI)

Location: Indonesia

Business description: Production and sales of chocolate for industrial purpose

production and sales to meet local demands.

"The larger the market grows, the severer the competition becomes. To survive this fierce competition, it is important to build and maintain favorable relationships with customers by providing products as good as they say, 'the best chocolate manufacturer is FAI'" says Kazuki Morikawa, Director of FAI. "Producing delicious chocolate products and supplying them to a large number of people: this is our mission and social responsibility. Efforts have been made to produce and provide chocolate that meets customers' needs promptly, and to address technical issues, if any, immediately. Through these comprehensive efforts, we hope to gain customers' trust and fulfill our mission."



Making extensive efforts towards quality control as a food manufacturer

"It is of course important for a food manufacturer to pursue great taste. Another important role is to provide safe and secure products," says Shoji Miyamoto, the factory chief. "We place emphasis on maintaining a high level of awareness among staff and ensuring strict quality control," FAI raises employees' awareness by having them read out in chorus every morning the 5S philosophy (*Seiri*: Organizing, *Seiton*: Setting in Order, *Seiso*: Cleaning, *Seiketsu*: Cleanliness, *Shitsuke*: Discipline), which is unique to Japan, and the five safety instructions so that they can implement them in their daily work. "We incorporate the positive practices of Japanese companies as much as possible," says Mr. Miyamoto. In addition to the 5S philosophy, FAI also implements the "quick response activity"¹ and the "pointing and vocalizing strategy," which were initiated in Japan.

"Employees, including the executives, are all involved in raising awareness that daily implementation of basic practices, one by one, will result in manufacture of safe and secure products."

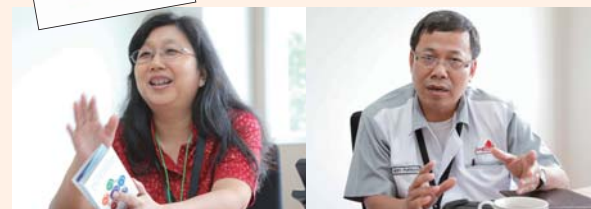
¹ Quick response activity: Company-wide activity to respond to customers' requests quickly

Enhancement of the sense of unity to spur further growth

As one of the methods to raise this awareness, FAI has established the Five Laws of SPIRIT, consisting of "passion," "integrity," "quick response," "teamwork" and "customers' perspectives," in order to respond to customers' needs. The Five Laws of SPIRIT is embedded in FAI's corporate culture (known as "the Culture"). Guidance to create this culture has been mainly prepared by Japanese staff stationed in the FAI office and national executive staff members. A card printed with the guidance has been distributed to all employees, from the management team to on-site workers. In February 2011, a "Culture Meet" was held with the aim of spreading the Culture, and all employees and their families were invited to attend.



Culture Meet



Kristin in charge of CSR, and Hery of the General Affairs Department, major members involved in preparing the "Culture"

Kazuki Morikawa

Director
PT. FREYABADI INDOTAMA (FAI)



Shoji Miyamoto

Factory Manager
PT. FREYABADI INDOTAMA (FAI)



Arfiyanto Adisastra

Head of Information
PT. FREYABADI INDOTAMA (FAI)



Elly Puspitosari

Head of Sales
PT. FREYABADI INDOTAMA (FAI)



"It takes time to establish the corporate climate and develop human resources," says Mr. Miyamoto. "However, through our efforts to improve employees' awareness, I think we have been steadily producing favorable results, including an increase in daily production of chocolate."

To be the top company in ASEAN

The vision of FAI is "to become the top manufacturer of chocolate for industrial purpose in ASEAN." To fulfill this vision, it is necessary for every one of its employees to share the vision and work together with a sense of unity.

National executive staff members also share the same vision. Arfi (Arfiyanto Adisastra) is in charge of general affairs. He says: "I want to incorporate Japanese programs into the development of human resources." Elly (Elly Puspitosari), sales department manager, shares this passion: "I want to grow together with customers, rather than just selling products."

To produce delicious chocolate in a safe and secure environment, it is essential to create an aspirant corporate climate and human resources. FAI has been steadily promoting efforts toward this goal.

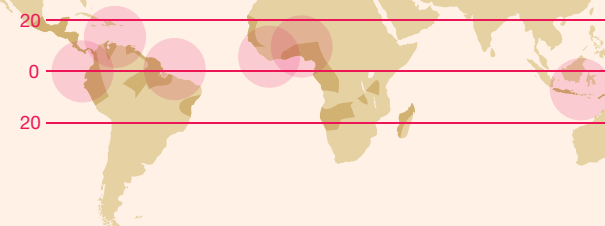


Visit to a cacao farm

To provide delicious, safe and secure products

Chocolate is one of our major products. The Fuji Oil Group carefully selects cacao beans from around the world in order to extract the best possible flavor from cacao. We place emphasis on communication with suppliers to ensure stable procurement of safe, secure and high quality cacao.

Cacao production areas



Cacao bean production in major producing countries in 2010



Efforts to address cacao-related issues

Cacao is a tropical plant cultivated in limited regions of high temperature and high humidity, between 20° north and 20° south of the equator, where the annual average temperature is 27°C or higher and annual precipitation is 1,000 mm or higher. It takes two to four years before the first harvest after planting, and the largest yields are obtained after 15 to 20 years. Major production areas include Cote d'Ivoire, Ghana, Brazil, Indonesia as well as other countries in West Africa, Central and South America, and Southeast Asia.

Cacao cultivation is susceptible to bad weather and soil problems, and its quality and yields are unstable due to insects and disease. There are also social issues related to the labor environment. To address these issues, in 2012 Fuji Oil joined the World Cocoa Foundation (WCF). The WCF is an international membership foundation that promotes a sustainable cocoa economy. At present, more than 90 cacao-related companies are members of the foundation.

Voice Comments from cacao farmer

The number of cacao farms in Indonesia is decreasing for several reasons. Not only is cacao susceptible to disease it also takes time before stable harvests can be ensured. Additionally, the international market prices of cacao have fallen. My farm has business relationships with several companies, and in response to the current circumstances, we strive to make more opportunities than ever to discuss sustainable farm management with them, as we did with Fuji Oil this time. I would like to increase such opportunities for discussion. We have been making efforts to ensure stable production of cacao and increase productivity in order to become a sustainable farm. We learned tree grafting techniques to produce a larger harvest of high-quality cacao. Our farm started using organic fertilizer for our cacao trees about two years ago. I am considering sharing with other farms the techniques and farming methods that we have acquired. All employees working together are part of my family. I think it is important for me, as the employer, to create an environment that is comfortable to work in and provide welfare benefits. It is also very important to achieve sustainable farm management. I hope to protect cacao production in collaboration with partner companies and other farms.

