

Sustainability Report 2015



Photograph: Chocolate

Fuji Oil Group has sought more delicious cacao beans and has pursued better manufacturing technologies over a long period of time. Using our oils and fats technology, we offer a wide and general range of chocolate products, such as chocolate for breads and ice cream coating, molded chocolate, and other functional chocolate, as well as a variety of colored chocolate.



【Mission】

The Fuji Oil Group seeks to develop
the potential of food ingredients.

We will contribute to the happiness and well-being of
the people by offering delicious and healthy food.

[Sustainability Report 2015]

Editorial policy

The objectives of this report are to help stakeholders gain a better understanding of Fuji Oil Group's efforts to contribute to realizing a sustainable society and to receive feedback from them in order to further improve our activities.

The brochure explains particularly important activities, and the web covers more comprehensive information in order to ensure accountability to a wide range of stakeholders.

■ The Fuji Oil Group shifted to a holding company structure in October 2015. At the same time, it reviewed its corporate philosophy to carry out its mission, "The Fuji Oil Group seeks to develop the potential of food ingredients. We will contribute to the happiness and well-being of the people by offering delicious and healthy food."

This report clarifies that the core of the company is "Sustainable Management" and consists of the following parts: progress of the six priority themes set to realize our desired visions "How we should be in 2020" and "How we want to be in 2030"; Structure supporting sustainable management and Evaluation from outside of the company.

■ The brochure narrows down the report's focus to our basic concept of management (strategy) and the six priority themes (practice) to provide a better understanding of our concept of "Sustainable Management" and the summary of our activities.

Reporting scope, etc.

● Reporting scope

This report mainly covers the activities of the Fuji Oil Group. As for environmental data, efforts by Fuji Oil Co., Ltd. (Japan) as well as those of the following group companies (production bases) in Japan are included: Toraku Foods Co., Ltd., Fuji Fresh Foods Co., Ltd., F&F Co., Ltd., and Omu Milk Products Co., Ltd. In cases where information on other companies is provided, the scope is described along with the data.

● Reporting period

The report mainly consists of the achievements of the Fuji Oil (Japan) and its group companies in the fiscal year of 2014 (April 1, 2014 to March 31, 2015) and those of overseas group companies in the fiscal year of 2014 (January 1, 2014 to December 31, 2014), but includes some activities and efforts in the past and also recent ones.

● Month of issue

Issued in October 2015

Next report to be issued in September 2016

● Guidelines for reference

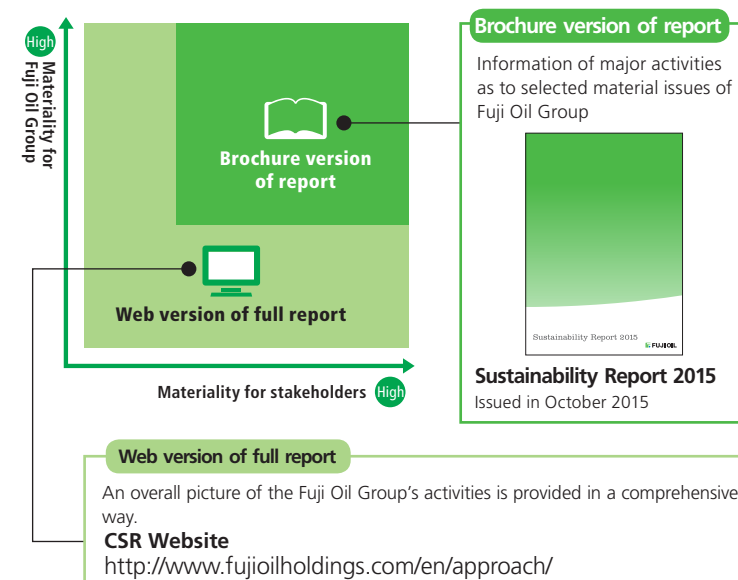
The Japanese Ministry of the Environment's Environmental Reporting Guidelines 2012
The Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 3.1

● Representation of company name

In this report, company names are represented as follows:

Fuji Oil (Japan): Domestic offices in Japan

Fuji Oil Group/our Group: Domestic and overseas group companies including Fuji Oil (Japan)



INDEX

- 02 Sustainability Report 2015
- 03 Summary of the Fuji Oil Group

Interview with President & CEO

- 05 To Forge a Sustainable Future

New strategies of the Fuji Oil Group

- 07 Sustainable management
- 08 Renaissance Fuji 2017
- 12 Shift to a holding company structure and delegation of authority to each area
- 13 Top Commitment of regional headquarters and regional representatives/
List of business companies

Practicing Sustainable Management —Six Priority Themes—

- 15 Creation of foods (Health, Nutrition, Food Resources)
- 19 Safety, security and quality of foods
- 21 Sustainable procurement
- 25 Environment
- 29 Hitozukuri (Fostering People)
- 32 Risk Management

Structure supporting sustainable management

- 33 Corporate governance/Compliance
- 35 Contributions to local communities
- 36 Third-party opinions



The Fuji Oil Group has signed the United Nations Global Compact.

[Summary of the Fuji Oil Group]

Company profile

Company name: Fuji Oil Holdings Inc.

Location of Head Office: 1 Sumiyoshi-cho, Izumisano-shi, Osaka

Established: October 9, 1950

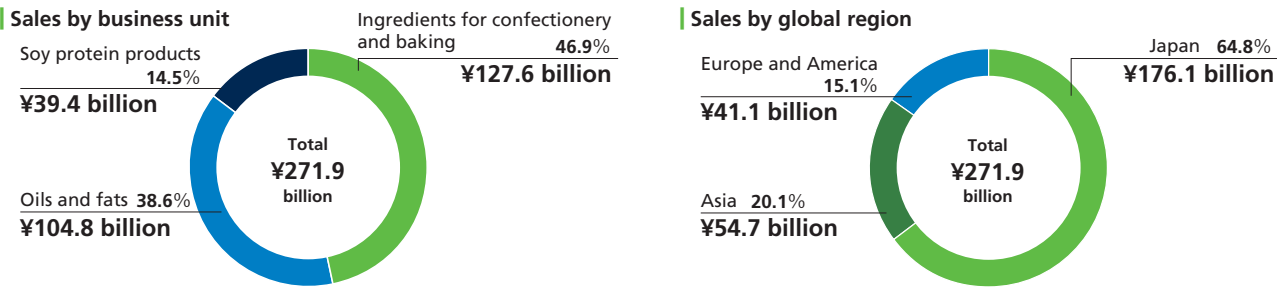
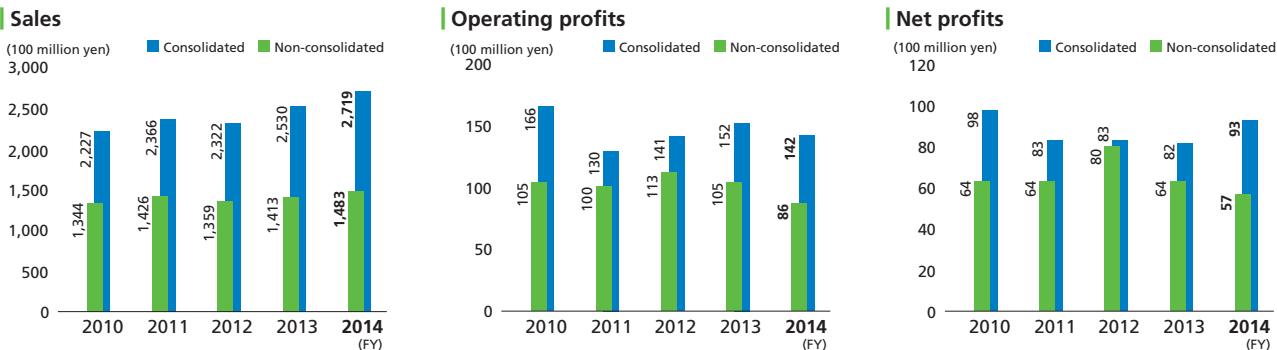
Capitalization: 13,208 million yen
(as of the end of March 2015)

President and CEO: Hiroshi Shimizu

No. of employees: 4,367 (consolidated)
(as of the end of March 2015)

Subsidiaries/Associated companies:
25 consolidated subsidiaries, 4 associated
companies accounted for under the equity
method (as of the end of March 2015)

Consolidated financial highlights



Business areas and raw materials

Founded in 1950, the Fuji Oil Group started production later than other oil manufacturers. Since then, we have developed our operations, making use of the technology that we have acquired with the belief that we will never progress if we imitate others. There are many issues to resolve in the world, such as global warming and other environmental issues, and food resource issues due to population growth. Even in these circumstances, the wish for good health is common to all people in the world. Based on technology for vegetable oils and fats and soy protein, on which we have conducted research and development for over more than half a century, we are engaged in three

businesses: oils and fats, confectionery and bakery ingredients, and soy protein products. We are facing various social issues through these businesses, and contributing to the happiness of people through the creation of contemporary eating habits as well as fine foods.



Major products

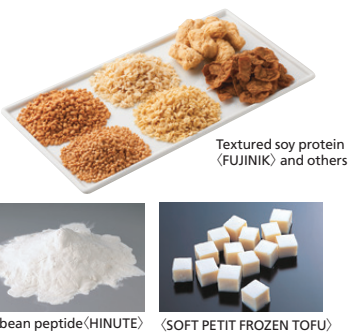
Whipping cream, Margarine, Fillings, etc.

- Whipping cream
- Confectionery margarine
- Baking margarine
- Fillings
- Fresh cheese-flavored ingredients
- Ripened cheese-flavored ingredients
- Frozen pies and cookie dough
- Béchamel sauce base
- White sauce



Soy protein

- Soy protein isolate
- Textured soy protein
- Soluble soy polysaccharides
- Soy peptide
- Soy ingredients
- Soy protein food products



Chocolate

- Couverture chocolate
- Coating chocolate
- Glazed chocolate
- Ganache
- Molded chocolate
- Chocolate for ice cream coating
- Baked chocolate
- Non-tempering chocolate



Soy milk ingredients

- Premium soy milk products developed using the USS manufacturing method
- Soy milk ingredients



Oils and fats

- Hard butters for chocolate
- Confectionery oils and fats
- Frying and spraying oils
- Fats for frozen confectionery
- Emulsified oils and fats
- Powdered oils and fats
- Lubricating/releasing oils



Retail products

Group company products and mail-order sales

- Desserts
- Soy protein food products
- Health foods



TOP INTERVIEW

Interview with President & CEO

To Forge a Sustainable Future

The ultimate goal is “Sustainable Management”.

Q What priority is given to “Sustainable Management” in the Fuji Oil Group?

In the Midterm Management Plan, “Global Management,” “Technological Management,” and “Sustainable Management” are considered as the three pillars of the basic policy. However, these three pillars are not equal. “Sustainable Management” is the ultimate goal. The population of Japan has been declining since 2008. This has created an extremely difficult environment for companies, and in these circumstances, we are engaged in manufacturing and marketing food ingredients. To survive under these conditions, “Sustainable Management” should be of utmost importance.

As long as there are limitations in marketing products in Japan, we have to expand our business overseas where our products are needed. This refers to “Global Management.” Today, “Sustainable Management” cannot be realized without adopting “Global Management,” and a basic strategy to realize “Global Management” is “Technological Management,” which is based on technologies. It is very important to understand the relationship between these three core policies in order to promote and accelerate the Midterm Management Plan.

We live in the times when consumers cannot decide what they want, although they are surrounded by many things. In such a society, we should think how we contribute to society. We should have a sense of crisis that we can not survive in society without understanding what sustainable management means.

Practicing “Sustainable Management” through the soy business contributing to the health of people and the earth

Q Please tell us about the background and the efforts of soy business one of “Sustainable Management” practice.

The world’s population is expected to reach 9.5 billion in 2050. It is a matter of time before animal protein runs short. In a situation where the earth’s resources are being exhausted, it is unlikely to happen only the Fuji Oil Group to enjoy prosperity. The health of people is closely related with the health of the earth.

We are engaged in the oils and fats business, confectionery and bakery ingredients business, and soy protein business. Sustainable management is required in all of these businesses, but it is particularly essential to the soy protein business. Soy protein can compensate for the lack of animal protein, as well as being a valuable food in terms of both health and nutrients. To continue being healthy, people have to eat healthy. To make people eat, the foods have to have good taste. We want them to eat soy protein products repeatedly, enjoy them, and become more healthy. The good taste of products has a direct connection with the health of people. In this regard, the health of people is connected to the health of the earth. We have confidence that we are seriously thinking about the well-being of people and the earth.

To produce absolutely tasty soy products, we have developed the Ultra Soy Separation (USS) manufacturing method (see page 16). We can carve out our future and realize sustainable management by contributing to the health of people around the world and the earth.

Meeting local needs through a holding company structure

Q What is your thought about the shift to a holding company structure in October?

One of the reasons we decided to shift to a holding company structure is that we believe that authority should be transferred to each area and each area make decisions by its own to realize global management. This is based on the assumption that necessary products and services vary depending on the market in each area. Since values are created in local markets, we should consider what is required to our Group in each area. Even in Asia, languages and food cultures differ between countries, such as Singapore, Thailand, Malaysia, and India, and each country has its own long history. We should meet local needs to contribute to local residents. If we impose our policies without taking account into the local needs, the policies will not be accepted in each area, nor can we contribute to the

area’s growth. The keywords for “Global Management” are “speed,” “cost,” and “localization.”

We also believe that the holding company has three roles. One is to enforce governance for overall group management. The second is to determine the allocation of resources, “human resources, materials, and money,” as a strategic group. The third is to develop global human resources.

In association with the shift to a holding company structure, we have established the Fuji Oil Group Management Philosophy to spread shared values among the staff of the Fuji Oil Group and clarify its guidelines for action.

“Hitozukuri” (fostering people) is a key to future growth.

Q What is your view about “Hitozukuri”?

In a business situation, it is human resources making up an organization that research the needs, develop products, plan, determine and implement strategies, and enforce governance. The most important thing to practice sustainable management in the Fuji Oil Group is whether we can tune into others’ feelings and can imagine what they want to be done. I feel that a growing number of people are not aware of how they are viewed by others and what others expect of them. It is crucial to move others while being aware of this. We should foster human resources with this in mind.

We need to achieve innovation to keep up with social changes. The concept “diversity” contributes significantly to innovation. We promote the appointment of foreign nationals and women based on this concept. Actually, we hired a female executive from outside the company this year. The basis of diversity is also whether we can tune into others’ feelings. In Japan, we are currently involved in a nutritional education project, which was launched at the suggestion of working mothers. Working mothers are considering how to convey the importance of foods to children, who will support the future of Japan as well as the world, from the perspective of mothers. Being able to see what children are experiencing through their mothers is meaningful for us.

From these perspectives, we will strongly promote the development of global human resources and the diversity of human resources in “Hitozukuri.”

清水洋史

Hiroshi Shimizu
President and CEO
Fuji Oil Holdings Inc.

"Sustainable Management" to contribute to global issues through business

There are many issues to resolve in the world, such as a shortage of food resources, health problems, environmental destruction, and human rights violations. Under these circumstances, the Fuji Oil Group, which is further promoting globalization, focuses on sustainable management as the most important strategy to survive in the fierce business competition on a global scale. As a food ingredients company, we are working to realize our desired vision "What we aim for/Our mission" by facing global issues in the field of food and setting six priority themes.