Tiara Setiadi

Owner of a cacao farm in Indonesia



Procurement through face-to-face relationships with producers and better communication with farmers

Fuji Oil also makes efforts to ensure stable procurement of cacao. The company has started purchasing traceable

cacao beans produced in Ghana. Procurement through face-to-face relationships allows us to provide chocolate made from safe and secure cacao to customers. We also make visits to cacao farms to promote communication with them as our partners in producing delicious chocolate with stable quality. We experimentally produce chocolate from cacao beans provided by a farm to check the quality and other characteristics of the chocolate with the owner of the farm and discuss what could be improved to achieve a higher quality finished product.

After the visit

Chocolate makes our life affluent. Through dialogue with the farm owner, various issues related to cacao beans, an ingredient of chocolate, were revealed. To continue to provide delicious chocolate to customers, the production of cacao must be sustainable. It is important for companies to make efforts to address relevant issues and concerns together with farmers. Such efforts may include the establishment of research institutes and educational institutes to promote sustainable farming methods and increase productivity. We consider that both farms and companies should take action with an eye to the future.

Ai Goto

CSR Management Section
FUJI OIL CO., LTD.



Steps before chocolate is made – In May 2012, we visited a cacao farm in Indonesia, one of our suppliers.



Cultivation

Seeds are grown into seedlings. A tall shade tree is used to create shade to protect the seedlings from direct sunlight. Seedlings are grafted when they have grown to a certain height. Efforts are made to cultivate high-quality cacao, for example, grafting of a seedling that produces an abundance of fruit to an insect-resistant species.



Harvesting

The height of trees is 7-10 meters and the circumference of its trunk is 10-20 centimeters. Flowers are produced also on the trunk and develop into fruit, known as cacao pods, over about six months. The pods are shaped like a rugby ball and are 15-20 cm in length and about 15 cm in diameter. The pod is covered with a husk more than 1 cm thick. The pod contains 30-40 seeds, which are cacao beans, embedded in a white fruit flesh, known as the pulp.



Fermentation

Cacao beans taken out of the cacao pod along with pulp are fermented for about a week. Beans are placed in wooden boxes stacked in a tiered arrangement and fermentation progresses while the beans are transferred stepwise to a lower level. During fermentation, substances contained in cacao beans change, causing the chocolate flavor to develop.



Drying

Cacao beans are about one-third water once fermentation is complete, and this is reduced to less than 6% by drying. The beans are spread over wooden frames at a height of about 1 m and left to dry under the sun for about a week. When dried, the color of the beans changes into a brownish-red, which is typical of cocoa and chocolate.



Shipment

Cacao beans, after being sorted by machine according to size and other qualities, are packed in jute bags for shipment. Only those that have passed test according to each country's strict standards are exported.



Cacao harvested from Tiara Setiadi's farm is used for a high-quality chocolate named "Cianjur."



03

Special Section



Research and Development to achieve “Simply Unique” Research with an eye on commercialization Food Science Research Institute (FSR) under transformation

“Enzymatic Inter-esterification Technology” to design the structures of fats and oils as desired.

“Soluble soy polysaccharides,” dietary fiber with various functions made from bean curd....

The Fuji Oil Group has been contributing to the development of food culture with its innovative and unique technologies. These “Simply Unique” efforts of the Fuji Oil Group are supported by its well-organized research and development system. This section includes the Food Science Research Institute (FSR), which plays a crucial role in our “Simply Unique” efforts with its extensive basic research.

Location: Tsukubamirai City, Ibaraki
Establishment: 1990



Tsukuba Research and Development Center

Creating new projects with extensive research focused on core technologies

The research and development of the Fuji Oil Group consists of the following three areas: “basic research” on the quality of oils and fats and the structures of soy proteins, “development of ingredients” based on “basic research” to produce ingredients

that meet needs such as food safety and health, and “application development” to develop new products in cooperation with customers. These three parts cooperate in pursuing research and development.

FSR, located in the Tsukuba Research and Development Center in Tsukubamirai City in Ibaraki, performs basic research by taking advantage of its location, which is home to a diverse range of research institutes. Its predecessor organization was the New Ingredients Research Institute, which did not limit its research subjects to new materials but instead covered a wider range of subjects. The Laboratory changed its name in 2003 to Food Science Research Institute.

Hirokazu Maeda, Chief Operating Officer for R&D Division, talked about the current role of FSR. “The objective was to find new seeds of research but the current mission is to lead these to commercialization. Basic research is time consuming. For example, research on soluble soy polysaccharides was started in 1987 and it took six years before commercialization. I think, from now on, it is necessary to accelerate the speed of decision making on the possibility of commercialization, while taking time for research.”

According to Haruyasu Kida, Director of FSR, FSR is currently

focusing its efforts on detailed analysis of its core technology so as to expand it. “For example, as for fractionation technology, which is a core technology, we are considering adding a new function by using a new raw material to enter a new market. If we fractionate soybeans without using solvent, we can contribute to preservation of the environment. Supporting research projects of other companies and other departments is another important role of ours, including the digitization of tastiness components and structural analysis of foods.”



Haruyasu Kida

Director of Food Science Research Institute
R&D Division
FUJI OIL CO., LTD.

Establishing systems to create new “Simply Unique”

The three fundamental policies of the new mid-term management plan are “promotion of global management,” “promotion of technological management” and “promotion of sustainable management.” Of the three, “promotion of technological management” is important to provide new values through a combination of FSR’s strengths in technology, ingredients and product proposals. In this context, expectations for FSR are increasing.

“Our company has a high ratio of researchers and the number of granted patents has remained the highest in the food industry,” says Mr. Maeda. “We are currently developing a road map on how to make effective use of our technological strengths to serve the needs of society. FSR has adopted a suggestion system to allow researchers to always suggest the next project theme. This is just one of our efforts to establish a system to create new projects using a bottom-up approach. With the sense of crisis that there would be no future for the Fuji Oil Group unless we keep creating new values, we pursue the creation of a “new ‘Simply Unique’ technology.”

Rank of Fuji Oil for patent applications in the food area
(Source: Japan Patent Office Annual Report)

2005	2006	2007	2008	2009
1st	3rd	2nd	4th	4th

Voice

Hoping to be of use in addressing food-related issues around the world

“I am currently engaged in research on catalytic substances necessary for manufacturing environment- and health-conscious oils and fats and discovery of new oleaginous plants. I firmly believe that these research and discovery efforts will be useful to increase the range of our company’s products and processing technology. FSR has adopted a new research system this fiscal year, which I think has helped to spread awareness that we should accelerate the speed of commercialization of research outcomes.

“I have been interested in food issues since I was a student. I am hoping that FSR’s new research on oil palm breeding in Southeast Asia will lead to solutions to food-related issues.”

Masaharu Kato

Food Science Research Institute
R&D Division
FUJI OIL CO., LTD.



Making the organization more open in order to develop employees’ potentials

Mr. Maeda believes that the “development of human resources” is most important for FSR to serve as the driving force for the qualitative growth of the Fuji Oil Group. “It is people, after all, that create and commercialize new ingredients. I therefore place emphasis on developing researchers who can take responsibility for any project until the commercialization of created products is achieved. To

fulfill this goal, systems to increase researchers’ motivation by accelerated job promotion and to help them broaden their perspective by periodically rotating them among different departments are needed. I also hope that FSR serves as a center of a global research network and promotes exchange of human resources with overseas group

companies and research institutions. It is also important, from the perspective of promoting global management, to provide Japanese researchers with opportunities to work and study abroad as well as to provide overseas staff with opportunities to acquire experience in Japan so that they will be able to play a leading role in developing products for the local market in their country.”

Mr. Kida believes FSR should become a more “open organization.” “I think more efforts should be made to make the institute more open, including in terms of information sharing with overseas researchers and facilities. It is also necessary for us to make greater efforts to expand the market by ourselves rather than just depending upon information provided by other research and development departments as we have to date.”

FSR is now turning itself into a new organization that can respond to any change in the global business environment.



Hirokazu Maeda

Managing Director, Chief Operating Officer
for R&D Division, Manager of Tsukuba
Research and Development Center
FUJI OIL CO., LTD.

Fuji Oil Group CSR

Concept of Fuji Oil Group CSR

Fuji Oil recognizes that its CSR is to materialize its corporate philosophy and contribute to solving social issues through its business activities. Believing that “CSR is, after all, management itself,” Fuji Oil aims to achieve sustainable development of both society and our company by meeting the expectations and demands of stakeholders, constantly providing new value, and contributing to addressing— related issues.

FUJI WAY

Corporate philosophy

Contributing to healthier and happier living through the creation of contemporary eating habits as well as fine foods.

Corporate message

“Simply Unique” Fuji Oil

Management policy

Management philosophy

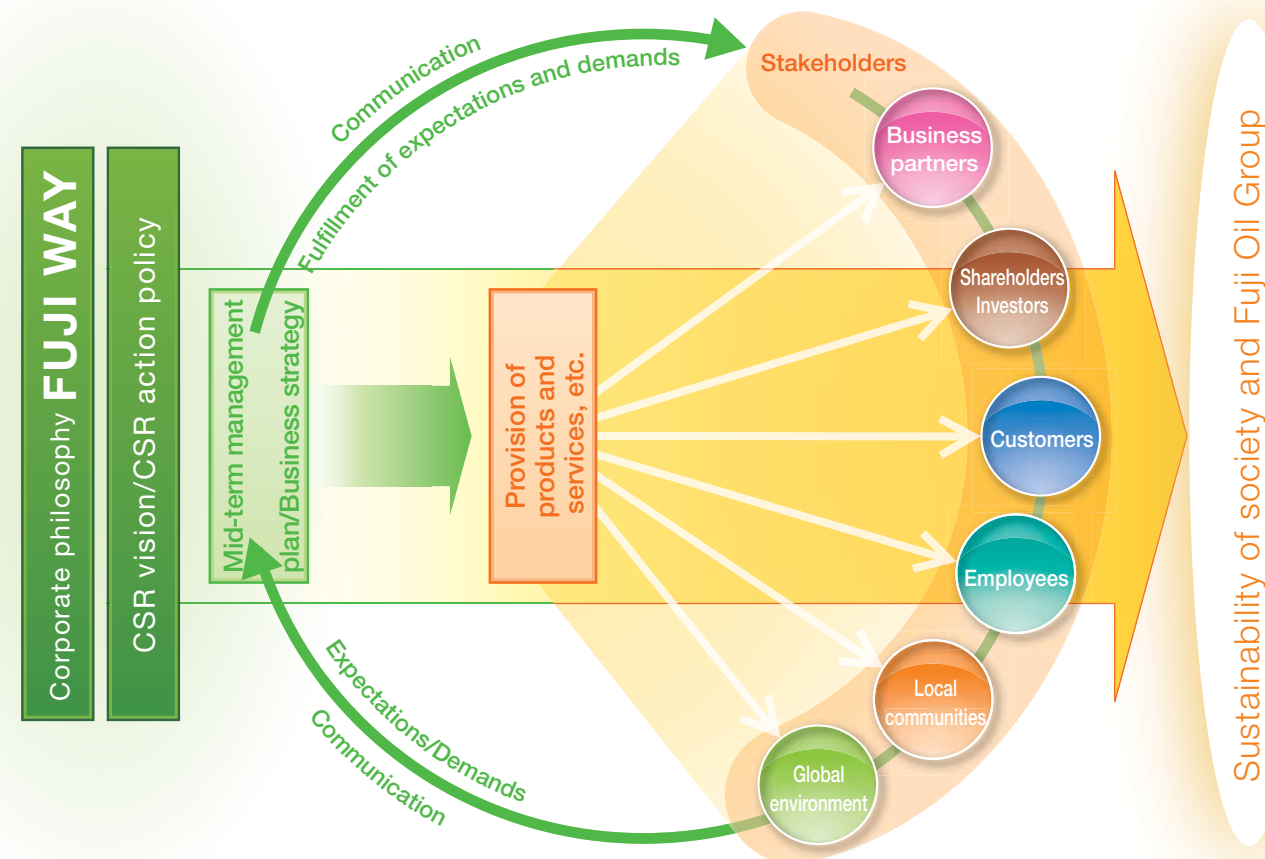
To place top priority on safety, quality, and environmental integrity.

Basic management principles

To achieve ceaseless growth by accomplishing customer satisfaction.

To challenge innovation continuously with a spirit of creativity.

To enrich individual character through vigorous self-enlightenment.



CSR Vision

The CSR vision of Fuji Oil Group is to fulfill its corporate philosophy:

“Contributing to healthier and happier living through the creation of contemporary eating habits as well as fine foods.”
In the spirit of innovation, “never wanting to imitate,” our efforts are focused on offering valued products and services so as to build public trust and become “Simply Unique” Fuji Oil for which people hold high regard.

CSR Action Policy

I. Efforts to create contemporary eating habits as well as fine foods

1. Creation of new value

To fulfill the corporate philosophy, our efforts are focused on developing new ingredients mainly from oils, fats, and soy proteins and providing new values of health and taste through the manufacture of products that meet the demands of customers around the world.