What we aim for/Our mission
Continue to provide tasty and healthy foods to society to make everyone happier all around the world, and become a company that carries the expectations of society

Global issues	The six priority themes
Health concerns/Shortage of food resources <ul style="list-style-type: none"> Growing population of the elderly on a worldwide basis Growing populations of undernourished and overnourished Tight supply and demand for food due to an increasing world population Lost confidence in the safety and security of foods 	Creation of foods (Health, Nutrition, Food Resources) The world today faces many issues, including a shortage of food resources due to a growing global population, aging of the population, lifestyle-related diseases, undernourished and overnourished. In this situation, we are working to contribute to society through business, engaging in research and development and product manufacturing in the fields of health, nutrition, and food resources. See page P.15
	Safety, security and quality of foods Many events that shake the trust in the safety and security of foods occurred in various areas. We have set the quality policy "Fuji Oil Group Basic Policy of Safety, Quality and Environment" to offer products that satisfy customers based on this policy. See page P.19
Raw procurement <ul style="list-style-type: none"> Emerging issues on the environment and human rights in areas that produce palm and cacao Insecurity about raw material supplies on a worldwide basis Long-term increase of market prices of raw materials 	Sustainable procurement Regarding procurement of main raw materials for our products, such as palm oil, cacao, soybean, and shea, we are working to procure raw materials that are produced in a sustainable way, focusing on production methods, labor environments, human rights, and environment-friendliness, and to establish a traceability system. See page P.21
Environmental issues <ul style="list-style-type: none"> Exacerbation of global warming Exacerbation of water and energy shortage Destruction of biodiversity 	Environment We have formulated Fuji Group Environmental Vision 2020, a long-term vision that clarifies the themes to be focused on, including prevention of global warming, conservation of water resources, and recycling of resources, as well as their goals, and are actively working to achieve these goals. See page P.25
Globalization/Diversification of values <ul style="list-style-type: none"> Necessity of globally competitive human resources Expansion of women's participation in society Respect for diversity and human rights 	Hitozukuri (Fostering People) The Midterm Management Plan focuses on the development of global human resources and the diversity of human resources as the core of global management. We are involved in the development of human resources who can understand diverse values, think on their own, and use their own judgment as one of our priority themes. See page P.29
Global risks/Compliance violations <ul style="list-style-type: none"> Natural disasters Conflicts, wars, compliance violations in countries and regions, etc. 	Risk Management To minimize various risks created through global business expansion, we are promoting risk management activities from two different perspectives: risk management on a regular basis, and crisis management to continue operations, minimizing the losses caused by sudden serious accidents. See page P.32

Rolling Midterm Management Plan

Renaissance Fuji 2017

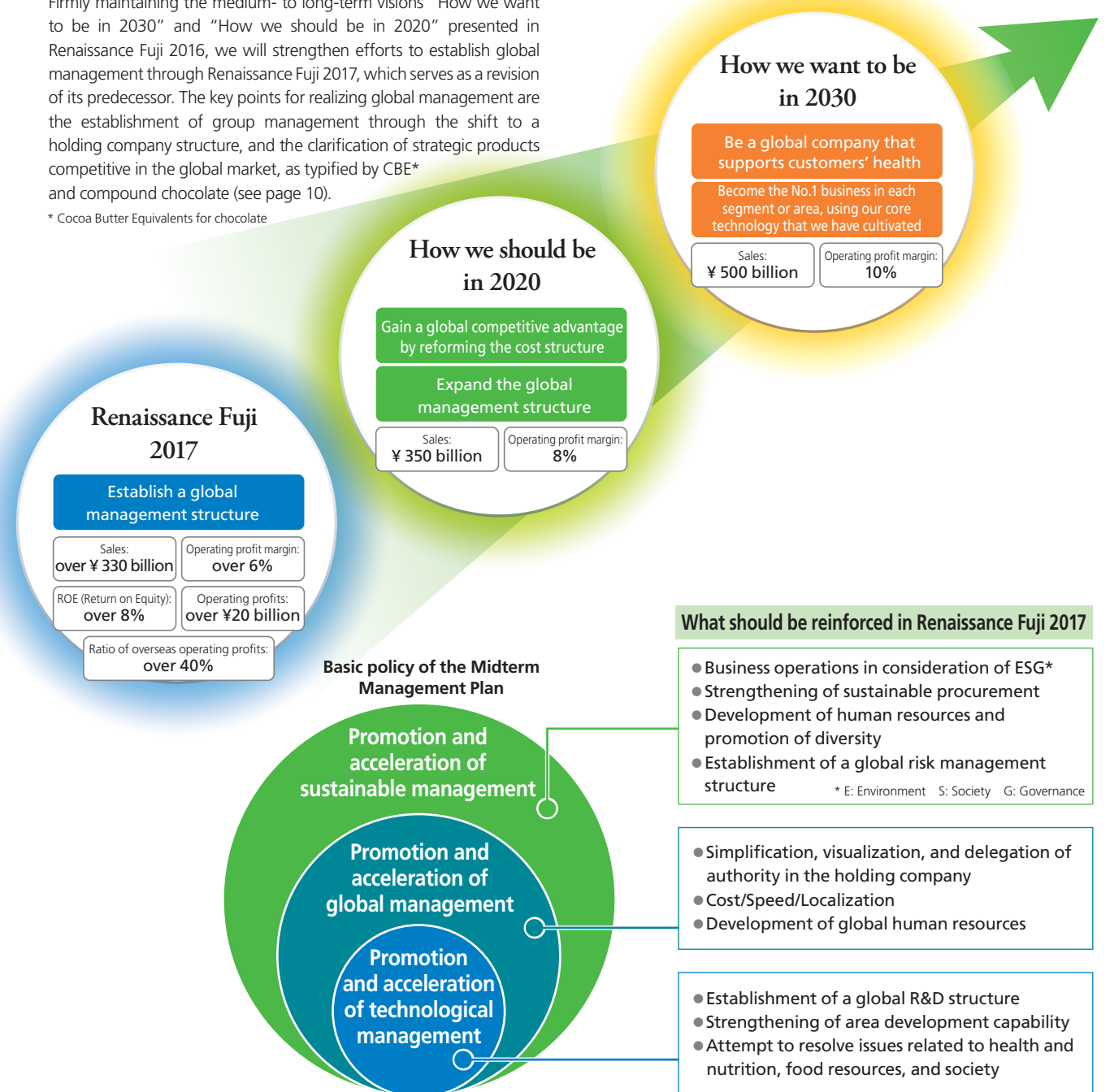
The Fuji Oil Group has formulated the rolling plan "Renaissance Fuji 2017." Renaissance Fuji 2017 is considered a road map to realize the desired visions "How we want to be in 2030" and "How we should be in 2020," and as a commitment to stakeholders. We have adopted a rolling method for the Midterm Management Plan to review the policies and strategies and plan for the next three years, responding to changes in the managerial environment and business investment and verifying the results and issues.

Renaissance Fuji 2017 incorporates the change in management structure caused by the shift to a holding company structure, and global business expansion through the acquisition of Harald Indústria e Comércio de Alimentos S.A., Brazil. It is also a revision of Renaissance Fuji 2016, which was formulated last year, and aims to achieve sales of more than 330 billion yen, operating profits of more than 20 billion yen, and ROE of 8.0%.

Medium- to long-term visions

Firmly maintaining the medium- to long-term visions "How we want to be in 2030" and "How we should be in 2020" presented in Renaissance Fuji 2016, we will strengthen efforts to establish global management through Renaissance Fuji 2017, which serves as a revision of its predecessor. The key points for realizing global management are the establishment of group management through the shift to a holding company structure, and the clarification of strategic products competitive in the global market, as typified by CBE* and compound chocolate (see page 10).

* Cocoa Butter Equivalents for chocolate



Progress of KPI achievement in FY 2014

We have set the following strategies as the three pillars of innovation: “basic strategies” that consist of a business and area growth strategy, reformation of the profit structure and strengthening of the management structure, a “financial strategy”, and a “capitalization strategy.” Recently, various issues, including commoditization of the products of the Fuji Oil Group and contraction of profit margins, have

been clarified. Finding it difficult to realize the desired vision “How we want to be” only by pursuing existing policies, we reviewed the strategies in the Midterm Management Plan to achieve our medium- to long-term visions. We believe that the achievement of KPI targets shown below will lead to the realization of our medium- to long term visions.

Midterm strategies		Index	Results in FY 2014	Targets in FY 2017
Basic strategies	Growth strategy Business/ Area strategy	Oils and fats segment	Overseas sales expansion of CBE (quantity) *with the results in FY 2013 set as 100	110%
		Chocolate segment	Sales expansion (quantity) *with the results in FY 2013 set as 100	108%
		Asia area (excluding China)	Sales expansion of three types of confectionery (quantity) *with the results in FY 2013 set as 100	111%
		Americas area (Brazil)	Sales expansion of CBE/CBS (quantity) *with the results in FY 2013 set as 100	112%
			Sales expansion of chocolate products	—
	Reformation of profit structure	Reformation of business structure	Amount of profitability improvement	To be realized in and after FY 2015
		Reformation of process structure	Amount of cost saving	¥1.16 billion
	Strengthening of management structure	Global management	Shift to a holding company structure/October 2015	—
		Promotion of diversity	No. of female managers Results in FY 2013: 2%	3% (as of April 1)
	Financial strategy	Strategic allocation of cash flow	Capital investment in 3 years: ¥40 billion • Strategic investment: ¥30 billion • Ordinary investment: ¥10 billion	Capital investment: ¥11.2 billion
Capitalization strategy	Maximization of shareholder value	Consolidated ROE	6.8%	over 8%
	Shareholder return measures	Dividend payout ratio	27.6%	30%

Target values of management indices

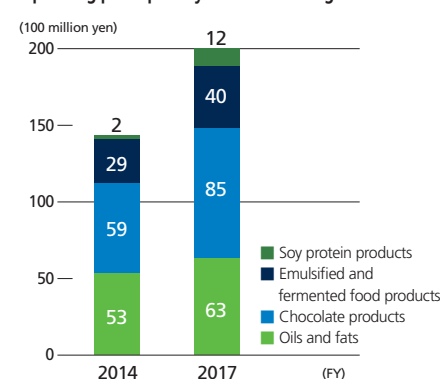
We have set the guidelines for management indices in FY 2017 as shown in the table below. These target values have been calculated based on the inclusion of the plan for Harald (Brazil), which was incorporated as a group company in June 2015. They are presented with the word “over” to show the achievement levels from this term.

In the operating profit plans by consolidated segment and area, an increase of approximately 3.0 billion yen for chocolate products and of approximately 2.0 billion yen for Asia (including China) and approximately 3.0 billion yen for Americas compared to FY 2014 is planned in the respective plans.

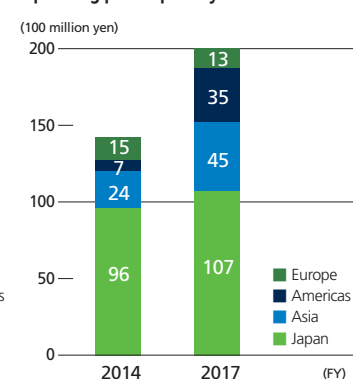
Guidelines for FY 2017

	FY 2014	FY 2015	FY 2017
Sales (100 million yen)	2,719	3,000	over 3,300
Operating profits (100 million yen)	142	160	over 200
Operating profit margin	5.2%	5.3%	over 6%
ROE	6.8%	6.8%	over 8%
Overseas profit ratio	33%	38%	over 40%

Operating profit plan by consolidated segment



Operating profits plan by consolidated area



Outline of growth strategy

In the basic strategies, management resources are allocated in a weighted manner, focusing on growing businesses. Businesses, to which investment is preferentially allocated, are narrowed down by clarifying business portfolio and strategic segments. Businesses for CBE, such as hard butters for chocolate, compound chocolate, and soy polysaccharides, are selected as core businesses that should aim to gain

a global competitive advantage and be ranked among the world's top 3. Strategies are changed according to segments, and the establishment of new bases and M&A are actively implemented. Meanwhile, in key businesses requiring structural reforms, efforts are made to streamline production bases, determine strategic partners, and strengthen marketing strategies.

Targets		Business segment			
		Oils and fats	Chocolate products	Emulsified and fermented food products	Soybean protein products
Focus	Achieving a top-3 global market share	CBE ^{*1}	Compound chocolate		Soy polysaccharides
Expansion	Improving regional superiority	Products made through DTR technology ^{*2} Oils and fats for health and nutrition (for infant formulas, etc.)		Cream (overseas) Margarine Fillings	Soy meat
Re-formation	Enhancing yieldability through structural reforms	CBS ^{*1} CBR ^{*1}		Cream (domestic)	Soy Protein Isolate Soy milk Soy protein food products
Development	Developing into a next-generation core business	Polyunsaturated fatty acid (ω3 ^{*3} oils and fats, etc.)		Cheese-flavored ingredients Emulsified and fermented food products	Soy peptide USS ^{*4} products

*1 CBE/CBS/CBR: Hard butters for chocolate

*2 DTR technology: Dispersion Technology of Refractory to spread insoluble substances into oils and fats

*3 ω3: General term for DHA and EPA contained in fish oil, α-linolenic acid contained in perilla oil and linseed oil, and other fatty acids

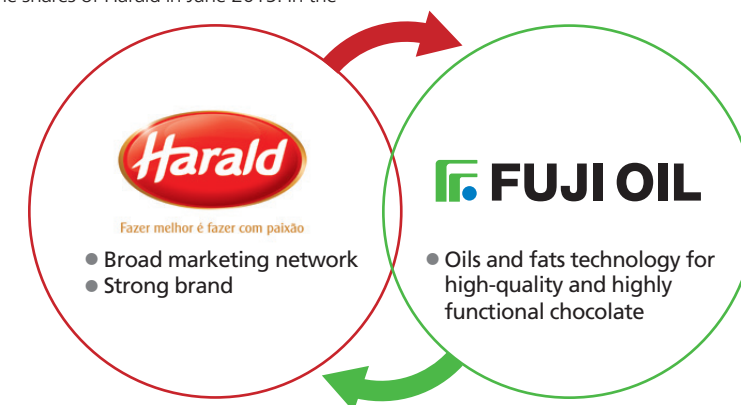
*4 USS: Ultra Soy Separation manufacturing method

Acquisition of Harald, Brazil's largest manufacturer of chocolate for professional use, as a group company

Harald is one of the largest manufacturers and distributors of a wide variety of chocolate items for professional use in Brazil. It has secured approximately 70,000 bakery shops in Brazil as customers, and has a strong operating base supported by a broad marketing network, which consists of leading manufacturers, chocolate specialty stores, major retailers, hotels, and restaurants. With its product brand gaining recognition and trust in the business market from a wide range of people in Brazil, Harald has a high market share in the country.

The Fuji Oil Group acquired the shares of Harald in June 2015. In the

Latin America area, which is expected to see a significant growth in the future, the Group aims to develop a Latin America strategy mainly targeting the professional-use chocolate market in Brazil. We plan to do this by combining Harald's strong brand and broad marketing network, which are advantages of the company, with our oils and fats technology, which helps enhance chocolate functions. The Group will work to contribute to developing the Latin America area and to fulfill our obligations to the stakeholders of Harald.



Advantages of Harald

Bakeries/cake shops	Confectionery manufacturer market
Major market of Harald No.1 market share of chocolate for retailers in Brazil	Major supplier for leading confectionery manufacturers in Brazil
Household confectionery market	Gourmet chocolate market
Strategic market of Harald Major supplier for the household confectionery market in Brazil	Focusing on gourmet chocolate made using raw materials produced in Brazil



Outline of area growth strategy

We included Brazil as a core strategic area, in addition to Japan, Asia, and China. The Japan area is expected to not only continue to stably produce profits as a core area to generate profits, but also serve as a hub to export technologies, business models, and human resources to overseas areas. The Asia and China areas are expected to expand sales of hard butters for chocolate, make use of the Asia R&D Center, and

expand sales of four types of confectionery* through new bases in India, Thailand, Malaysia, and South China as core areas for overseas business expansion. In the Brazilian market, we aim to expand business for professional-use chocolate, which is the existing business of Harald, as well as for hard butters for chocolate, and to create an emulsified and fermented food product business.