2. Safety, security and quality of foods

Our continuing efforts are centered on ensuring safety and improving quality and providing customers with reliability and satisfaction.

3. Sustainable procurement

We also focus on the research and development of sustainable food resources and sustainable procurement of raw materials throughout the supply chain to ensure a balance between the environment and stable supplies.

II. Efforts regarding human rights and resources

1. Human rights

Fuji Oil Group, as a corporation engaged in international business, pays full consideration to human rights not only within the group companies but also across the supply chain, and complies with the international code of human rights.

2. Human resources

Human resources are essential for the development of Fuji Oil Group. Our emphasis is on improving the workplace environment so that employees with different value can fully demonstrate their abilities safely and effectively. We also provide full support to all employees so that they can grow to fulfill the corporate philosophy.

III. Efforts regarding the environment

Fuji Oil Group, as a corporation that truly values the environment,

places emphasis on the effective use of materials, water and energy; the prevention of global warming; the reduction of waste, and the procurement of raw materials that will not interfere with biodiversity and maintains harmony between the business and the environment.

IV. Efforts regarding social contribution

Fuji Oil Group promotes social contributions centering on the three key components of the corporate philosophy: food, health and happiness. It also aims to enhance its connection with local communities as a good corporate citizen so it can contribute to a better society.

V. Efforts regarding CSR

1. Corporate philosophy and group CSR management

While ensuring widespread recognition of the “FUJI WAY” throughout the group companies, we have implemented a system that helps promote CSR management from a global perspective, aiming at constant improvement.

2. Compliance and risk management

To achieve highly transparent and consistent management and continue to earn the public's trust, we promote compliance and enhance risk management to help promote sustainable business activities.

3. Communication with stakeholders

Emphasis is placed on building trust with all stakeholders through communications that meet their expectations. We also endeavor to reflect their opinions into CSR activities.

4. CSR supply chain management

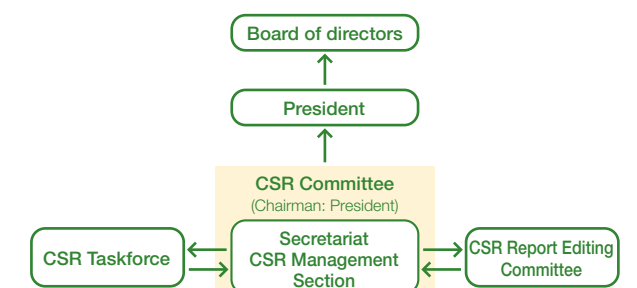
Efforts are placed on ensuring fair and legal transactions with business partners, strengthening collaboration with them, and promoting procurement in line with our stance on CSR.

CSR Promoting system

Fuji Oil established the Corporate Social Responsibility (CSR) Committee in 2011 with the President as Chairman to further promote socially responsible management. The Committee deliberates and decides on the direction of company-wide social responsibility activities. In 2011, the Committee meetings were held four times.

The CSR Taskforce, consisting of those in managerial positions of CSR-related departments, holds briefing meetings on the progress of CSR-related medium-term issues twice a year and has established a system to perform the PDCA cycle.

CSR promoting system organization chart



CSR issues and efforts of Fuji Oil

The following table shows company-wide efforts and action plans designed to achieve sustainable management in line with the CSR action policy. We have summarized and assessed efforts to achieve the action plans for 2011 and set goals for the next fiscal year. The PDCA cycle is used to achieve these goals.

○: Progressed as planned △: Some delay ×: No progress at all

Area	Priority theme	Mid-term issues	Action plans for 2011	Overview of efforts in 2011	Assessment	Action plans for 2012
Creation of contemporary eating habits as well as fine foods	Creation of value	Solutions to food issues	Development of safe and secure, consumer-oriented technology	•Oils and fats with low trans fatty acids and those with low saturated fatty acids were developed. •Enzymatic Inter-esterification oils and fats were developed.	○	•Oils and fats with low trans fatty acids and those with low saturated fatty acids: Development of products that meet customer demands and sales promotion •Enzymatic Inter-esterification oils and fats: development and sales of new oils and fats products
			Development of new technology and new products considering safety, security and health	•A survey and review of the food market for healthy seniors were conducted. •Chocolate and cream with a low oil content were developed and commercialized. •Facilities to produce oils with an enhanced taste component were adopted and production and marketing of developed products started.	○	•Development of new business in the food market for healthy seniors •Development of new oils with an enhanced taste component
			Exploitation of nutrition and health markets and development of soybean based products, by creating new values	•“Mametetsu,” soy milk with added iron, was launched for school lunch. •Three products in the “Mame Plus” series were launched.	○	•Sales of “soy milk pudding with a yogurt taste” (for school lunch, no added dairy and no egg) •Development and sales of high protein nutritious foods for elderly people
			Promotion of development of products designed for elderly people and infants	•Soybean “Kara-age” fried chicken-like food made from soybean and Soybean “soboro” fried minced soybean were developed and newly adopted. •Vegetable burgers were adopted by chain restaurants as a regular item.	○	•Establishment of a new production technology and development and sales of new key products •Expansion of sales of soybean based products into chain restaurants
	Safety, security and quality	No quality accidents No serious complaints	Improvement of hazard analysis technology	•A simultaneous analysis technique for agricultural chemicals used for soybeans and cacao beans was established. •The efficacy of detection and identification of unexpected agricultural chemicals in blind tests was assessed.	○	Risk assessment of main ingredients using TOF-MS and ICP-MS
			Establishment of techniques for trace metal analysis and rapid microorganism analysis	A trace metal detection method and a quantitative analysis method using ICP-MS equipment were established.	○	Risk assessment of main ingredients using TOF-MS and ICP-MS
	Sustainable procurement	Sustainable, stable procurement	Strengthening of relationships with supply sources	•The current long-term agreement with business partners in Indonesia was continued. •A long-term agreement was signed with a plantation company in Malaysia. •Stronger cooperative relationship with suppliers and improvement of quality.	○	•Strengthening of relationships with raw material suppliers •Survey of new suppliers •Continuation of stronger cooperative relationships with suppliers and improvement of the quality.
			Establishment of the supply chain for stable procurement, taking into account natural disasters such as earthquakes	Review of the current supply chain	○	Clarification of the supply chains of all purchased products
		Environmentally conscious CSR procurement	Establishment of the RSPO supply chain	Gathering information on supply chain accreditation schemes, and establishment of relationships with accredited farms	○	•Continuation of certified palm oil's procurement for Group companies •Gathering information on supply chain certification of local refineries
Human rights and resources	Human rights	Understanding of human rights issues	Understanding of human rights issues on a global basis	A survey on the relation between our business activities and human rights issues	○	•Questionnaire survey on business partners' procurement guidelines •Visit to traceable cacao beans farmers and consideration of purchase •Joint promotion of CSR activities with a palm oil manufacturer in Malaysia
			Consideration of human rights in the supply chain	Consideration of whether or not to conduct a survey on the state of human rights of major suppliers		Consideration and implementation of measures to take based on analysis of the questionnaire on procurement guidelines
		Improvement in human rights awareness	Improvement of human rights awareness among employees	Discussion on measures to educate employees on human rights	○	Announcement and extensive implementation of the Global Code of Conduct that includes human rights issues
		Human rights-conscious labor management	Promotion of human rights-conscious labor management of Group companies	Surveys on the state of human rights and labor relations at overseas Group companies	○	•Conducting joint survey by the Personnel Affairs Department and CSR Management Section •Promotion of the Sedex (Labour Standards, Health & Safety, The Environment, Business Ethics)
	Human resources	Strengthening of human resource development	Improvement of job training and assistance for career development	Improvement of training for the executives	○	Improvement of content of training programs
			Assistance to develop a career plan	The Career Up Communication Sheet was effectively used.	○	Continuation of the use and improvement of the application method
		Development of globally competitive workforce	Development of globally competitive workforce and improvement of systems for overseas expatriates	Discussion and implementation of training programs for global HR	○	•Continuation of Fuji Oil Japan the Overseas trainee program •Implementation of Fuji Oil Global Talent Work Shop
			Employment of foreign staff	Two foreign nationals were newly hired in April 2012.	○	Consideration of hiring several foreign nationals in April 2013
		Promotion of diversity	Review of regulations for re-employment after retirement	The development of job categories for rehired employees was discussed.	△	Continuous consideration and review of relevant regulations
			Creation of a corporate culture that respects diversity	•FAN* activities were continued. - Participation in external seminars, organization of exchange meetings with other companies - Internal seminars, questionnaires and discussion meetings - Increase in the number of female managers from two to five and that of team chiefs to eight	○	•More frequent participation in external seminars •Further promotion of FAN activities by voluntary members
		Promotion of better work-life balance	Improvement of efficiency both by employees and management	Adoption of “No Overtime Work Day” improved efficiency.	△	Consideration and implementation of new measures
			Discussion on systems to support various working styles	The “re-employment” system was newly adopted.	○	Re-employment of one former employee in April 2012
		Prevention of occupational hazards and accidents	Establishment of a cross-organizational network for safety	•Introductory training was started at Tsukuba Plant. •Progress management was conducted at the Hannan Business Operations Complex.	○	•Introductory training at three plants •Progress management was conducted at the Hannan Business Operations Complex
			Adoption and regular implementation at all offices	Gathering of overseas information and periodic patrols	○	•Tabulation of overseas safety information combined with environmental data •Regular patrols •Provision of safety education and information
		Creation of healthy workplace environment	Support for employees with mental health issues to return to work	Improvement of the rate of employees receiving health checkups and accurate follow-up	△	•Review of the relief program for sick employees and the support program for employees on stress leave to return to work •Incorporation of the draft into regulations and systems to be used by Group companies
			Availability of counseling services at Group companies in Japan	Collaboration with Group companies in Japan	△	Hearings conducted at offices and group companies in Japan