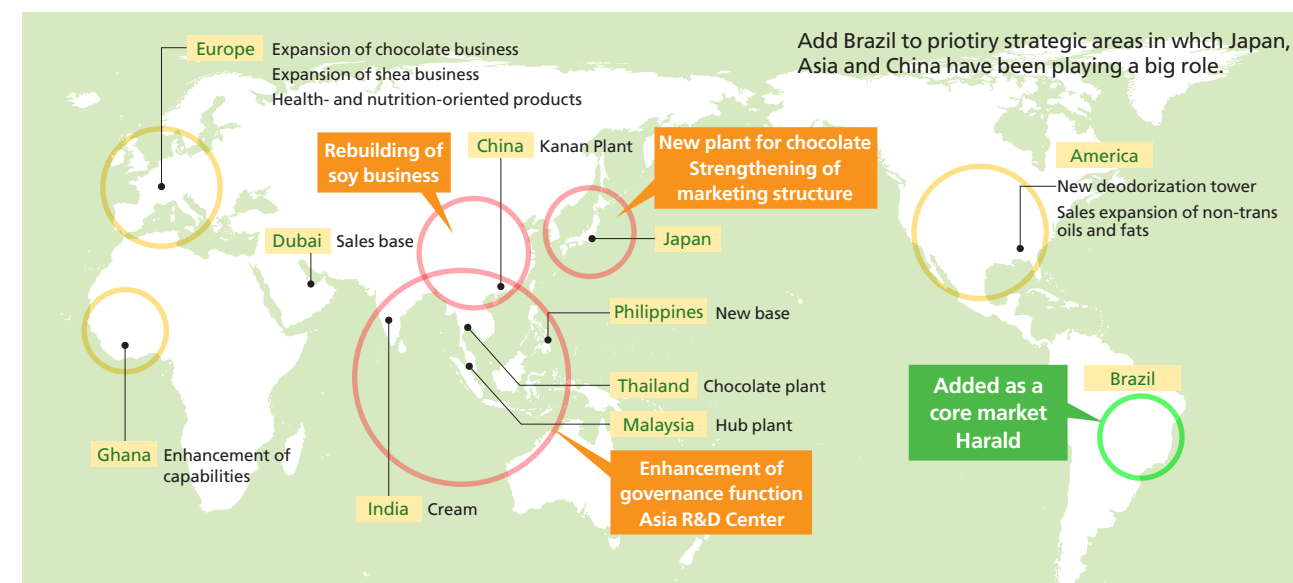
* margarine, chocolate, cream, and fillings



Image of the finished building of the Fuji Science & Innovation Center (Set for completion in July 2016)



New Kanto Chocolate Plant



Asia R&D Center



New base in Thailand



Harald

Priority strategic area	Roles to be played	Major investment (including planned investment)
Japan	Continue to stably produce profits as a core area Serve as a hub to export technologies, business models, and human resources to overseas areas	Fuji Science Innovation Center New Kanto Chocolate Plant
Asia/China	Expand sales of hard butters for chocolate and four types of confectionery as core areas for overseas business expansion	Asia R&D Center New bases in India, Thailand, and Malaysia New base in South China
Brazil	Expand business for professional-use chocolate, which is the existing business of Harald, as well as for hard butters for chocolate, and create an emulsified and fermented food product business	Acquisition of Harald

Strengthening organizational strategies

Shift to a holding company structure and delegation of authority to each area

The Fuji Oil Group shifted its management structure to a holding company structure under the pure holding company system, in order to realize the desired visions "How we want to be in 2030" and "How

we should be in 2020." We will work to enhance strategic functions, promote sustainable growth, and increase earning power under the new group structure.

Purpose for shifting to a holding company structure

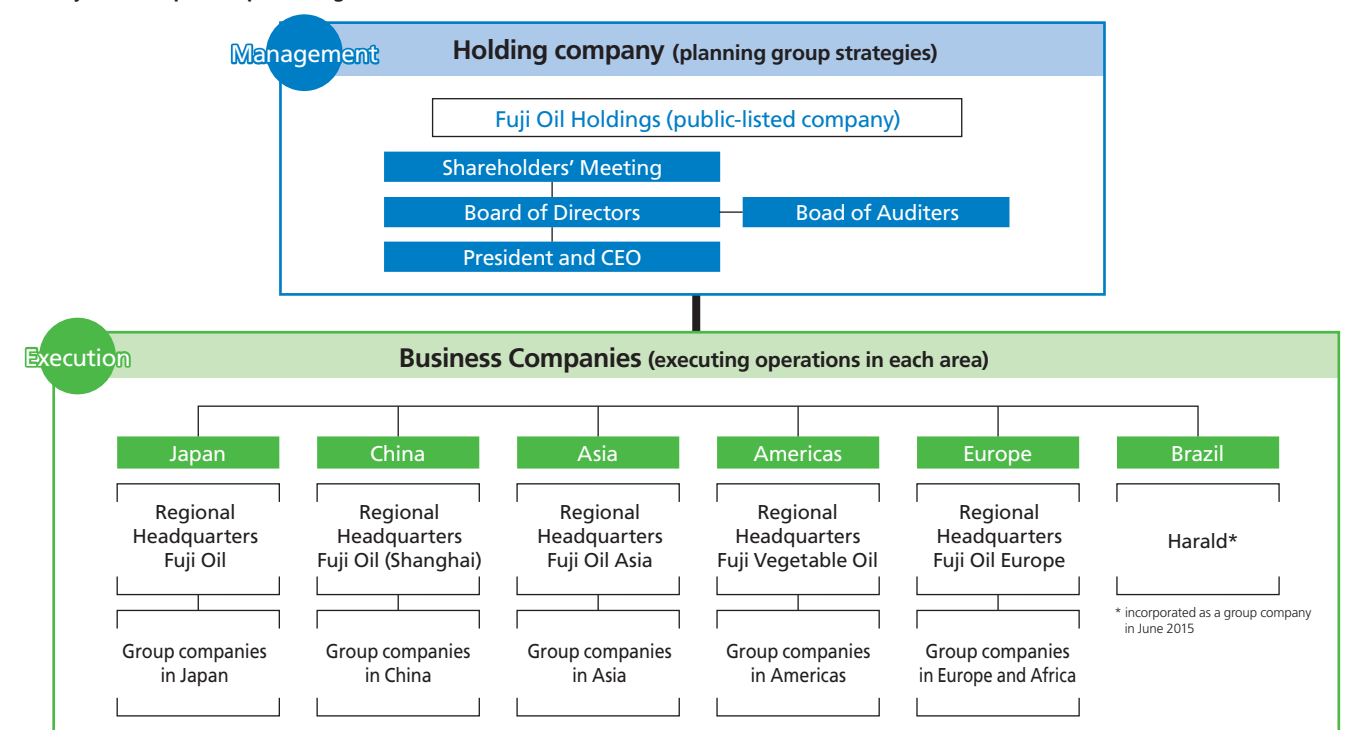


New organization of the Fuji Oil Group

In a new organization, the holding company specializes only in group management and strategy formulation functions. It delegates the responsibility for promoting business and transfers authority to regional headquarters and regional representatives under its umbrella. It aims to

further speed up its decision-making by separating management from execution. It also aims to facilitate global management by more effectively responding to the needs in each area or country, which has different food cultures, customs, and preferences.

Fuji Oil Group conceptual diagram (from October 1, 2015)



Top commitments of regional headquarters and regional representatives

In association with the shift to a holding company structure in October 1, 2015, the Fuji Oil Group has adopted a regional business company system consisting of three regional headquarters and two regional representatives, which formulate and implement business strategies tailored to area characteristics. Representatives from the five companies and Harald, a newly incorporated company of the Group, all of which play a leading role in global management, express their hopes.



Bernard Cleenewerck
FUJI OIL EUROPE

Providing healthy and safe food produced using less energy and water Belgium 

In Europe, consumers are very conscious of their health, and national standards for food are rigorously defined. Products produced in consideration of human rights and the environment are in demand among a certain range of customers. Given this social background, we, at Fuji Oil Europe, aim to implement sustainable procurement and provide healthy and safe food produced using minimal energy and water resources.

Specifically, we have established a Sustainable Palm Oil Sourcing policy in consideration of human rights and the environment, assuring society that we will work with customers to reduce environmental burdens. We are also involved in creating a working environment where employees can work happily. In the Africa area where an operating site is located, we aim to contribute to creating value in developing countries.



Andrew Bunger
FUJI VEGETABLE OIL, INC.

Reducing environmental burdens and pursuing the safety and quality of food America 

In America, measures against global warming and for energy conservation are strongly promoted. We, at Fuji Vegetable Oil, Inc., continue to work to improve energy efficiency, considering it as our responsibility to reduce environmental burdens. Specifically, we have switched a decoloration and deodorization process from a conventional one to a new one using an energy-saving type of vacuum generator, which we actively utilize. We will try to further reduce steam generation by identifying and repairing sites of poor heat retention and steam leakage in the generator.


In America, where high levels of food safety are required, reliable quality management is necessary. We aim to obtain a level 2 Certificate of the three stages in SFC, which are international certification standards for food safety and quality management, by the end of FY 2015, in order to meet the standards for the safety and quality of food required by society.




Ernesto Ary Neugebauer
HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS S.A.

Contributing to sustainable production of cacao beans in Brazil Brazil 

Harald is the No.1 manufacturer of chocolate for professional use in Brazil. As a Brazilian company, we will contribute to sustainable production of cacao beans in Brazil by pursuing added value of products through product development using domestic cacao beans and returning the benefits to farmers. We will also provide support for housewives to bake sweets at home and sell them by engaging in product development and providing new products in the home made bread market, which is our major market. We will be also involved in children's education in local communities by providing education to local children and supporting sports activities.




Masataka Minemura
FUJI OIL (SHANGHAI) MANAGEMENT CO., LTD.


Our management policy is to contribute to Chinese society by providing tasty and healthy foods. China 

Regarding tasty foods, the consumption of bread and cake including chocolate is rapidly growing due to progress in the diversification of foods. It is expanding at an increase rate of more than 10%, which far exceeds that of GDP. We will contribute to the spread of tasty breads and cakes in China by providing oils and fats, and foods.


In terms of health, there is a much greater need for health foods in China than in Japan, due to the rapid increase in income as well as concerns about the safety of food in China. Meanwhile, the field of improvement of meals and hospital meals for the elderly, whose number will reach 400 million in 2050, is expected to grow in the future. We will contribute to maintaining and enhancing the health of Chinese people by providing soy protein food products and soy food products.




Minoru Kimoto
FUJI OIL CO., LTD.

Promoting Renaissance Fuji 2017 and making a greater contribution to society Japan 

We believe that the key for a company's existence is to contribute to society. We will work to make a greater contribution to society by further developing and expanding our business (manufacturing and marketing foods made mainly from botanical resources). In particular, we will focus on the following activities in line with social changes in Japan: 1) prevention of lifestyle-related diseases: offering oils and fats, which are effective in reducing salt intake, and protein ingredients suitable for the elderly; 2) global spread of Japanese-style food and compensation for the shortage of dairy resources: offering new soy ingredients made using the USS manufacturing method; 3) response to the increase in tourists from overseas: offering tasty chocolate and margarine that meet the needs of the tourists; 4) regarding human resources, expansion of opportunities for women to play an active role in society: further promoting the hiring of women in manufacturing workplaces; and 5) acceleration of the globalization of the Fuji Oil Group: developing globally competitive human resources and reinforcing the foundation for human resource development.



Tatsuaki Hirosawa
FUJI OIL ASIA PTE. LTD.

Aiming to be a Talent Bank in Asia, pursuing local taste Singapore 

With nine affiliated companies, we are responsible for sales areas mainly in the ten ASEAN countries, East Asia, and the Middle East, and at the same time, serve as a base for supply chain management for the Fuji Oil Group. In March 2015, we established the Asia R&D Center to provide technologies and products of the Fuji Oil Group to people in Asia and to evolve into a company more rooted in local communities. The Asia R&D Center aims to become a Talent Bank in Asia by significantly strengthening functions to develop products with a focus on pursuing local taste and to develop human resources, providing opportunities for Asian people to learn about product knowledge and technology.

The Asia area will see further growth in the future, because the number of middle-income people is expected to increase more and more. We will promote sustainable management in this growing Asia region by contributing to society through human resource development.

List of business companies

List of group companies

■ Oils and fats processing ■ Confectionery and bakery ingredients ■ Soy protein

Japan	
Fuji Oil Co., Ltd. <small>[Coordination][Development][Production][Marketing]</small>	
Group companies	
TORAKU FOODS CO., LTD. <small>[Production][Marketing]</small>	OMU MILK PRODUCTS CO., LTD. <small>[Production][Marketing]</small>
FUJI FRESH FOODS CO., LTD. <small>[Production][Marketing]</small>	HANNAN TANK TERMINAL CO., LTD. <small>[Storage and Delivery]</small>
FUJI SUNNY FOODS CO., LTD. <small>[Marketing]</small>	CHIBA VEGOIL TANK TERMINAL CO., LTD. <small>[Storage and Delivery]</small>
F&F CO., LTD. <small>[Production]</small>	

China	
FUJI OIL (SHANGHAI) MANAGEMENT CO., LTD. <small>[Coordination]</small>	
FUJI OIL (ZHANG JIA GANG) CO., LTD. <small>[Production][Marketing]</small>	
JILIN FUJI PROTEIN CO., LTD. <small>[Production]</small>	
FUJI OIL (BEIJING) TECHNOLOGY TRADING CO., LTD. <small>[Marketing]</small>	
SHANDONG LONGTENG FUJI FOODSTUFFS CO., LTD. <small>[Production]</small>	
TIANJIN FUJI PROTEIN CO., LTD. <small>[Production]</small>	
SHANGHAI XUYANG FOOD CO., LTD. <small>[Production][Marketing]</small>	

Asia	
Singapore	
FUJI OIL ASIA PTE. LTD. <small>[Coordination][Development][Marketing]</small>	
FUJI OIL (SINGAPORE) PTE. LTD. <small>[Production]</small>	
WOODLANDS SUNNY FOODS PTE. LTD. <small>[Production]</small>	
Malaysia	
PALMAJU EDIBLE OIL SDN. BHD. <small>[Production]</small>	

Thailand	
FUJI OIL (THAILAND) CO., LTD. <small>[Production][Marketing]</small>	
FREYABADI (THAILAND) <small>[Production][Marketing]</small>	
The Philippines	
FUJI OIL PHILIPPINES, INC. <small>[Marketing]</small>	

Indonesia	
PT. FREYABADI INDOTAMA <small>[Production][Marketing]</small>	
PT. MUSIM MAS-FUJI <small>[Production][Marketing]</small>	
India	
3F FUJI FOODS PVT. LTD. <small>[Production][Marketing]</small>	

Americas	
U.S.	
FUJI VEGETABLE OIL, INC. <small>[Production][Marketing]</small>	
Brazil	
HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS S.A. <small>[Development][Production][Marketing]</small>	
FUJI OIL SOUTH AMERICA <small>[Marketing]</small>	

Europe (Africa)	
Belgium	
FUJI OIL EUROPE <small>[Production][Marketing]</small>	
GHANA	
INTERNATIONAL OILS & FATS <small>[Production]</small>	



Practicing Sustainable Management —Six Priority Themes—

Creation of foods (Health, Nutrition, Food Resources)

With many issues related to food, such as food shortages associated with world population growth, aging society, under- and over-nutrition, and changes in dietary habits in emerging countries, the world's food needs are changing rapidly. The Fuji Oil Group seeks to contribute to the world by addressing these issues and creating new value in the fields of health, nutrition and food resources.

FY 2014 targets/results and midterm targets [Self-evaluation criteria] ○Targets achieved △Targets not achieved but improved ✕Not improved				
Items	FY 2014 targets	FY 2014 results	FY 2014 evaluation	FY 2017 targets
Soy Renaissance USS	Implement B-to-B-for-C-oriented marketing activities to promote Kotozukurii (creating movements).	As part of the Soy Renaissance initiatives, established the Mame Plus Promotion Committee and held various events to foster communication with consumers, including Mame Plus Café (twice) and joshikai (girls' parties).	△	In addition to further promoting Soy Renaissance through various events and the Mame Plus Promotion Committee, promote USS products in overseas markets aiming to develop the USS products as a key pillar of our soy business. Degree of achievement as of FY 2014: 30%
Hokkaido Soybeans x USS	Select farms and plant soybean seeds aiming to produce products featuring Hokkaido-grown soybeans.	Planted soybean seeds in farms in Hokkaido, putting a process in motion to produce end products featuring Hokkaido-grown soybeans.	○	Promote the branding of Hokkaido-grown soybeans, and develop and continually sell end products featuring Hokkaido-grown soybeans, in cooperation with customers. Degree of achievement as of FY 2014: 20%
Promotion of salt intake reduction	Promote understanding of the effectiveness of the flavor-enhancing oil for reducing salt in the diet and supply flavor-enhancing oil to more customers in Japan.	Gained a greater understanding of the effect of flavor-enhancing oil on reinforcing saltiness of food, but found some problems, for example, the taste balance will change when the oil is used alone, and the achievement level for the salt reduction target is not sufficient.	△	Make improvements to increase the salty flavor and taste intensity, and conduct product presentation and sales promotion activities focusing on the senior citizens market. Degree of achievement as of FY 2014: 70%
Low or non-trans fatty acids	Respond to consumer needs for products with low or non-trans fatty acid content in various countries around the world.	Took measures to respond to consumer needs for products with low or non-trans fatty acid content in various countries around the world.	○	Consider measures for reducing the use of trans fatty acids to meet the tighter regulations by the U.S. Food and Drug Administration (FDA), according to customer needs. Degree of achievement as of FY 2014: 80%
Vegetable cheese ingredients	Conduct research and development to develop a new cream-type soymilk product that uses no animal-derived materials.	Successfully developed "cheese-like soymilk cream Mame-mage."	○	Develop new products (pre-formed type and one with new texture) and create a market. Degree of achievement as of FY 2014: 20%

Contributing to the world with high-value-added soybean products

Health Nutrition Food Resources Global

[Global issue] Tight meat supply and demand associated with population growth

Exhibiting at Expo Milano 2015 Japan Pavilion and Japan-Italy food culture exchange

Fuji Oil Group's Ultra Soy Separation (USS) manufacturing method was introduced in the Japan Pavilion at Expo Milano, held in May 2015. The Expo, with its theme "Feeding the Planet, Energy for Life," is the first world's fair devoted to hunger and food issues that need to be tackled globally. Our USS manufacturing method was exhibited in the Japan Pavilion as a useful food processing technology that brings out the full deliciousness of soy and that will make a positive contribution to the world.

Soybeans are indispensable for food culture in Japan. Soybeans have potential to provide diverse foods for the next generation on a sustainable basis. Taking advantage of exhibiting in the Japan Pavilion at Expo Milano, we held cooking contests featuring soymilk at cooking schools and colleges in Italy. In Japan, we have been promoting new Italian food featuring soybeans, "Soy-Italian."



Press conference for the Japan-Italy Food Culture Exchange Project (May 19, 2015, Italian Embassy)



Soy-Italian desserts presented at the reception of Japan Day at Expo Milano: "Tiramisu made with kinako (roasted soybean flour)" (left) and "To-Fu cake"

Promoting premium soymilk in markets around the world

Fuji Oil's premium soymilk developed using the USS manufacturing method are used by some top chefs in the United States. Premium soymilk has been recognized for its great taste and quality, and increasingly used not only for Japanese food, but also for French, Italian, Chinese and other cuisines.

We are also making vigorous efforts to promote premium soymilk in Asia. In Thailand, we opened Mame Plus Café Bangkok jointly with a local company, and started to supply premium soymilk to Japanese restaurants (it is said that there are about 2,000 Japanese restaurants in Thailand).

To supply premium soymilk developed using the USS manufacturing method to markets around the world in the future, we will consider how we will secure soybeans, including the possibility of local production.



"Ko-cream custard garnished with root vegetables and seasoned mushrooms" created by a chef from New York

Communication with consumers

In addition to providing menus for Mame Plus Café held by the Mame Plus Promotion Committee* and restaurants, we hold joshikai (girls' party) regularly to let people know about our premium soymilk and delicious soy products. Various parties are



Girls' party to disseminate the joy of the "bean plus diet"

held according to season or occasion, such as nabe (hotpot) dish party and metabolism boosting exercise party, where participants cook new recipes using soymilk along with an instructor. These events have been well received by participants. We will increase opportunities to communicate with consumers in the future.

To let more people know about the merits of our premium soymilk, food report videos "Mame-Mame Expedition" are released on YouTube, and a serial drama "Nakimeshi Kyoko" is broadcast on TOKYO MX TV.

Web * Mame Plus Promotion Committee website
URL: <https://www.atpress.ne.jp/news/49856>

Promoting the use of domestically-grown (Hokkaido) soybeans in the USS manufacturing process

Soybeans are high in protein compared to other plants, and are more efficient in terms of water and energy use. However, in recent years, the decrease in the number of soybean farmers has become a serious problem in Japan. Japan's self-sufficiency rate for soybeans remains low at 6% (source: 2013 data from Ministry of Agriculture, Forestry and Fisheries website). To contribute to resolving these social problems, our company is working to replace part of imported soybeans with domestically-grown soybeans. As part of such efforts, for soybeans used to produce USS products, we signed a contract with a soybean farmer in Hokkaido. In FY 2015, soybeans grown by the contract farmer will be used to produce USS products to be delivered for some specific customers. In anticipation of an increase in demand, we will work to promote the use of domestically-grown soybeans.

To get children to learn more about soybean production from the perspectives of development of the next-generation and nutritional education, we will start planning experienced-based farm stay programs for children.



With a contract farmer in Hokkaido

USS manufacturing method brings out the inherent deliciousness of soybeans

Premium soymilk products—soymilk cream and low-fat soymilk—developed using the USS (ultra soy separation) manufacturing method have been recognized as a completely new type of soymilk that has brought out the intrinsic deliciousness of soybeans, and have been increasingly used in savory dishes and sweets.

The USS manufacturing method separates whole soy into low-fat soymilk and soymilk cream using Fuji Oil's patented production method, which is similar to the centrifugation of raw milk. Soymilk cream and low-fat soymilk can be made into various processed products such as dairy products.

We have already developed various processed products, including whipping cream, mayonnaise-type dressings, and cheese-like soymilk cream. These products have been widely recognized in the food industry as products that meet consumer health and nutrition needs.

How the USS manufacturing method works to produce premium soymilk



From left, soymilk cream, soymilk processed food, low-fat soymilk

Contributing to the world with flavor-enhancing technology and products

Health Nutrition Global

[Global issue] Health problems related to over-consumption of salt

Efforts to develop products that help lower salt intake

Fuji Oil (Japan) has developed a “flavor-enhancing oil (DTR technology),” which enhances the taste and flavor, particularly the saltiness, pungency and sourness, of foods with less salt and less seasoning. Flavor-enhancing oil has been supplied to customers around the world and well recognized as a food material that can help people reduce salt without sacrificing flavor. Taking advantage of the characteristics of the flavor-enhancing oil, in Japan we are working to find new uses of this oil, for example, in catering service meals, food for elderly people, and foods with a relatively high salt content. Another focus of our research in the future is on anti-oxidation. We will develop functional oils and fats products with improved oxidation stability so that we can contribute to improving the quality of life of consumers.



Curry and rice using flavor-enhancing oil

Future plans in Asia

Fuji Oil (Thailand) has introduced production equipment and has already commenced production of the flavor-enhancing oil. In particular, frying oils produced using DTR technology contribute to longer storage life and enhanced taste and flavor.

In 2014, the DRT technology was started to be applied to spraying oil and healthy oils and fats. In 2015, we plan to develop products that make healthy eating simple and delicious, by making full use of DTR technology.

Responding to increased demand for products with low or non-trans fatty acids

Health Nutrition Global

[Global issue] Health problems with trans fatty acids

The hydrogenation process is used to adjust the hardness and melting points of oils and thereby improve their functionality. Trans fatty acids are formed during hydrogenation. In June 2015, the U.S. Food and Drug Administration (FDA) released its final determination that partially hydrogenated oils (PHOs) are not “generally recognized as safe” (GRAS).

Since 2006, to respond to customer demand associated with

mandatory labeling of trans fatty acids in various countries, the Fuji Oil Group, including Fuji Vegetable Oil (U.S.), has been promoting the shift to low-trans fatty acid products.

In the future, particularly in the US market, we plan to provide non-trans fatty acid products that do not use PHOs to the food service industry, in addition to existing processed foods.

Development of a cheese-flavored ingredient manufactured using USS method

Food resources Japan

[Global issue] Food shortages associated with population growth

The world population is now over 7 billion and is expected to swell to over 10 billion by 2062. If we continue with our current lifestyles, we will face serious food shortages globally in the near future. In preparation for a global population increase, it is necessary to shift to food consumption patterns centered around plant foods, which require less energy to produce.

Fuji Oil (Japan) has developed and marketed cheese-flavored functional ingredients that use plant-derived materials. In view of the current situation of food resources, we have conducted research and development of a cheese-flavored functional ingredient that does not use animal-derived materials. As a result, we have successfully developed a cheese-like soymilk cream made mainly of low-fat soymilk, “Mame-mage,” using our world’s first USS manufacturing method. Mame-mage contains absolutely no animal-derived ingredients. With its mellow fermented flavor and rich taste, Mame-mage can be used in a wide range of applications such as confectionery production, bread making and cooking in various genres.

To contribute to global food security and environmental challenges, we will continue striving to develop and market delicious cheese-flavored ingredients.



Tiramisu made with Mame-mage

Contributing to better health in China

Health Nutrition Global

[Issues in China] Food safety/security, increased health awareness

Soy protein isolate

In China, due to a series of fake food scandals and food hygiene incidents, consumers’ interest in health and food safety and security is increasing year after year. The Chinese are basically a people who have high awareness of health, and the health food market for the wealthy class is growing year by year.

Thanks to the regional characteristics of China, where soymilk and tofu are popular and part of the traditional foods, the demand for powdered health drinks and protein powder made mainly from Jilin Fuji Protein (China)’s “soy protein isolate” continued to increase in 2014. As a company that contributes to the health of people, we will continue our efforts to increase the demand for soy protein isolate.

Soy peptide

In China, like in Japan, due to progress in aging and the diversification of lifestyles, it is expected that public interest in health promotion will continue to increase and that nutrition problems of the elderly will attract more attention. Consumer demand for foods that can be easily consumed and that contribute to a healthy lifestyle is increasing, such as sport-related foods, diet foods, foods that promote beauty, and high-nutrition foods.

Since 2014, Fuji Oil (Beijing) Technology Trading (China) has supplied soy peptide to the nutrition and health food market, which has been proven to have various benefits, such as faster recovery from



Soy protein isolate

exhaustion after exercise, fat burning, skin enhancement and brain function improvement, thereby contributing to the health of consumers.

The plan is to boost efforts to promote soy peptide to attract more young and elderly consumers.

Contribution to elderly people

Health Nutrition Japan

[Issues in Japan] One-third of the population will be elderly by 2030

Thick liquid foods

Protein materials used in thick liquid foods* are required to be superior in terms of nutrition (superior amino acid balance) as well as physical properties (stable under heat sterilization, etc.). Lactoprotein, mainly casein (the predominant protein in milk), is widely used as the most appropriate ingredient in thick liquid food. As with baby formula, thick liquid foods need to be supplied in a stable manner even at time of disasters.

In 2014, Fuji Oil (Japan) developed a new technology that can solve a physical property problem of soy protein. This new technology enables thick liquid foods to be prepared only with soy protein. With our new technology, it has become possible to use soymilk as the protein source for think liquid foods, although in the past, milk was the only such option.

Fuji Oil (Japan) will strive to develop and produce useful soy protein ingredients, to continue to supply protein sources for use in thick liquid foods.

* A thick liquid food: A processed food designed to be a complete substitute for the total diet in meeting the nutritional requirements of a patient undergoing treatment or requiring long-term care, particularly those who have limited oral intake due to difficulty swallowing. Thick liquid food provides all the necessary energy and essential nutrients in adequate balance, in liquid form. (Referring to Nihon Ryudoshoku Association)

TOPICS

Soymilk Spread with Vegetables received the silver prize of the FOODEX Gourmet Beauty “Mom’s Love Grand Prix” Japan

In January 2014, Fuji Oil (Japan) launched a working mother project, titled “new market development from a working mothers’ perspective.” In this project, working mothers are developing products, utilizing our proprietary technologies, to satisfy busy working mothers’ desire of “wanting their children to eat well and grow up strong and healthy.”

At the FOODEX Gourmet Beauty “Mom’s Love Grand Prix 2015,” held in March 2015, Fuji Oil (Japan)’s working mother project received a silver prize for its “Soymilk Spread with Vegetables,” which uses domestically grown vegetables and low-fat soymilk using the USS manufacturing method. Fuji Oil’s Soymilk Spread with Vegetables was highly evaluated as it would help children eat vegetables easily and deliciously. The judges for the contest were about 20 mothers with a child/children of elementary-school age or younger and their children. Our working mother project is well received by customers in terms of

its contribution to working mothers, and helps build a “relationship towards joint value creation” with customers.



Prize giving ceremony at the Grand Prix

* Information on nutritional education activities conducted based on the suggestions of the working mother project is available on page 35.



Practicing Sustainable Management—Six Priority Themes—

Safety, security and quality of foods

The Fuji Oil Group developed the Quality Policy* in 1996, based on which we have made improvement efforts and obtained various certifications. The Group also developed the Quality Guidelines, which specify requirements for implementing the Quality Policy. In accordance with the Guidelines, we produce products with safety and security to seek customers' satisfaction.

*The Policy was revised and incorporated into "Fuji Oil Group Basic Policy of Safety, Quality and Environment" which was set forth on May 1, 2014.

FY 2014 targets/results and midterm targets				
[Self-evaluation criteria] ○Targets achieved △Targets not achieved but improved ×Not improved				
Items	FY 2014 targets	FY 2014 results	FY 2014 evaluation	FY 2017 targets
Efforts to ensure safety and security of foods/ Customer-oriented quality assurance system	1. Reduce quality risks through quality inspections. 2. Introduce and establish a new quality information system. 3. Launch efforts to expand ISO9001-certified plants and to obtain FSSC22000 certification.	1. Added additional check items concerning food defense to the quality inspection checklist to ensure increased food safety levels. Quality inspections were also conducted at group companies outside Japan, including Fuji Vegetable Oil (U.S.), which underwent an inspection for the first time. 2. Established a mercury analysis system and conducted a mercury risk assessment for raw materials. 3. Completed acquisition of ISO9001 certification at Fuji Fresh Foods (Japan). Commenced activities to obtain FSSC certification.	○	1. Develop and disseminate Fuji Oil Group quality assurance regulations 2. Establish a quality assurance information network. New target

Customer-oriented quality assurance system

The Fuji Oil Group has established a quality assurance system to check whether all products and production processes comply with its standards and criteria, in each stage of production—from procurement of raw materials to production and shipping. The Group has also established an independent organization to examine products and production processes across the Group to

determine whether they comply with the relevant laws and regulations and whether the products are of high quality from the customer perspective.

At Fuji Oil Group's plants and its subcontractors' plants, quality inspections are conducted, basically every year, to audit the status of their production control. Furthermore, the Safety, Quality and Environment Council meeting is held monthly, where all relevant divisions gather to share problems, corrective actions and information, so as to prevent recurrence of similar problems.

Group companies outside Japan, like those in Japan, are working vigorously to obtain external quality-related certifications. They also conduct quality inspections every two years to maintain the same level of quality control systems as group companies in Japan. In FY 2014, quality inspections were conducted at Fuji Oil (Japan), its 32 group companies in Japan, 10 group companies outside Japan, 32 companies engaging in manufacturing for Fuji Oil (Japan), and 10 other business partners including suppliers.

Acquisition of international quality management certifications

The Fuji Oil Group has been actively promoting the acquisition of international quality management certifications, as part of its efforts to implement more reliable quality management that satisfies customers.

In recent years there has been a growing awareness of the need for "food defense." Accordingly, since FY 2012, we have checked in quality inspections—both in and outside Japan—whether each group company's safety and quality management system meets the requirements of GFSI*-recognized standards. We are promoting acquisition of GFSI-recognized certifications at our overseas group companies, ahead of those in Japan.

* GFSI: A non-profit organization established in 2000 for the purposes of ensuring and improving food safety worldwide. GFSI establishes and publishes a set of criteria, and evaluates existing food safety management system standards around the world against its own criteria, and recognizes those that fulfill these criteria.

Acquisition status of major quality management certifications	
HACCP* or ISO22000 certification	10 group companies outside Japan
ISO9001 certification	Fuji Oil (Japan) 13 bases in Japan 4 group companies in Japan 8 group companies outside Japan
GFSI-recognized certification (FSSC)	6 group companies outside Japan

* HACCP (Hazard Analysis Critical Control Points): High-level food safety (hygiene) management system

Food defense measures and efforts to obtain FSSC22000 certification

Since the frozen gyoza dumpling poisoning case that occurred in China in 2008, our Group has become more aware of the necessity of stepping up our food defense efforts. Food defense measures undertaken by Fuji Oil (Japan) include: installing a security locking system on storage cabinets of chemicals and lubricants, upgrading the entrance and exit management systems, removing pockets from uniforms, and installing security cameras at important locations in production areas.

Furthermore, we have strengthened our HACCP management systems to prevent contamination with foreign substances and growth of microorganisms. As more visible efforts for food defense, we have launched activities to obtain FSSC22000 food safety management system certification, one of the certification schemes recognized by GFSI. The plan is to obtain certification for plants producing frozen-foods and chocolates first, and then for other plants.