* Fuji Active Network: Internal activities to support female employees

CSR issues and efforts of Fuji Oil

○: Progressed as planned △: Some delay ×: No progress at all

Area		Priority theme	Mid-term issues	Action plans for 2011		Overview of efforts in 2011	Assessment	Action plans for 2012
Environment		Prevention of global warming	CO ₂ emissions: 20% reduction in 2020 (in comparison with the reference year)	Reduction of 2,500 <i>kℓ</i> /year in Japan for fiscal 2011		•Active efforts were made, including the use of by-product oil boilers. •A reduction of a total 259 <i>kℓ</i> (crude oil equivalent) by all Group companies in Japan vs. 2010.	△	•Expansion of use of by-product oil boilers (Hannan Business Operations Complex, Ishikawa Plant) •Promotion of investment in energy conservation •Promotion of power saving
			Promotion of reform of logistics to make it more environmental friendly	Use of “transportable flexible tank” and expansion of “modal shift”		•Transportable flexible tank system is introduced. Round operation was started in October. •With a modal shift to Japan Freight Railway Company transportation, the target of a 2,000-ton increase from 2010 was achieved.	○	•Introduction of soft tanks: Consideration of round operation on a different route •Modal shift: Reconsideration of the target amount, continued implementation •Continued efforts to promote communication with staff of the JR and to educate partners
			Introduction of energy-saving technology	Adoption of energy-saving technology: Reduction target of 2,190 <i>kℓ</i> /year		•Reduction of 2,782 <i>kℓ</i> (target - 2,190 <i>kℓ</i>)	○	Reduction of about 2,000 <i>kℓ</i>
		Conservation of water resources	20% reduction in 2020 (in comparison with the reference year)	Achievement of reduction in the amount of supplied and discharged water of 30,000 m ³ in Japan for fiscal 2011		•Total domestic amount of supplied water: 37,644 m ³ reduction or 98.7% vs. 2010 •Total domestic amount of discharged water: 481 m ³ reduction or 99.9% vs. 2010	△	•Promotion of use of VRC drains. Separation of rainwater and wastewater to achieve continuous reduction in discharged water (Hannan Business Operations Complex) •Saving water at each office
		Resource recycling (Reduction in wastes)	Achievement of a recycling rate of 99.8% in 2013	Promotion of recycling and achievement of the rate of ≥ 99.7%	Total domestic recycling rate: 99.91%		○	Promotion of waste products recycling in group companies
				Reduction of waste	Total domestic amount of disposal: 0.3% increase (over fiscal 2010)		○	•Consideration of reduction of scum in drains •Reduction of waste by treating animal and plant residues as valuable resources
		Global greening Biodiversity conservation	Formulation of an action policy on biodiversity and achievement of the policy	Continuing greening activities and spread of these activities to other offices	Promotion of Osaka Prefecture’s Adopt-a-Forest “Hannan-no-Mori Project”		○	Continuation of “Hannan-no-Mori Project” activities
				A survey on the relationship between business activities and biodiversity	Meetings with experts were held.		○	Continuation of meetings
				Identification of important issues on diversity and selection of measurement for the issues	•Donation to the tree-planting project in Borneo initiated by WWF. •Participation in the WWF Japan RSPO Promotion Meeting.		○	Continued support to activities initiated by the WWF
		Social contribution		Organizational promotion of social contribution initiatives	Development of global activities according to the social contribution policy	Planning of a policy for social contribution and establishment of the promotion system	CSR Committee discussed priority areas for social contribution initiatives	△
Basis for CSR	CSR management	Spread of the principles throughout Fuji Oil Group	Spread of the philosophy of “FUJI WAY”	Implementation of the “FUJI WAY Meeting with President” throughout Japan	CSR Committee discussed and formulated the “FUJI WAY.”	○	Continuation of education on the global code of conduct and “FUJI WAY”	
		Wide spread of CSR	Education on CSR	Sequential provision of training on CSR in department training programs	Training was provided to 715 employees in 30 departments of Fuji Oil Group companies in Japan.	○	•Continuation of training for newly hired employees and promoted employees, and department training programs •Implementation of Fuji Oil Global Talent Work Shop	
				Distribution of the CSR report to Group companies’ employees	English and Chinese versions of the CSR Report were distributed.	○	•Distribution to all employees of Group companies in Japan and abroad •Collection of national staff’s opinions based on responses collected in the questionnaire in the English and Chinese versions	
				Posting “CSR Newsletter” on the intranet on a regular basis	Thirty-three articles were posted in one year.	○	Improvement of the contents, such as “top message” and “CSR Newsletter”	
		Improvement and implementation of systems for CSR promotion	Establishment of a CSR promoting system and implementation of CSR activities Formulation of CSR visions and action policies and establishment of a CSR management system	Launch of the CSR Committee and regular organization of Committee meetings	Meetings were held five times in the full financial year.	○	Review of the frequency and agenda of meetings and continuation on a regular basis	
				Implementation of third party dialogue	Third party dialogue with Prof. Mishina of Kobe University was held.	○	Continuation of the third party dialogue with experts	
				Formulation of CSR visions and action policies	CSR visions and action policies were formulated.	○	Implementation of CSR activities based on the CSR visions and action policies	
				Reviewing the progress of action plans	Progress was reviewed by the CSR Taskforce. An interim report on results and goals for the next year were determined.	○	•Presentation of CSR-related mid-term issues on the report to visualize CSR activities •Continuation of review of interim results reports by the CSR Taskforce	
		Compliance	Improvement of awareness of compliance and the enhancement among Group companies	Restructuring and strict implementation of the compliance promotion system Establishment of global compliance system	Establishment of the global code of conduct	The former code of conduct was revised into the global code of conduct.	○	•Provision of the Fuji Oil Group Global Code of Conduct •Formulation of the Fuji Oil Group Business Conduct Guidelines
					A survey of the extent of compliance by Group companies in Japan and abroad	A questionnaire survey on the conditions of agreements with law firms and legal issues was conducted at overseas Group companies.	○	•Meeting on the code of conduct at Group companies •Identification of risks by region and country to reflect them on the Business Conduct Guidelines
	Risk management	Enhancement of risk management	Restructuring of risk management Company-wide promotion of BCM ^{*1}	Gathering and understanding of information on Group risk	The status of risk management of Group companies was identified based on a questionnaire survey on CSR.	△	Implementation of measures to strengthen global risk management based on questionnaire results	
				Development of the BCP ^{*2} for earthquake safety	The Business Continuity Plan ^{*2} to respond to Earthquake Disasters for all companies was developed.	○	•Development and review of each factory’s Earthquake Management Guidelines •Development of the Disaster Preparedness Plan for each department •Consideration of the revision to the expected damage caused by earthquakes	
	CSR supply chain management	CSR procurement management	Strengthening of CSR procurement	Formulation of guidelines for supply chain CSR procurement	The CSR Procurement Guidelines was developed by Supplies Procurement Department and CSR Management Section.	○	•Provision of information to business partners and full implementation •Development and implementation of a questionnaire based on the CSR Procurement Guidelines	

^{*1} BCM: Business Continuity Management, a management method to ensure the continuity of business activity in the case of risk occurrence that could result in the discontinuation of the activity.
^{*2} BCP: Business Continuity Plan, a strategic continuity plan to allow the company to continue its business activity in an emergency.



The mission of the Oils & Fats, Processed Foods Company is to sustainably provide healthy and abundant foods to customers around the world through Fuji Oil Group's products. We believe that we can greatly contribute to society with our continuous efforts to achieve this mission.

Osamu Nakamura
Senior Managing Director
Managing Director, Oils & Fats, Processed Foods Company

Efforts to create contemporary eating habits as well as fine foods Responsibility to Customers

Solution to food issues – Oils and fats business

Efforts in sustainable procurement

RSPO Certification and Supply Chain System

The Fuji Oil Group joined the RSPO (Roundtable on Sustainable Palm Oil) in 2004 as an ordinary member to ensure the sustainable supply of palm oil for many years to come while taking into consideration the global environment and biodiversity.

In 2011, in addition to Group companies in Belgium, the United States and Malaysia, those in Singapore, China and Japan (Hannan Business Operations Complex) achieved RSPO supply chain certification. That has allowed us to ship palm oil products certified for both Segregated (SG) and Mass Balance (MB) production, while there are some limitations on production lines and products to be manufactured.

We have already started marketing these RSPO-certified products to customers in some regions. Further efforts are made to increase the number of certified plants and products available.

WCF Membership

The World Cocoa Foundation (WCF) is an international membership foundation that promotes a sustainable cocoa economy through the improvement of the economy, infrastructure and environment of cacao communities. The WCF provides cacao farmers with various kinds of initiatives, ranging from technological assistance to financial support and assistance in improving their living conditions. In agreement with their activities, Fuji Oil joined the WCF in 2012. We will continuously focus our efforts on ensuring procurement of

RSPO (Roundtable on Sustainable Palm Oil)
Established in 2004 to advance the production, procurement, finance and use of sustainable palm oil products through dialogue between palm oil suppliers and stakeholders.

RSPO-certified oil
The RSPO established its certification standard for sustainable palm cultivation and developed a related certification system in 2008. Producers who have passed the RSPO audit are awarded a certificate (credit) that certifies that their palm oil is "sustainable." Users of palm oil can support RSPO-certified producers by purchasing RSPO-certified oil and prevent unregulated development.

Certified Oil Management Models

1. Identify Preserved (IP)
Complete segregation of RSPO-certified sustainable palm oil from a single certified farm through to end users

2. Segregation (SG)
Complete segregation of RSPO-certified sustainable palm oil from multiple certified farms through to end users

3. Mass Balance (MB)
Mixing of RSPO-certified sustainable palm oil with non-certified palm oil is allowed at any stage in the supply chain. However only original quantity is considered as certified oil.

4. Book and Claim (BC)
RSPO-certified sustainable palm oil is securitized and users purchase securities to cover required quantity.

traceable and sustainable cacao beans in order to supply safe, secure and delicious chocolate to our customers.

WCF's commitment

Profit: Ensuring a sustainable supply of quality cocoa that benefits both growers and users.