Efforts in the United States

Fuji Vegetable Oil (U.S.) is working to upgrade equipment, as part of its food defense efforts. Specifically, we have replaced all tanks on its premises with tanks equipped with laser level measurement systems. We also installed a valve on each tank to enable a small amount of sample to be taken from the valve, to reduce the need for opening tanks and thereby to reduce the risk of foreign substances getting into the tanks. Also, to prevent entry of foreign substances during filter replacement, which used to be done outdoors, roofs were installed in the filter replacement area. We have installed security cameras and recording systems to cover



Valve installed on the tank

almost all processes where there is human intervention, to prevent malicious intrusion and to ensure the safety of workers. Through all these measures, we seek to ensure the quality expected by customers.

Acquisition of Halal and Kosher certifications

The Fuji Oil Group strives to respond to changes in the social environment quickly and accurately to become more competitive and thereby to further expand its global business. There are many people of different races and religions around the world. Food companies are required to give due consideration to the diverse food cultures of the people around the world.

Our Group promotes acquisition of Halal and Kosher certifications to prove that our raw materials and production processes conform to Islamic and Jewish dietary rules respectively. Efforts to obtain Halal and Kosher certifications are progressing in the United States, China, Indonesia and other countries.

We will continue our efforts to establish a system to be able to provide safe, healthy and delicious food products to people of various religions.

Efforts in Asia

The majority of products of Fuji Oil Group sold in the Asian markets are made from Halal-certified ingredients. We always design products with superior quality that satisfies our customers. We also plan to reinforce our efforts to meet the needs of vegetarians through new product development and application development.

In 2011, Freyabadi Indotama (FAI) in Indonesia obtained Halal Assurance System (Sistem Jaminan HALAL or SJH) certification with grade 'A' for its entire plant. FAI will continue its efforts to maintain SJH certification. To respond to Jewish needs for Kosher chocolate, FAI is now making preparations in cooperation with suppliers to obtain Kosher certification for all raw materials.

Acquisition status of Halal and Kosher certifications	
Halal certification	12 group companies outside Japan
Kosher certification	9 group companies outside Japan

Note: If you want to know whether a specific product is Halal- or Kosher-certified, please contact the respective group company.



Practicing Sustainable Management—Six Priority Themes—

Sustainable procurement

We strive to ensure stable procurement of raw materials produced in a sustainable manner that gives due consideration to production methods, labor environment, human rights and the global environment, while at the same time promoting traceability* of raw materials. We plan, develop and produce sustainable products by using sustainably produced raw materials, and communicate the value of these products to customers and consumers. To operate our business in this way around the world, we are promoting dialogue and cooperation with stakeholders in a broad range of fields. *Traceability: The ability to identify the place of production of a particular raw material

FY 2014 targets/results and midterm targets [Self-evaluation criteria] ○Targets achieved △Targets not achieved but improved ✕Not improved				
Items	FY 2014 targets	FY 2014 results	FY 2014 evaluation	FY 2017 targets
To realize sustainable procurement	Conduct the second questionnaire survey for the CSR procurement guidelines	Held discussion on the revision of the CSR Procurement Guidelines.	△	Review the CSR Procurement Guidelines and conduct questionnaire surveys (2nd survey: 2015, 3rd survey: 2017) Degree of achievement as of FY 2014: 20%
Procurement of sustainable palm oil	1. Sustainable oils and fats: Provide RSPO-certified oils and fats that meet the traceability requirements 2. Conduct on-site inspections of palm farms for the planned implementation of community contribution activities	1. Fuji Oil Europe switched completely to RSPO-certified oil (SG). Plants in Japan (Hannan, Chiba) obtained RSPO-SCCS. Commenced the purchase of RSPO-certified palm oil. (Japan) Continued to deliver traceable (TFT) oils and fats. 2. Conducted farm inspections (CSR activities) with customers.	△	1. Develop a sustainable palm oil procurement policy. Develop and implement a certified-oil procurement plan that responds to customer needs. 2. Start community contribution activities at palm farms. Degree of achievement as of FY 2014: 60%
Procurement of sustainable cacao beans and cacao products	1. Continue to purchase traceable cacao beans, and conduct social contribution activities using part of the purchase price (premium). 2. Commence purchasing of UTZ cocoa butter.	1. Increased the purchase amount of traceable cacao beans. Constructed wells in Ghana as part of social contribution activities. 2. Placed an order for UTZ-certified cocoa butter. (Purchasing/warehousing from FY 2015)	○	Increase the purchase amount of traceable cacao beans and conduct social contribution activities by using part of the purchase price. Purchase UTZ-certified products on a continuous basis, according to customer requests. Degree of achievement as of FY 2014: 70%

Basic concept

Raw materials must be of high quality, safe and competitive price. In addition, raw materials must be able to be procured in a stable and sustainable manner to fulfill our responsibility to supply products to customers. To practice sustainable procurement, in 2012 the Fuji Oil Group developed “CSR Procurement Guidelines,” in accordance with which the Group is working with its business partners to ensure fair business practices.

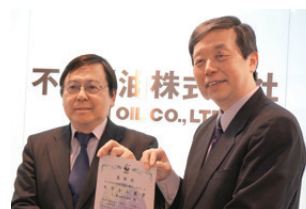
We are conducting our business activities, being fully aware that our Group’s key raw materials—palm, cacao beans and soybeans—are limited resources. We conduct on-site inspections at the sources of raw materials and factories to check their compliance with required standards and safety and quality control systems. We are promoting sustainable, stable procurement while strengthening relationships with suppliers. We also promote procurement of raw materials from multiple sources, to ensure business continuity in unforeseeable circumstances.

TOPICS

“Business & Biodiversity Katte-ni Awards” Special Prize received from WWF Japan

The Fuji Oil Group received the “Business & Diversity Katte-ni Award” Special Prize (“Chestnut-out-of-the fire Prize”) from the World Wide Fund (WWF) Japan. The Awards are intended to recognize and honor companies promoting biodiversity conservation as part of their business activities. Winners are selected based on careful review by WWF Japan of the CSR reports and environmental reports published from December 2013 to November 2014 by 1,818 companies listed on the First Section of the Tokyo Stock Exchange. The Fuji Oil Group has been promoting sustainable raw materials procurement as one of the priority themes of its CSR activities. The “Fuji Oil Group Sustainability Report 2014” released in September 2014

contains articles on our efforts to promote procurement of sustainable palm oil to protect the global environment, our approaches to building a sustainable society, and our dialogue with external experts. This award was in recognition of our proactive information disclosure on environmental issues that have become worldwide concerns and our contribution to the visualization of these problems.



Palm oil

Establishing a supply chain aiming to achieve sustainable procurement

Responding to the growing demand for RSPO certified-products Since 2004, the Fuji Oil Group has been participating in the Roundtable on Sustainable Palm Oil (RSPO) in line with our efforts to protect the global environment and to continue using palm oil for many years to come.

In response to customers’ increasing demands for RSPO-certified products in recent years, Fuji Oil (Zhang Jia Gang) in China obtained RSPO certification in December 2011 (SG^{*1} / MB^{*2}) and offered RSPO-certified oil to some customers. The company will step up its efforts to respond to the growing demand for RSPO-certified oil. In 2014, in addition to the existing suppliers, Fuji Vegetable Oil (U.S., hereinafter FVO) initiated transactions with new suppliers to purchase RSPO-certified raw materials. Also, in the US market, where palm oil consumption is increasing, food manufacturers’ demand for RSPO-certified products is on the rise. In response, FVO is striving to establish a traceable supply chain.

In Japan, the Oils and Fats Division (tank yards, oil and fat plants) obtained SG and MB certifications in August 2014.

*1 SG: In the Segregation model, palm oil from certified plantations must be segregated from palm oil from non-certified sources at every stage of the supply chain.
*2 MB: In the Mass Balance model, palm oil from certified plantations can be mixed with palm oil from non-certified sources in the managed supply chain processes.

Efforts in Europe

Fuji Oil Europe (Belgium) has satisfied all RSPO guidelines and requirements since 2010. In 2013, the company improved its facilities so that the palm oil fractionation process is fully compliant with SG requirements.

Due to changes in the market, there has been growing demand for RSPO-certified products from our Group’s customers. RSPO certification helps increase the added value of products. In the future it is important to provide RSPO-certified products at fair prices.

RSPO

RSPO stands for Roundtable on Sustainable Palm Oil. RSPO is a non-profit organization that brings together palm oil producers, processors and traders, consumer goods manufacturers, retailers, banks and investors, and environmental, social and developmental non-governmental organizations (NGOs) to develop and implement a global standard for sustainable palm oil.

RSPO SCC

SCC stands for Supply Chain Certification. RSPO SCC certifies a supply chain in which products are manufactured by using palm oil made from palm fruit grown on certified farms that meet sustainable agricultural practices, and then marketed and delivered to consumers.



Efforts in Asia

In an effort to build a sustainable supply chain from farm to consumer, Fuji Oil Asia (Singapore) has participated in RSPO and is planning a small-scale farm support project. The company is also promoting dialogue with the relevant organizations and the purchase of RSPO-certified palm oil. In 2014, site inspections were conducted, together with some corporate customers in Japan, to observe CSR activities being carried out on palm farms by suppliers. We are considering how to support palm oil farmers with our suppliers.

We are now working vigorously to build a supply chain for traceable palm oil, while cooperating and discussing with suppliers. As of the end of the first term of 2015, traceability at refining plants was 100%, and traceability back to the plantation was more than 90%. We will continue our efforts toward 100% sustainability throughout the supply chain, thereby contributing to realizing a sustainable society.



On-site inspection in FY 2014

Shea

Joining the Global Shea Alliance (GSA)

Fuji Oil Europe (Belgium) entered into the shea business in 2013 through International Oils & Fats (IOF) in Ghana, and has commenced procurement of shea according to production demand. IOF became a member of the Global Shea Alliance (GSA)* based in Ghana in 2014. With the aim of developing and implementing a sustainable procurement policy in accordance with the GSA’s guidelines, Fuji Oil Europe is now working on the development of its own procurement guidelines for shea nuts to be harvested in 2015. Fuji Oil Europe plans to set specific numerical targets in 2016 and to promote the acquisition of sustainable supply chain certification for shea by the end of 2017.



* GSA: An alliance of a wide range of stakeholders involved in the value chain of shea oil (a vegetable oil obtained from the nuts of shea trees growing in West Africa). GSA’s mission is to promote the development of the shea industry and improve the livelihoods of rural African women and their communities.

Cacao beans

Efforts toward traceability

As part of sustainable procurement, the Fuji Oil Group has started to purchase “traceable cacao beans.” Traceable cacao beans allow us not only to determine the place of origin and distribution route, but also to support local communities because part of the payment will be used to improve local infrastructure and education. The amount of traceable cacao beans we purchased has increased over the past few years. We plan to increase the amount of traceable cacao beans we purchase further in the future.

Fuji Oil Europe (Belgium) has obtained Fairtrade certification, and produces and sells products made from Fairtrade-certified raw materials according to customer requests.



Constructing wells by using part of the purchase price

In 2014, we constructed two wells in areas in Ghana, West Africa in which our Group has purchase contracts, by using



A newly constructed well (Ghana, Africa)

part of the purchase price for cacao beans paid by us.

Community residents do not have access to safe drinking water, and have to rely on contaminated water in ponds and rivers for daily life water. Contaminated water affects human health. Also, women and children often have to fetch water from far-away places and this has deprived some children of opportunities to receive school education. Access to safe drinking water is a critical issue for local people. We hope that these new wells will help improve the living standards of the local communities.

We will continue to support producers through purchasing cacao beans.

Joining in the World Cocoa Foundation (WCF)

To support the activities of the World Cocoa Foundation (WCF) to promote a sustainable cocoa economy by offering technical and other support to cacao farmers, our company joined the WCF in 2012. The basic philosophies of the WCF's activities are summarized in the “WCF's Commitment”.



Procurement of UTZ[®]-certified cacao beans

The Fuji Oil Group has been striving to achieve sustainability. As part of such efforts, Fuji Oil Kanto Plant, Fuji Oil Europe (Belgium), and Woodlands Sunny Foods (Singapore) have obtained UTZ certification. Our Group will promote the acquisition of UTZ certification according to demand.



Web For *1 The WCF's Commitment and *2 UTZ certification, see our website.
URL: <http://www.fujioilholdings.com/en/approach/sustainable.html>

Comment from Stakeholder

Ms. Ogata, who is involved in the procurement of cacao beans for chocolate for industrial use, “FLOR de CACAO TUMACO”

One of the key industries in Tumaco, a port town located in southwestern Columbia, is the production of cacao beans. When creating chocolate from the local cacao beans that have been cultivated in this area since old times, I was very surprised by its hidden potential. I thought, “If we develop this cacao properly and improve its quality, we can create more delicious chocolate. Improved quality will bring more value.” So, in cooperation with the CACAO DE COLOMBIA team, I started to provide technical guidance to cacao farmers on cultivation practices. We have also provided credit assistance to farmers to enable them to convert their crops into cash as early as possible, feedback on evaluation results, and taste education to help them engage in cacao production with peace of mind as well as confidence and pride.

Delicious chocolate can only be created through the mutual efforts of both of us. I communicate a lot with farmers producing cacao beans for FLOR de CACAO TUMACO,



Cacao producers in Tumaco, Columbia

to let them know better about the Japanese market.

I hope that Japanese people will taste chocolate made from beans produced in Tumaco, and give their feedback to producers. This will help to maintain and improve crop quality, leading to the brighter future of Tumaco cacao. I expect Fuji Oil Group members to draw out the deliciousness of Tumaco cacao and to communicate customers' voice to us.

Profile

Joint manager of CACAO DE COLOMBIA S.A.S. Cacao hunter[®] who travels the world to search for high-quality cacao beans. In 2003, she began technical consulting services on chocolate and cacao on a freelance basis. In addition to being involved in chocolate development projects in Japan, she also provides technical guidance on chocolate development and crop quality improvement in cacao-producing countries.



Cacao Hunter[®]
Ms. Mayumi Ogata

Soybean

Stable procurement of non-GMO soybeans

The Fuji Oil Group procures only non-genetically modified (non-GMO) soybeans. As for procurement of soybeans produced in North America, strict control has been in place to ensure that soybeans shipped from the region are non-GMO. We visit North America every year to inspect production, storage and transport conditions to verify that the non-GMO soybeans shipped to us are managed properly by being segregated from GMO soybeans.

Jilin Fuji Protein (China, hereinafter JFT) started external purchasing of defatted soybeans in 2011. JFT purchases defatted soybeans from suppliers implementing segregation management located in Jilin and Heilongjiang Provinces, major production areas for soybeans, and accepts soybeans after

conducting GMO analysis.

In the past, growing GMO soybeans was prohibited in China, but in recent years, GMO soybeans grown outside China have been imported as raw materials for oil extraction. In November 2013, JFT obtained IP certification* to strengthen management. The highest priority future task is to ensure stable and sustained procurement of non-GMO raw materials.

*IP certification: Non-GMO Supply Chain Certification



Soybean farm

Follow-up report for stakeholder dialogue with experts

We reported to the experts who participated in the stakeholder dialogue held on June 23, 2014 regarding our follow-up to the opinions posted in the dialogue. We received comments from them on our follow-up activities, as summarized below.

* For details of the stakeholder dialogue held in 2014, see page 24 of Fuji Oil Group Sustainable Report 2014.



Stakeholder dialogue held in 2014

Comments from stakeholders About Fuji Oil Group's efforts toward sustainable procurement

The agenda of this year's Elmau summit included a topic on “responsible supply chain management.” The G7 advanced countries, located at the farthest downstream end of the supply chain, are required to strive to promote labor rights, decent working conditions and environmental protection, by exercising their responsibility and influence as key players in global supply chains. It is becoming common knowledge for general consumers in Europe and North America that cacao beans, palm oil and shea all of which are the Fuji Oil Group's key raw materials and for which sustainable procurement is promoted have a high risk of causing labor or environmental problems in the production areas located the farthest upstream. In Japan, where such awareness is still low, the Fuji Oil Group has been promoting sustainable procurement steadily, while taking a positive approach to business partners as a B-to-B company. I think highly of the Group's efforts. In Japan, there is a growing interest in ethical consumption such as Fairtrade goods and organic products, and I feel that sustainable procurement will become the essential strategy for business growth. I expect that, as a leading company for sustainable procurement in Japan, the Group will evolve its sustainable procurement initiatives involving customer manufacturers and consumers.



Ms. Mariko Kawaguchi
Chief Researcher
Research Division of Daiwa
Institute of Research Ltd.