People: Empowering farmers to make choices that help develop strong, prosperous cocoa communities.

Planet: Promoting sustainable production practices that maintain and increase biodiversity and crop diversification.

Source: <http://worldcocoafoundation.org/>



The world is approaching a transition point. We are expected to have a broad perspective in business. We should act and get deeply involved in developing a sustainable society and caring for the global environment. The mission of the soybean business of the Fuji Oil Group is to "Make People and the Earth Healthier." We are promoting the "Soy Renaissance" project, which aims to create and provide new value of soybean through innovation to develop new technology and business models.

Hiroshi Shimizu
Senior Managing Director
Managing Director, Soy Protein, Processed Foods Company

Efforts to create contemporary eating habits as well as fine foods Responsibility to Customers

Solution to food issues –Soybean Business

"Soy Renaissance" Project

Fuji Oil started a business dealing in isolated soy protein in 1967—a first in Japan. We do not simply regard soybeans as a source of oils and fats, and have created a new value for soybean as a source of protein and food essential to human life. Fuji Oil has always pursued the potential of soybeans themselves.

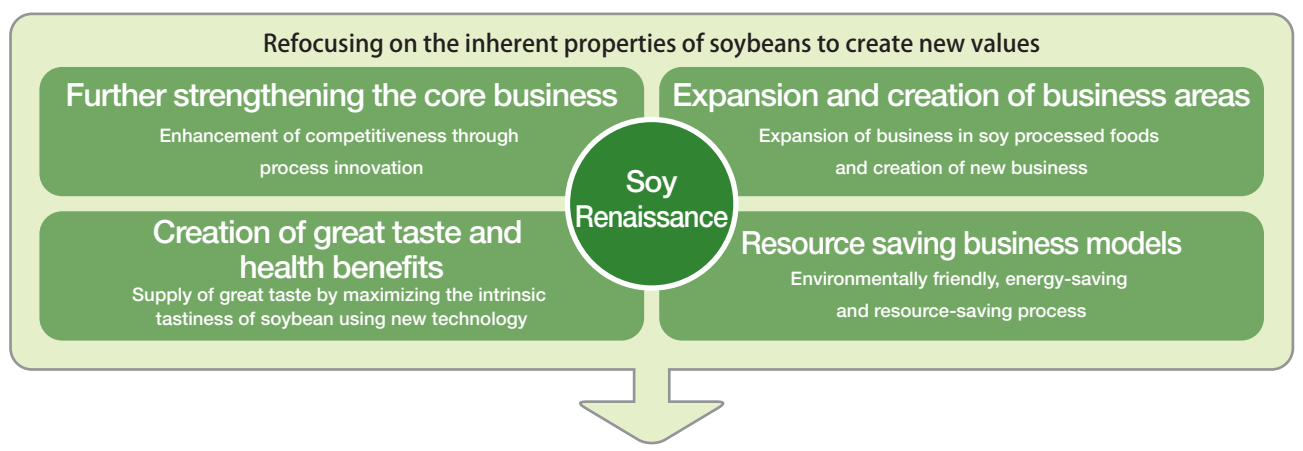
In recent years, amid the rapidly changing global environment, including the increase in the world population and the depletion of water, food and energy resources, companies are expected to contribute to achieving a sustainable society. I firmly believe that the soybean business of the Fuji Oil Group is going to play an even more important role in the future.

To address this important transition period, we have

launched the "Soy Renaissance Initiative," a long-term business strategy with an eye to 10 to 20 years in the future. Based on the concept of "creating new value for soybeans, by refocusing on the inherent properties of soybeans, with technological and other innovations," we will focus on maximizing the taste and health benefits of soybeans and on establishing and spreading environmentally friendly business models worldwide.

The year 2012 is the first year of "Soy Renaissance." As part of the first-year project, we are planning to launch a new product using an innovative technique. The presence of Fuji Oil lies in its strong determination "to contribute to the health of people and the Earth through the power of soybeans."

Soy Renaissance – Long-term Strategy for the Soy Business –



Contributing to the health of people and the Earth with the power of soybeans

Raw Materials Procurement Department is connected to various stakeholders around the world through our business activities, ranging from procurement of raw and other materials to delivery of products to customers. To promote our international activities, we fulfill our social responsibility concentrating on providing safe and secure food, through the supply chain management, in line with the Fuji Oil Group CSR vision and action policy.

Susumu Teranishi
Managing Director
Chief Operating Officer,
Procurement & Logistics
Division

Efforts to create contemporary eating habits as well as fine foods

Responsibility to Customers

Initiatives for Sustainable and Stable Procurement

Maintenance and strengthening of relationships
with raw material suppliers and ensuring stable procurement

The Fuji Oil Group, the largest palm oil manufacturing company in Japan, established a palm oil refinery in 1985 in Malaysia (Johor) to ensure stable procurement of high quality palm oil. At present, in order to ensure more sustainable and stable procurement, we are increasing the number of suppliers in Indonesia, which has become the largest palm oil producing country in the world in 2006, and also in East Malaysia, which is located relatively closer to Japan. In 2009, we signed a long-term palm oil purchase agreement with our partner company in Indonesia. In 2012, we entered

into a long-term palm oil purchase agreement with an RSPO-certified palm oil refinery affiliated with a plantation in Malaysia. In Singapore, we have expatriate employees from Japan working to enhance procurement. Thanks to his efforts, communication with local suppliers has improved and new projects have been started. Our efforts will be continuously focused on ensuring stable procurement as well as on maintaining and strengthening our relationships with suppliers as important business partners.

Targeting zero major quality problem and zero serious claim

Efforts to provide safe and secure food

Approach to quality assurance

The business philosophy of the Fuji Oil Group is to place the highest priority on safety, quality and the environment. In 1996, we developed our Quality Policy whose basic concept is to manufacture safe and trustworthy products that fulfill customers' expectations. To support each department to implement the Quality Policy, the "Quality Principles" were also formulated. Our efforts to improve quality are promoted in accordance with the "Quality Principles."

Fuji Oil Quality Policy "Creating Customer Satisfaction" [Quality Principles]

1. Through the promotion of proposal-oriented marketing and first-rate information gathering, we grasp changes in emerging customer needs and work to build new markets around the world.
2. We meet customer needs by developing creative and timely products and technologies.
3. We share information concerning domestic and overseas laws and regulations, and strive to enhance product safety and reliability throughout the entire Group.
4. We manufacture high-quality products in environmentally responsible ways.
5. We accept broad input to solve problems and prevent the occurrence or reoccurrence of problems.
6. We communicate to get every point across precisely and cordially.