I highly appreciate the Fuji Oil Group as the Group is implementing sustainable procurement as an intermediate food ingredients manufacturer to meet the expectations of consumers and stakeholders.

This sustainability report includes an article about Fuji Oil Group's community contribution activities through purchasing traceable cacao beans. CocoaAction, launched in 2014 by the World Cocoa Foundation, measures, as key performance indicators, the number of child laborers working in cocoa production and the percentage of children attending school in Ghana and Côte d'Ivoire, which produce around 60% of the world's cocoa. I expect the Group to contribute to solving social problems, including child labor in cocoa production, and to increase procurement of sustainable raw materials, which support the ethical product development of manufacturers who purchase the Fuji Oil Group's ingredients.



Ms. Yuka Iwatsuki
President
Action against Child
Exploitation (ACE)

In response to the experts' comments on our follow-up activities

As a corporate group that uses limited resources such as palm oil and cacao beans, we consider it essential to promote efforts to protect the environment and human rights. As pointed out by Ms. Kawaguchi and Ms. Iwatsuki, in addressing environmental

and human rights issues, it is important for us to work together with our business partners and consumers. We seek to respond sincerely to social demands and coexist harmoniously with society by promoting sustainable procurement.

CSR and Risk Management Group Fuji Oil Holdings Inc.



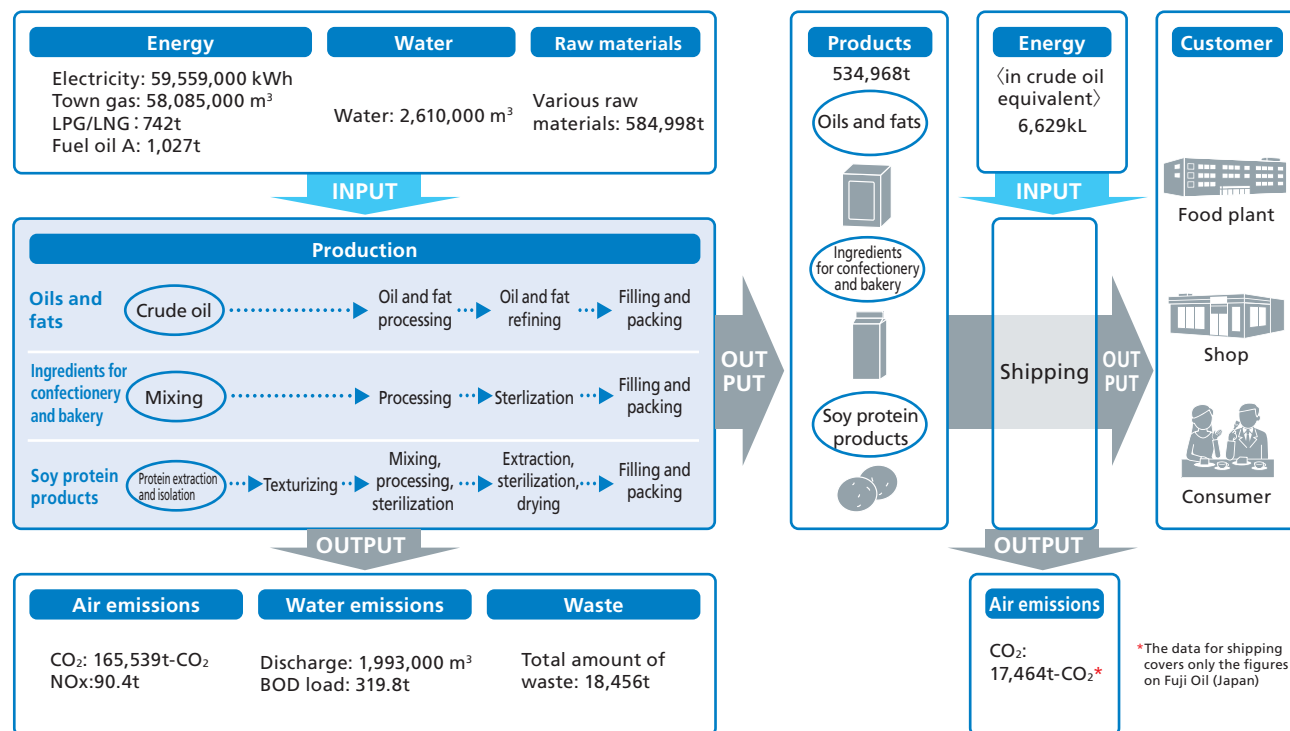
Practicing Sustainable Management – Six Priority Themes—

Environment

The Fuji Oil Group pursues its business activities in accordance with the Fuji Oil Group Basic Environmental Policy, which was established based on its management philosophy. In 2014, We set forth the Fuji Oil Group Basic Policy of Safety, Quality and Environment, and have been striving to achieve the Environmental Vision 2020.

FY2014 targets/results & Environmental Vision 2020 [Self-evaluation criteria] ○Targets achieved △Targets not achieved but improved ✕Not improved					
Items	Content	FY 2014 results	Environmental Vision 2020 Progress	FY 2014 evaluation	Environmental Vision 2020
Promotion of energy saving (in Japan)	Reduction of CO ₂ emissions	4.8% reduction from the previous year	10.6% reduction	○	20% reduction (compared to base year: mean value of the period 2003-2005 [Tokyo Cap and Trade Program]) Degree of achievement as of FY 2014: 53%
Reduction in the amounts of water usage and discharge (in Japan)	Reduction in the amount of water usage	3.9% reduction from the previous year	19.4% reduction	○	20% reduction (compared to base year: mean value of the period 2003-2005 [Tokyo Cap and Trade Program]) Degree of achievement as of FY 2014: 97%
	Reduction in the amount of water discharge	3.2% reduction from the previous year	19.4% reduction	○	
Reduction of waste (in Japan)	Reduction in wastes	Recycling rate of 99.82%		○	Recycling rate of at least 99.8% Degree of achievement as of FY 2014: 100%
Promotion of energy saving (outside Japan)	Reduction in CO ₂ emissions	1.1% reduction from the previous year	27.8% reduction	○	20% reduction (compared to FY 2006 levels) Degree of achievement as of FY 2014: 100%

Overview of environmental impact of Fuji Oil (Japan)'s business activities



Environmental management

Progress of the Environmental Vision

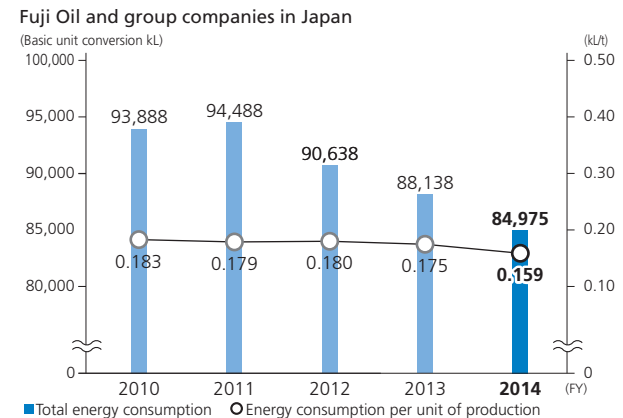
In 2010, the Fuji Oil Group set forth the Fuji Group Environmental Vision 2020, which includes targets for reducing CO₂ emissions and the amounts of water usage/discharge by 20% from base year levels (mean value of the period from 2003 to 2005) by the year 2020. Our environmental protection efforts are promoted to achieve these targets. In FY 2014, group companies in Japan reduced CO₂ emissions by 10.6% and the amount of water usage by 19.4% from the base year, making a steady progress toward the Environmental Vision. We will continue efforts to introduce energy-efficient equipment when replacing production equipment, promote daily energy-saving activities, and reducing the amounts of water usage and discharge. As for the group companies outside Japan, CO₂ emissions in FY 2014 decreased by 27.8% from the base year, significantly surpassing the set target. To further reduce CO₂ emissions at group companies outside Japan, we set a target for each group company.

Energy-saving efforts

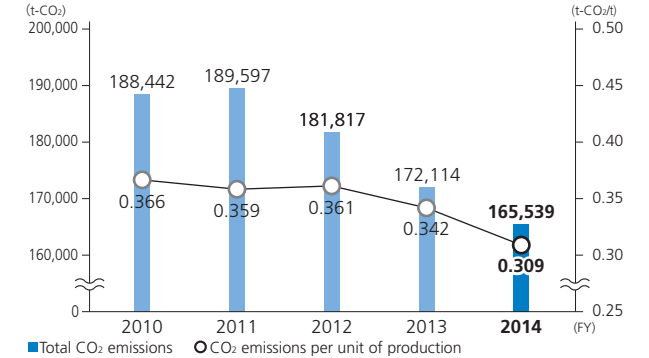
In FY 2014, CO₂ emissions from Fuji Oil (Japan) and group companies in Japan were about 165,539t-CO₂, down 4.8% from the previous year, despite a 6.2% increase in production volume. CO₂ emissions per unit decreased significantly by 9.4%. Steady efforts to introduce energy-saving equipment and promote energy-saving activities have made progress toward achieving the targets of the Fuji Group Environmental Vision 2020.

CO₂ emissions from group companies outside Japan were 350,334t-CO₂, down 1.1% from the previous year, and down 27.8% compared to 2006 levels. We will continue to take various measures to reduce CO₂ emissions, including fuel conversion and installation of cogeneration facilities.

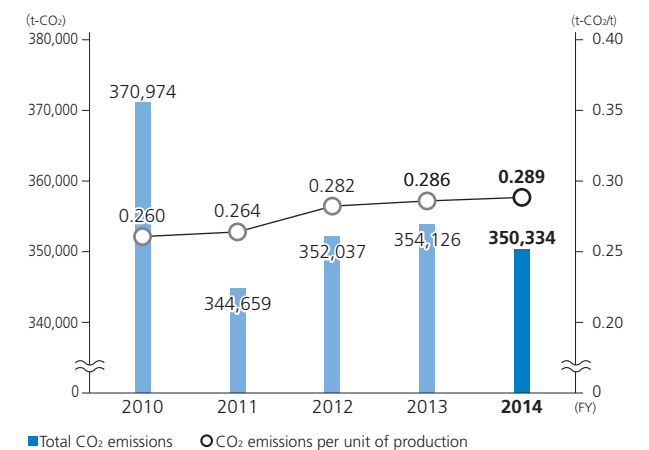
Total energy consumption (crude oil equivalent) and energy consumption per unit of production



Total energy consumption (CO₂ emissions equivalent) and energy consumption per unit of production



Group companies outside Japan



Reduction of CO₂ emissions through development of production technologies

Further promotion of heat recovery (Efforts by group companies in Japan)

The Fuji Oil Group has promoted energy-saving by recovering waste heat from equipment and by conducting heat recovery through multi-effect evaporation. However, since there is a limit to the amount of waste heat recovered separately from each piece of equipment or process, we have introduced Pinch Technology to optimize the heat balance of the entire plant, and started to design a new plant and review the equipment composition of the existing plants. As a result of changing the equipment composition, one of our plants achieved a 15% reduction in annual energy consumption, from 1,942 kL to 1,662 kL. We will strive to save energy by reviewing the equipment composition of the existing plants through the use of Pinch Technology.

Introduction of energy-saving vacuum system for the deodorization tower

In FY 2014 Fuji Oil (Japan) introduced an energy-saving vacuum system for the deodorization tower in the Hannan Business Operations Complex, following the Chiba Plant in FY 2013. This new energy-saving vacuum system reduced annual energy consumption by more than 50%, from approx. 2,200 kL (crude oil equivalent) to approx. 1,000 kL.

The annual amount of water discharge also decreased significantly from approx. 16,600 m³ to approx. 3,000 m³. This energy-saving vacuum system creates a vacuum by using a refrigerator, i.e. electricity, although the previously used vacuum system was driven by steam.

We plan to install this energy-saving vacuum system in all existing deodorization towers, as well as newly constructed deodorization towers.

Energy consumption and water discharge amount before and after replacement

	Energy consumption kL/year	Water discharge m ³ /year
Conventional system	2,200	16,600
New system	1,000	3,000
Difference	-1,200	-13,600
(Results)	-54.5%	-81.9%



New energy-saving vacuum system for deodorization tower installed at the Hannan Business Operations Complex

In 2005, Fuji Vegetable Oil (U.S.) commenced operation of a new deodorization tower equipped with an energy-saving vacuum system. It is expected that this energy-saving vacuum system will not only significantly increase production capacity, but also reduce steam consumption by over 20% and the amount of water discharge by 20%, both on a per unit production basis.

Reduction in CO₂ emissions during transportation

Fuji Oil (Japan) has been promoting a modal shift to railway transportation to reduce CO₂ emissions during transportation. In FY 2014, per unit CO₂ emissions during transportation slightly increased from the previous year due to increased in-house transportation volume. Railway freight volume in FY 2014 decreased by 1,608 tons from the previous year, but was 124 tons above the target of 21,353 tons.

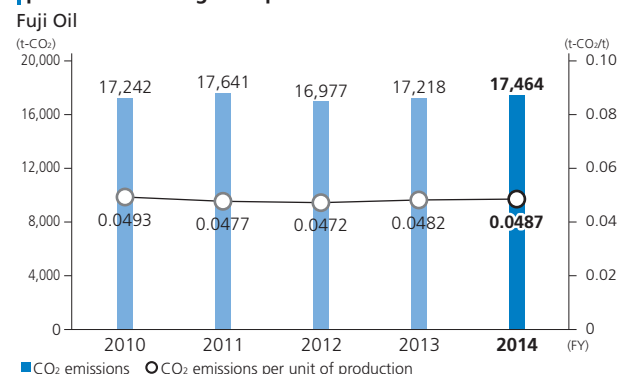
Since FY 2013, we have been certified as an Eco Rail Mark company. The Eco Rail Mark system is promoted by the Ministry of Land, Infrastructure, Transport and Tourism and the Railway

Freight Association. An Eco Rail Mark is granted to companies that use railway freight transportation, which is environmentally friendly, above a certain volume. The mark helps consumers choose environment-conscious companies. As of February 27, 2015, a total of 87 companies, including Fuji Oil (Japan), were granted Eco Rail Mark certification.

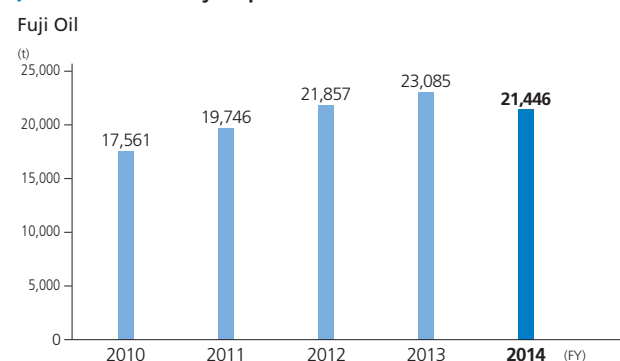
In FY 2015, we plan to use trailers with larger freight capacity for in-house transportation. We will continue our efforts to reduce CO₂ emissions from transportation.



Total CO₂ emissions and CO₂ emissions per unit of production during transportation



Volume of railway shipments



Water resources conservation

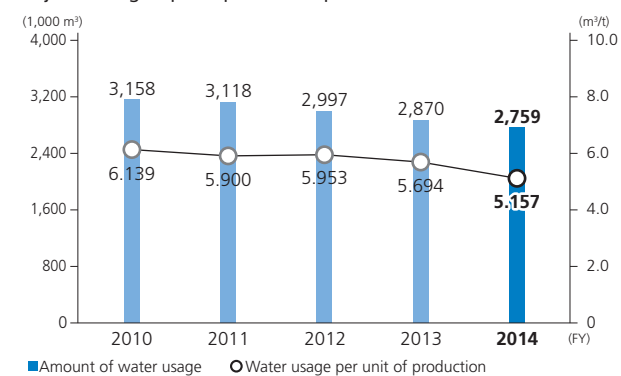
The amounts of water usage and discharge decreased at group companies both in and outside Japan

In FY 2014, the total amount of water usage at Fuji Oil (Japan) and its group companies in Japan was about 2,759,000 m³, a 3.9% reduction from the previous year, and the amount of water usage per unit of production decreased by 9.4%. The total amount of water discharge decreased by 3.2% compared from the previous year and the amount of water discharge per unit of production also decreased by 8.8%. These results are attributable to the steady water saving efforts at each plant.

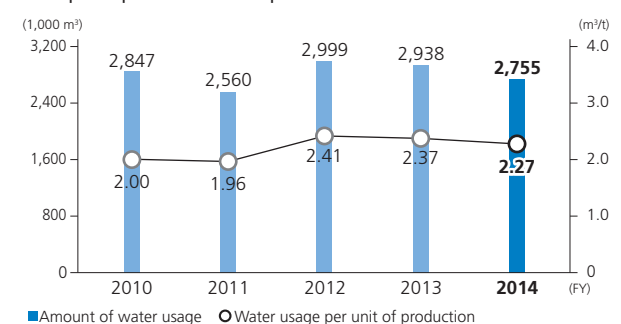
The amount of water usage at group companies outside Japan in FY 2014 decreased by 6.2% from the previous year. The amount

Annual water usage and water usage per unit of production

Fuji Oil and group companies in Japan

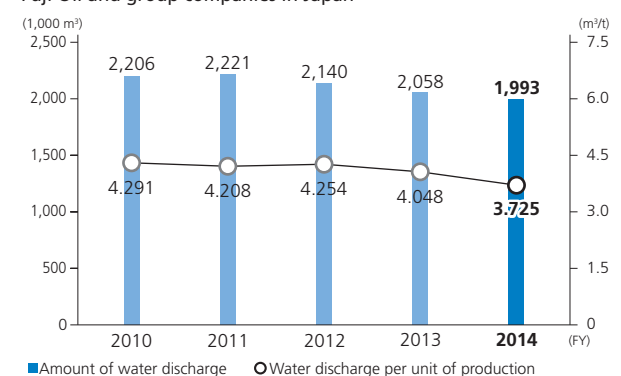


Group companies outside Japan

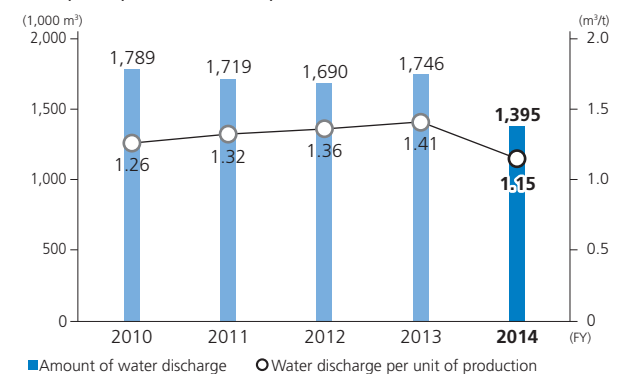


Annual water discharge and water discharge per unit of production

Fuji Oil and group companies in Japan



Group companies outside Japan



of water usage per unit of production in the year declined by 4.2%. Meanwhile, the total amount of water discharge and the amount of water discharge per unit of production decreased significantly from the previous year, 20.1% and 18.4%, respectively.

Waste reduction and recycling

The amount of waste slightly decreased in Japan and significantly decreased outside Japan

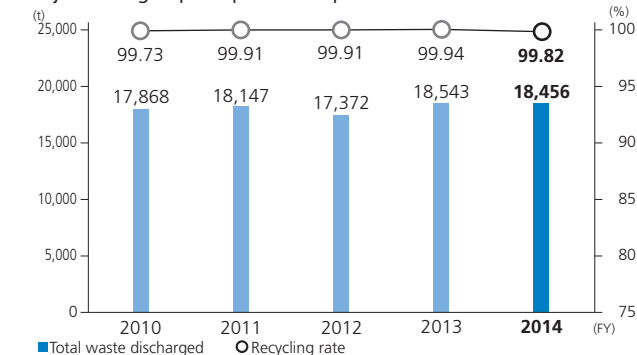
In FY 2014, the total amount of waste discharged by Fuji Oil (Japan) and group companies in Japan was 18,456 tons, 0.5% less than the previous year. This result is due to the continuous steady efforts of the production and marketing divisions to reduce product waste through inventory management improvement.

Since FY 2012, we have recycled combustion residue and ash into raw materials for cement. The recycling rate for our operations in Japan has been maintained at a high level, standing at 99.82% in FY 2014.

In FY 2014, the total amount of waste discharged at group companies outside Japan significantly decreased by 32.5% from the previous year, and the amount of waste discharge per unit of production also fell significantly by 33.2% from the previous year. These results are because in FY 2014 changes were made so that waste that can be transformed into valuable resources are not included in the calculation of waste generation. The final disposal rate was 3.2% in FY 2014, compared to 2.9% in FY 2013.

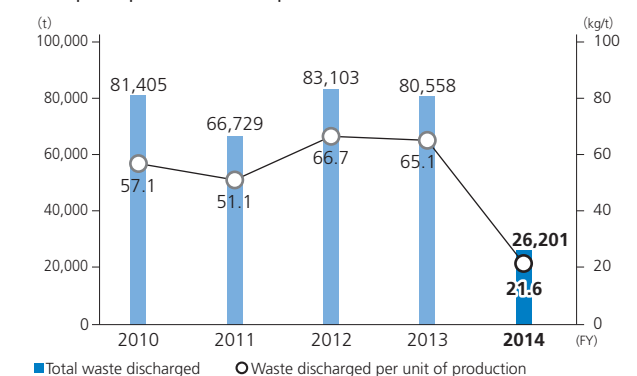
Total waste discharged, recycling rate and the amount of waste discharge per unit of production

Fuji Oil and group companies in Japan



Total waste discharged and the amount of waste discharge per unit of production

Group companies outside Japan





Practicing Sustainable Management—Six Priority Themes—

Hitozukuri (Fostering People)

Based on the idea that human resources are our most important assets, the Fuji Oil Group has established policies on human resource and human rights. Furthermore, the Group has been focusing on the development of global human resources, as a core strategy to achieve “Global Management,” one of the basic policies of the Midterm Management plan. At the same time, we are promoting the reform of personnel system.

FY 2014 targets/results and midterm targets				
[Self-evaluation criteria] ○Targets achieved △Targets not achieved but improved ✕Not improved				
Items	FY 2014 targets	FY 2014 results	FY 2014 evaluation	FY 2017 targets
Development of global human resources	Implement the “global human resource development program” aimed at developing and leverage globally competitive human resources through group-wide educational activities.	1. As in the previous year, employees were dispatched outside Japan (five employees to three countries) under Trainee Progeam outside Japan. 2. As in the previous year, the Global Talent Workshop was conducted (for locally-hired employees of group companies outside Japan) (20 participants from 8 countries). 3. The Fuji Global Executive Training Program (12 attendees) was conducted.	○	1. Develop leaders who will lead the execution of global strategies. 2. Develop individuals who can practice Fuji Oil Group's Management Policy/philosophy and Code of Conduct. Degree of achievement as of FY 2014: 30%
Diversity and work-life balance	(Japan) 1. Expand the eligible employees of the flexible working hour system. 2. Increase the childcare leave-taking rate among male employees. 3. Aim to achieve a female manager ratio of 3%.	(Japan) 1. Made all employees, excluding shift workers, eligible to apply for a flexible work arrangement. 2. Achieved 15% in FY 2014. 3. Achieved female manager ratio of 3% (including newly assigned ones).	○	(Japan) 1. Reduce actual work hours through improvement of work efficiency and task reconsideration. New target 2. Implement the “limited regular employees” system. New target 3. Achieve female management ratio of 5%. Degree of achievement as of FY 2014: 68%

Human Resources Policy

Basic Philosophy

The Fuji Oil Group has established its Human Rights Policy and Human Resources Policy, based on the idea that human resources are the company's most important assets. In line with these policies, to enable highly motivated employees to play an active

role in Fuji Oil Group's global operations, we support them from both educational and work environmental aspects. We are working to create a workplace where each employee can display his or her ability to the fullest. This will lead to improved quality of our products and our services and the growth of our company. By doing so, we seek to be a group company trusted by society.

Development of globally competitive human resources

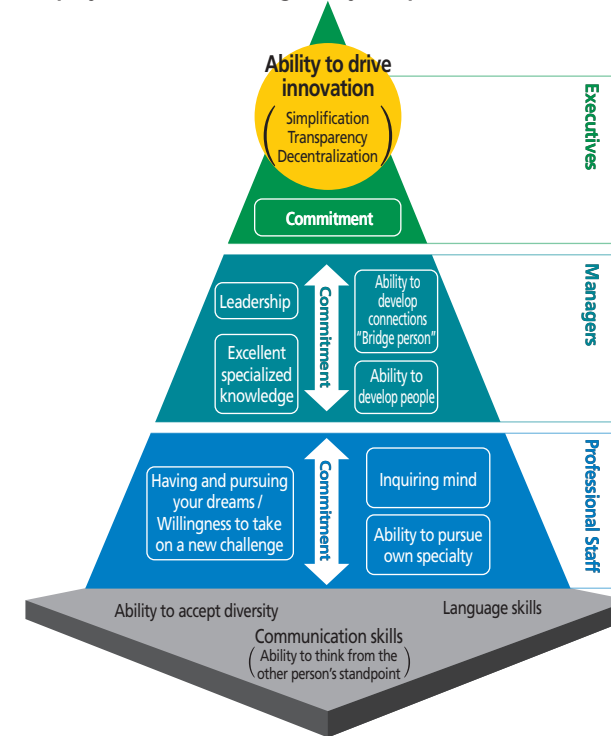
The Fuji Oil Group upholds “Promotion and acceleration of global management” as one of the basic policies of its Midterm Management plan. We consider the development of global human resources as the key to achieving global management. Based on the belief that the growth of individuals leads to the growth of the company, we hire and develop diverse human resources across the group companies, regardless of nationality and gender, and work to build an environment where talented individuals can enjoy challenging and rewarding careers.

Development of the next-generation global leaders

In FY 2014, we launched the Fuji Group Executive Training Program to develop future executives and leaders who will contribute to improving the Group's global competitiveness. We plan to provide

Fuji Group Management Training Program to all managers, starting with upper-level managers. We will develop future leaders in core functions, through these Training Programs.

Skills and abilities that the Fuji Oil Group expects its employees to have to be globally competitive



Continuous implementation of the overseas training program

Since FY 2011, Fuji Oil (Japan) has conducted an overseas training program for young employees, with the aim of fostering employees capable of taking an active role in our global operations. Under the program, selected employees are sent to group companies outside Japan for training for about six months.

In FY 2014, a total of five employees participated in this overseas training. The participants were exposed to different cultures and diverse perspectives through language training and on-the-job training in their specialized fields. They also communicated Japanese technologies and way of thinking to local staff members. Of the 28 trainees who participated in the program from FY 2011 to 2014, seven are currently working at group companies outside Japan by making full use of their experience and knowledge gained from overseas training. In FY 2015, we will review the content of the training program to foster and secure the talented



A program participant posing with Fuji Oil Europe (Belgium) staff members

human resources necessary for global management.

Personnel system reform

To survive fierce global competition, Fuji Oil (Japan) has reformed its personnel system for managers. The new personnel system is effective from FY 2015. The reform is based on four pillars: salary system reform, creation of new career paths, personnel evaluation system reform, and promotion of human resource development. In the salary system reform, we have abolished the ability-based grade system and replaced it with the job-based pay system, in which remuneration is based on job content and value to the organization. The job-based pay system is more flexible and convincing to employees.

As for career paths, we have created new career pathways to enable managers to pursue their specialized fields and concentrate on operational reforms. We will be able to more easily take talented individuals from both in and outside the company.

In the personnel evaluation system reform, we have changed the evaluation system so that each department might have achieved or not the management goals is directly linked to evaluation. We intend to strengthen our corporate competitiveness by clarifying further the manager's responsibility for the attainment of the goals. As for human resource development, we have included “degree of achievement of human resource development targets” as one of the most important performance evaluation criteria for managers. In the era of diversification, requirements for managers are getting increasingly more sophisticated and complex. We will strengthen our human resources—our most important and precious asset—by ensuring that all managers recognize their responsibility for human resource development.

TOPICS

Endowed lectures held in ASEAN countries

To support the “ASEAN-Japan Cooperation Project for Human Resource Development in Food-related Areas through Partnership with Universities in ASEAN Region,” jointly implemented by the Ministry of Agriculture, Forestry and Fisheries of Japan (MAFF) and ASEAN Secretariat, the Fuji Oil Group conducts endowed lectures for students in agricultural universities in ASEAN countries to help develop human resources who will serve as bridges between the food industry in Japan and ASEAN countries. In January 2015, an endowed lecture was held at Kasetsart University in Thailand. In the Q&A session, participating students asked various questions, such as health problems from oils and fats, and by-product processing at palm oil mills. The participants' enthusiastic and serious attitude was very impressive.

Following the lecture in Thailand, Fuji Oil Asia (Singapore) also held endowed lectures in Malaysia and Indonesia. Toward further development of the food industry in the ASEAN region, we will continue to contribute to the region not only through our business activities, but also through human resources development.



Promotion of diversity and work-life balance

Employing diverse human resources

The Fuji Oil Group is actively promoting diversity so that we can quickly and flexibly respond to changes in the external environment while incorporating diverse attributes, values and ideas.

In line with its policy of reinforcing operations outside Japan, Fuji Oil (Japan) has recruited people of various nationalities as long as their skills and capabilities meet its business needs. Employees with foreign nationalities are working in various fields such as research and development, planning and administration. In FY 2015, three new foreign nationals were hired.

We have also introduced a reemployment system for older workers that allows employees who reached retirement age to extend their employment to age 65. Those wishing to work under the reemployment system are interviewed before retirement so that their new labor conditions reflect their preferences as much as possible. In FY 2014, 16 employees reached retirement age, and all of the 11 who chose to utilize this system continue to work for Fuji Oil (Japan).

We have actively promoted the employment of handicapped people. For that purpose, we have been taking part in meeting sessions held for people who have difficulties in finding employment. In FY 2014, handicapped people accounted for 2.02% of our workforce.

We have also been actively promoting the empowerment of women. With the aim of achieving the target of female managerial position ratio of 7% by FY 2020, we are working on the training and development of female employees. As of April 2014, women filled 3.1% of total managerial positions at the company.

Introducing childcare/nursing care support systems that surpass the standards required by law

We have worked to improve the childcare and nursing care support systems, to enable all employees to continue to display their abilities. As part of such efforts, a flexible working hour system was introduced in FY 2014, and a new rule was created in FY 2015 to allow employees to take their accumulated paid leave for family care. In some sections of the R&D division, the discretionary working hour system has been introduced on a trial basis. Fuji Oil (Japan) was awarded the Kurumin Mark for three consecutive years, a certification for companies complying with childcare support standards. To prevent a discrepancy between systems and actual status, we have also worked to create an environment where employees can use these systems easily. As a result, childcare and nursing care support systems have become widely used by employees, and the childcare leave-taking rate among female employees was 100% in FY 2014.

Promoting the taking of paternity leave

Fuji Oil (Japan) has been actively promoting the taking of paternity leave since FY 2009. In FY 2014, as part of efforts to create a working environment where working fathers can take childcare leave and then return to work without difficulty, individual interviews were conducted between eligible employees and their supervisors. Other activities undertaken during FY 2014 include: presentation of case examples of male employees taking childcare leave, and preparation and distribution of materials for explanation of the paternity leave system. As a result of these activities, the paternity leave taking rate went up to

15% in FY 2014. We will continue awareness raising activities.

Childcare and nursing care support through introduction of welfare services

In FY 2015, Fuji Oil (Japan) introduced welfare services focusing on childcare and family care, to help reduce employees' physical, mental and financial burden of providing childcare and nursing care. The welfare services include maternal support for new mothers after delivery of babies, nursing care consultation, and compensation for expenses for the use of services.

TOPICS

Follow-up seminar held for employees returning to work after childcare leave

The percentage of female employees taking childcare leave in FY 2014 was 100%. However, the workplace and home environment surrounding returning employees varies from person to person, and not all mothers can return to work under perfect conditions. Under the theme of "continuing active career," a seminar was held with participation by more than 90% of the spouses of returning employees and their supervisors. An active exchange of opinions was conducted about various issues, including problems at the workplace, returning employees' awareness, and support system at home.



Company-wide recognition and promotion of the Fuji Active Network (FAN)

The Fuji Active Network was launched in 1998 as a project to promote diversity and work-life balance. With the aim of creating a workplace culture that provides everyone with an equal opportunity to display their abilities, FAN is working to support employees to balance their work and family responsibilities such as childcare and nursing of elderly relatives and to raise employees' awareness. Other activities of the FAN include: publishing the "Life Plan Support Handbook," which contains information on the company's childcare support systems and public child-rearing support services, and the "Nursing Care Support Handbook" which provides information on nursing care services; introducing the self-reporting system; and planning and conducting various seminars.