Our key issues are diversified working styles and globalization of human resources. The Fuji Oil Group, as a corporate group engaged in business in 10 countries, continues to educate and train employees so that they can play a leading role in each country as well as to help people in these countries understand the corporate culture. Our aim is to become a company "where employees are highly motivated and encouraged to grow."

Kazumi Okamoto
Senior Managing Director
Chief Operating Officer, HR
& General Affairs Division

Efforts to address issues related to "human resources and human rights"

Responsibility to employees



The Fuji Oil Group regards "human resources" as its most important asset. We aim to develop employees who can play an active role globally in accordance with the "FUJI WAY." Our goal is to ensure that individual employees and the company grow together to enable the Fuji Oil Group to continue to serve as a trustworthy company. To fulfill this goal, our efforts are focused on developing human resources in accordance with the "Human Resources Policy" and the "Human Rights Policy."

Human Resources Policy

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

Human Rights Policy

- ① As a global company, respecting basic human rights and international codes of human rights
- ② Avoiding unfair discrimination based on nationality, race, gender, age, religion, disability or any other basis
- ③ Preventing child, forced, and unfair low-wage labor
- ④ Promoting equal opportunity in employment

Promotion of diversity

To promote global business development, we need to understand local food cultures and business practices to accurately identify local needs. We have established a system to promote a local executive member to the president of an overseas Group company. In this way, we can strengthen our efforts in expanding markets and promoting sales. In 2012, local staff assumed the position of president of five among 19 major overseas group companies. Fuji Oil also places emphasis on training its employees in

order to develop human resources capable of assuming a leading role globally. In 2011, new employees from overseas were hired in Fuji oil Japan. We also focus our efforts on creating a work environment where employees are encouraged to communicate with a diverse range of people so as to promote cross-cultural experiences and stimulate one another so we may grow together. We are planning to further promote the diversity of our workforce as we move into the future.



The Fuji Oil Group promotes environmentally conscious business activities to achieve sustainable management. Under the "Fuji Group Environmental Vision 2020," the entire Group, including overseas Group companies, works hard to reduce CO₂ emissions. In Japan, efforts are additionally made to conserve water resources and promote recycling of natural resources. In the coming years, the Japanese government energy policies will be changed. In this context, based on our belief that "power saving" is "energy creation," our particular efforts in 2012 are focused on reducing use of electricity.

Shigeru Takagi
Managing Director
Chief Operating Officer,
Production Control Division

Efforts for "the environment"

Addressing environmental issues

Environmental Vision 2020 and environment-related achievements in 2011

In 2011, the "Fuji Group Environmental Vision 2020" was established as guidelines for the Group's environmental activities. The target for the absolute reduction in CO₂ emissions and the amount of supplied and discharged water by 2020 was set at 20%. The Vision also includes efforts focused on greening the Earth and conserving biodiversity.

Fuji Group Environmental Vision 2020

Domestic Group	Global warming prevention CO ₂ emissions: 20% reduction by 2020 (in comparison with the reference year*)
	Water resources conservation Amount of water supplied and discharged: 20% reduction by 2020 (in comparison with the reference year*)
	Resource recycling Recycling rate: ≥ 99.8% by 2020
	Active engagement in global greening and biodiversity conservation
Overseas Group	CO ₂ emissions: 20% reduction by 2020 (in comparison with 2006)

*Reference year: Mean value of the period from '03 to '05.

Environment-related achievements in 2011

Target	Details	Achievements in 2011	Assessment	Targets for 2013
1 Promotion of energy saving	Reduction in CO ₂ emissions	0.6% increase over 2010	×	6% reduction in CO ₂ emissions over 2010 levels (Domestic Group)
2 Reduction in water supplied and discharged	Reduction in the amount of water supplied	1.3% reduction over 2010 levels	△	6% reduction over 2010 levels (Domestic Group)
	Reduction in the amount of water discharged	0.02% reduction over 2010 levels	×	
3 Reduction in waste	Reduction in waste discharged	Recycling rate 99.91%	○	Recycling rate ≥ 99.8% (Domestic Group)
4 Promotion of energy saving (Overseas Group)	Reduction in CO ₂ emissions	7.3% reduction over 2010 levels	○	Maintenance of CO ₂ emission levels in 2010 (Overseas Group)



Mitsugu Kuno
Managing Director
Chief Operating Officer,
Corporate Planning Division

In order for a company to be sustainable, both the achievement of social trust and the creation of attractive features are required. With our efforts on building the basis for CSR and spreading the "FUJI WAY," which presents the goals of the Fuji Oil Group, we will improve our corporate value.

Efforts regarding CSR

Improvement of the Basis for CSR

Promotion of Compliance

Development and Announcement of the Global Code of Conduct

Nine years have passed since the establishment of the first version of the Code of Conduct in 2003. In response to the globalization of the business management of Fuji Oil, it has become necessary for all Group companies to share the concept of compliance and the code of conduct.

We have therefore reviewed the Three Principles of the Fuji Oil Group Code of Conduct and revised expressions used to explain the principles in such a way as to meet current social expectations. The Three Principles are available in seven languages, including Japanese, English and Chinese,

and distributed to Group companies in Japan and abroad.

Our aim is that the Fuji Oil Group Code of Conduct serves as a guide to all employees of Fuji Oil Group companies on values, raising their awareness of the importance of complying with laws, regulations and other requirements as well as meeting social needs and expectations in their daily business activities.

We are planning to develop the "Business Conduct Guidelines" to present compliance-related issues expected to be raised in various business situations.

Fuji Oil Group Code of Conduct in different languages

Japanese	English
行動規範 基本三原則	Three Principles of the Code of Conduct
1. ルールを守ります。 2. 正直に行動します。 3. 公正に行います。	1. Follow the rules. 2. Act honestly. 3. Act fairly.
Chinese	Malay
行为规范3原则	Tiga Prinsip Tatakelakuan
1. 遵守规则 2. 行为正直 3. 行为公正	1. Patuhi peraturan. 2. Bertindak dengan jujur. 3. Bertindak dengan adil.
Indonesian	Thai
Tiga Prinsip Tata Tingkahlaku	จรรยาบรรณธุรกิจ หลักพื้นฐาน 3 ประการ
1. Taati peraturan 2. Bertindaklah dengan jujur 3. Bertindaklah dengan adil	1. ปฏิบัติตามกฎหมายระเบียบ 2. ทำหน้าที่อย่างสุจริต 3. ทำหน้าที่อย่างเป็นธรรม
Portuguese	Dutch
Três Princípios do Código de Conduta	De Drie Principes van de Gedragscode
1. Seguir as regras. 2. Agir honestamente. 3. Agir de maneira justa.	1. Leef de regels na. 2. Wees eerlijk 3. Handel rechtvaardig





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