Life Plan Support Handbook (left) and Nursing Care Support Handbook (right)

For more detailed information, including about the Executive Mentor Program, Comeback Entry Program, Corporate Culture Committee, expansion of job responsibilities, see the "Hitozukuri (Fostering People)" section on our website. URL: <http://www.fujioilholdings.com/en/approach/human.html>



Practicing Sustainable Management—Six Priority Themes—

Risk Management

The Fuji Oil Group established the Risk Management Committee in March 2013 to minimize various risks that may arise from global business operations. The Committee and the Compliance Committee were integrated into the Risk Compliance Committee in May 2014. The new committee has been comprehensively working on risk management and compliance for the entire Group.

FY 2014 targets/results and midterm targets				
[Self-evaluation criteria] ○Targets achieved △Targets not achieved but improved ×Not improved				
Items	FY 2014 targets	FY 2014 results	FY 2014 evaluation	FY 2017 targets
Risk management	1. Develop regulations regarding response to emergency situations on business operations. 2. Conduct media response training. 3. Disseminate regulations regarding emergency response to group companies.	1. Developed regulations regarding emergency response. 2. Postponed media response training to next fiscal year. 3. Held briefing sessions for representatives of group companies.	△	1. Report the results of risk assessment (on the risk management table) to top management and define how to respond to important risks and future plan. 2. Make arrangements regarding initial response to an emergency and conduct media response training. Degree of achievement as of FY 2014: 30%

Promotion of risk management

The Fuji Oil Group is promoting "Risk Management," in which factors that inhibit the achievement of business plans and targets are identified and countermeasures are taken before they arise, and "Crisis Management," in which attempts are made to minimize losses from a sudden and major incident and ensure business continuity.

Specifically, the Risk Compliance Committee conducts a crisis review once a year and reports the results to the board of directors. In FY 2013, we identified priority risks and created a risk map to visualize all company-wide risks including strategic risks. In FY 2014, we reviewed the risk management process and created a "risk management progress management table," and set about introducing the table throughout the group.

In FY 2015, in addition to establishing a PDCA cycle for operating the risk management progress management table, we plan to develop and implement countermeasures for risks related to business strategies, based on the corporate governance code which took effect in June 2015.

Preparation of business continuity plan (BCP*) based on the scenario of a major disaster

Fuji Oil (Japan) has formulated the "Earthquake Business Continuity Plan" and the "Policy for Disaster Response Headquarters of Fuji Oil" to provide procedures for the continuation and early resumption of business operations in

the event of a major disaster.

From FY 2015 we will implement specific measures, including reviewing seismic diagnosis and preventing equipment from toppling over.

*BCP: Business continuity plan

Information security

Promoting technical support

As part of efforts to reform work style, Fuji Oil (Japan) is promoting the introduction of tablet terminals mainly to field sales personnel. By using thin client technology and virtualization technology, we are trying to enhance user convenience while further improving information security.

Thorough employee education

Fuji Oil (Japan) provides information security and compliance education each year to promote the proper use of information equipment and raise information security awareness among employees. More specifically, members from the Information System Department visit each business site to provide on-site lectures. In FY 2014, a total of 12 lectures were held. We will continue to provide on-site lectures in FY 2015.

Structure supporting sustainable management

Corporate governance

Corporate governance has become more important in line with the progress of globalization. Under these circumstances, the Fuji Oil Group is working to strengthen corporate governance, which is fundamental for business activities, including adhering to the Corporate Governance Code introduced in June 2015 and reviewing its governance structure under the holding company structure, to which it shifted in October 2015.

Establishment of corporate governance

The Fuji Oil Group's basic policy for corporate governance is to ensure highly transparent and healthy management and to continue to boost shareholder value. To this end, we are working to increase business efficiency, promote rapid decision-making, disclose information in a timely manner, upgrade the organizational structure, and improve compliance.

We are actively committed to the Corporate Governance Code, which went into effect in June 2015, keeping in mind the purpose of the establishment of the code and its basic policy.

To adhere to the Corporate Governance Code, we have set the basic policy as follows:

"Basic Policy for Corporate Governance (excerpt)"

1. Relationship with shareholders

We will set policies concerning the improvement of a structure to promote constructive dialogue with shareholders and efforts to do so.

2. Cross-shareholding

When we hold listed shares as cross-shareholding, we will set and disclose policies concerning cross-shareholding, and also devise and disclose standards for ensuring appropriate responses to the exercise of voting rights related to the cross-shareholding.

3. Information disclosure

To realize effective corporate governance, we will disclose information on the following:

1) management planning, 2) corporate governance guidelines, 3) policies and procedures to determine directors' remuneration, and 4) policies and procedures to nominate candidates for board members and auditors.

4. Structure of the Board of Directors

We will appoint two or more independent outside directors.

5. Criteria of selecting candidates for board members and auditors
We will set and disclose the criteria and procedures for selecting candidates for board members and auditors. Regarding auditors, we will appoint one or more person(s) who has (have) appropriate knowledge about finance and accounting.

Since we shifted to a holding company structure in October 2015,

we have worked to further enhance the corporate governance structure by promoting effective separation of supervision of management and execution.

Dialogue with shareholders and investors

The Fuji Oil Group focuses on IR activities, placing emphasis on dialogue with shareholders and investors.

To facilitate communication between the management and shareholders and investors, we hold informal gatherings of shareholders, where the management and shareholders can communicate directly with each other, after general meetings of shareholders. We also conduct small meetings and individual meetings with institutional investors.

To help shareholders gain a better understanding of our business activities, we work to improve the way to outline the business activities on the website or in notices of annual meetings of shareholders and handouts, and we have adopted a voting rights exercise system using the Internet to boost convenience.

On the website, we are trying to disclose information in a timely and fairly manner even to shareholders and investors that cannot participate in these meetings and other events.

In July 2015, we conducted a small meeting on the theme of efforts in Environmental, Social and Governance (ESG) issues. In the meeting, Mr. Hiroshi Shimizu, President & CEO of the holding company, gave a presentation concerning our views on ESG and specific efforts, and then exchanged views with investors. We intend to actively pursue dialogue with investors through opportunities like this in the future.

Compliance

We, at the Fuji Oil Group, comply with laws and regulations and internal policies and rules to perform our daily work, and act with a strong sense of ethics. We believe that this enables us to meet the expectations of our shareholders, business partners, customers, and other stakeholders. As a guideline to implement this policy, we have been working to spread the Code of Conduct of the Fuji Oil Group throughout the Group.

In FY 2015, we formulated the Fuji Oil Group Business Ethics Guideline (Green Book), which were translated into seven different languages, and began working to have the Code of Conduct shared by all Fuji Oil Group employees. We are also developing compliance programs related to corruption prevention laws and competition laws, of which there is an increased risk of violation, especially in foreign countries, based on a risk-based approach. We will also promote the improvement of global compliance programs in the future.



Green Book

From Outside Directors

The Fuji Oil Group has worked hard to achieve the position it holds today, though it has not appeared on the center stage of the food industry in Japan. In the process of acquiring this position, employees and former employees of the Group have made continuous marketing efforts to appeal to customer companies. I am enormously impressed with their efforts. However, we have to remember that we have been able to achieve this success in the situation where Japan's population is on the rise.

It is said that Japan's population will certainly decline, when looking ahead 10 or 20 years. This is a serious matter for food manufacturers. Given that there is a potential for a decrease in the amount of food eaten by people, in particular, in association with the arrival of a super-aging society, we should recognize that the situation is more serious than we realize.

The issue related to population structure is troublesome because it is gradually coming upon us. If the situation drastically changed in a day, everyone would be poised to cope with the change. However, we cannot easily feel change that comes slowly. Even if we know in our mind that the situation is gradually changing, we tend to place priority

on daily tasks and lose the last possible chance to respond to the change.

Fortunately, the management of the Fuji Oil Group faces up to the issues that are difficult to recognize on a daily basis, and takes a bold and proactive approach to deal with the issues. The acquisition of Harald (Brazil), and the shift to a group holding company structure are part of their efforts. I would like to indirectly support the globalization of the Fuji Oil Group, so that the Group can complete its ongoing reformation and can be said to be a good model of aggressive governance.

Kazuhiro Mishina
Outside Director,
Fuji Oil Holdings Inc.
Professor, Graduate School of Business
Administration, Kobe University



In the progress of globalization, Japanese companies are forced to face the issue of how to spread their own business beyond national boundaries, strengthening their governance. Assuming the office of Outside Director of Fuji Oil Holdings Inc. in FY 2015, I recognize that the Fuji Oil Group is unflinchingly addressing the issue. Although it is only recently that the Group has acquired Harald (Brazil), it has promoted globalization for a long time. Regarding Fuji Oil Europe (Belgium), an affiliated company in Europe, for instance, the Group first set up a joint venture with a local company, and then acquired all the shares of the venture company to ensure the stable procurement of raw materials and to grasp the needs of the European market. To manage these overseas affiliated companies, the Group promotes the spread of its management policy and sustainability, focusing on localization in terms of recruitment of human resources and operations. The Group is also working to enhance the group strategy function and effectively separate management from execution through the introduction of a holding company structure in FY 2015.

Globalization may be enhanced in the future with the aim of gaining access to unknown areas to create new businesses and develop new products, rather than that of ensuring a stable supply and developing new markets. The Group may have to try to form an alliance with overseas venture companies, although Japanese companies have not been good at this. I will work to be able to make a considerable contribution in such a phase.

Noriko Taji
Outside Director,
Fuji Oil Holdings Inc.
Professor, Department of Markets
and Management, Faculty of Business
Administration, Hosei University



Structure supporting sustainable management

Contributions to local communities

The Fuji Oil Group thinks it's important to wish for the development of people, local communities and societies around the world and live together with them. Each group company promotes CSR activities, considering what it can do for society under the theme of "food," "health," and "happiness."

Japan

Implementation of a hands-on nutritional education program to learn the importance of food

Since FY 2014, Fuji Oil (Japan) has promoted a nutritional education project targeting elementary school students to convey the importance of food and the relationship between society and food to children, who are responsible for the next generation, in cooperation with the non-profit NPO After School. The project was launched at the suggestion of working mothers in the company. The program consists of two components: "After-school snack-making" and "Classroom study," in which participants learn environmental issues surrounding soybeans and food resources through practical experience and by enjoying games, respectively. We will continue to actively work on the project to ensure that children learn the importance of food in an enjoyable format.



A staff member of Fuji Oil (Japan) teaching the importance of food

Research promotion by the Fuji Foundation for Protein Research

Fuji Oil (Japan) established the Research Committee of Soy Protein Nutrition in 1979. The activities of the Committee were taken over by the incorporated foundation Fuji Foundation for Protein Research in 1997, which was established in that year, and were recognized as a public service by the Cabinet Office in April 2012. The Fuji Foundation for Protein Research provided research grants to 36 studies in FY 2014, and adopted 32 studies in the open recruitment in FY 2015. Since the establishment of the Foundation, grants have been awarded to a total of 980 studies. The Foundation also focuses on holding lectures open to the public to spread study results. In FY 2014, a public lecture was held in Sendai City. In a research report meeting held in May 2015, participants engaged in active discussions and interactions concerning the results of grant-aided studies. We will continue to support and contribute to the operation and development of the Foundation.



Venue for the public lecture held in Sendai City

Outside Japan

Support for the Ghana Water, Sanitation and Hygiene Project

Since 2014, Fuji Oil Europe (Belgium) has supported the purpose of COLISO GHANA, a community organization, and has assisted the organization. It has supported the provision of health education and safe potable water through COLISO GHANA, so that people in Ghana can live healthy and happy lives. In 2014, it assisted an operation to dig wells. We hope to continue to provide on-site support for Ghana through COLISO GHANA in the future.



Offering safe potable water to people in Ghana

Study award concerning soybeans

3rd commendation ceremony held in Thailand

Fuji Oil (Japan) has presented the study award concerning soybeans "TDA* Soybean Study Award" annually in Thailand since 2012. In Thailand, professional education in the field of nutrition science and the training of nutritionists are more strongly promoted than in other Southeast Asian countries. There is great enthusiasm in Thailand for spreading nutrition science in Southeast Asia. Having a long-standing culture of eating soy milk, the country aims to contribute to proposing and spreading new soybean processed foods made by Thai people for Thai people through this award as a company that promotes a "Soybean Renaissance." In April 2015, a commendation ceremony was held to award prizes to 14 studies, including a clinical study and a study on creation of recipes using soybeans in traditional Thai dishes and desserts.

* TDA: Thai Dietetic Association



Sampling party at the 2015 TDA Soybean Study Award

Third-party opinions

In September 2015, the United Nations General Assembly adopted the post-2015 Sustainable Development Goals, which the international community should strive to achieve by 2030. Among these goals, there is increasing global interest in the resolution of issues related to food, such as eradication of hunger, improvement of nutrition, sustainable agriculture, and reduction by half of food waste. Meanwhile, the food value chain, which is established on a global scale, from producing areas to consuming areas, contains various risks in terms of the environment, labor, human rights, and safety. Companies involved in food are strongly required to be socially responsible in both of these aspects. In addition, I believe that the Fuji Oil Group assumes a huge role to play as a manufacturer of food ingredients. With this in mind, I will offer my opinion about the Sustainability Report 2015 of the Fuji Oil Group.

Firstly, I will comment on sustainable management, which is one of the basic policies of the Midterm Management Plan. In the "Interview with President & CEO" provided at the beginning of the report, President & CEO Hiroshi Shimizu conveys a powerful message that sustainable management is the ultimate goal. I think that this shows the enthusiasm of the Fuji Oil Group. The report also clarifies the achievements against the targets of FY 2014 and their achievement level against the Midterm Management Plan in the six priority areas: "Creation of foods", "Safety, security and quality of foods", "Sustainable procurement", "Environment", "Hitozukuri (Fostering People)", and "Risk Management". If the indices in these areas are quantified as much as possible, this will help make the achievements and progress of the efforts to meet the targets more understandable.

Secondly, I will explain about the soy protein business, which is one of the pillars of sustainable management.

The world's population is expected to reach 9.5 billion in 2050. The Fuji Oil Group is focusing on the soy protein business to ensure a stable supply of vegetable protein in the future. I believe that this is a very important approach. I hope that the branding of premium soy milk products developed using the USS manufacturing method, which was developed by the Group, will lead them to be more widely used as new products or in restaurants. It should be fully recognized that the Group is facilitating the domestic production of soybeans, even though only part of the soybeans are targeted. Japan's self-sufficiency in soybeans is 6% (sources: documents from the Ministry of Agriculture, Forestry and Fisheries in FY 2013), which is very low. Although domestically produced soybeans may be much more expensive than those imported from overseas, I would like the Group to continue to support soybean farmers and encourage interactions

between people in farming and mountain villages and those in urban areas to promote sustainable agriculture in Japan.

Thirdly, I would like to make a remark about sustainable procurement.

The Fuji Oil Group mainly uses cacao beans, palm oil, and shea as its core raw materials. These raw materials are produced in developing countries. At production sites, environmental issues, and human-rights and labor issues, such as child labor and forced labor, are likely to occur. In some cases, it is reported that accelerated investment in agriculture in developing countries has led to a large-scale production of soybeans, which has had a negative impact, such as land grab against local farmers and environmental destruction. I highly appreciate the ongoing efforts made by the Group to establish sustainable procurement and traceability, placing emphasis on global certification systems and promoting dialogue and cooperation with stakeholders in a wide range of areas. I hope that the Group will disclose information on how to cooperate with suppliers and supply partners as a raw material supply manufacturer. Although the acquisition of certification is a big step toward sustainable procurement, that is not enough. I would like the Group to continue to foster dialogue with local stakeholders and share information with NGOs and related institutions, being always aware of global-scale issues, including deforestation, reduction of biodiversity, and child labor.

Regarding consideration for diversity and safety of food, I appreciate the ongoing efforts of the Fuji Oil Group regarding halal and kosher food as a global company. Recently, diversity has become an important keyword in Japan. I believe, however, diversity cannot take root in society without respect for different cultures, religions, and eating habits. I hope that the Group will strengthen its efforts for diversity in the future.

Lastly, the regulations on the use of trans fatty acids by the United States Food and Drug Administration made headlines in Japan. This has raised concerns among many Japanese people. I hope that the Fuji Oil Group will be diligent about disclosing information on its efforts and policies concerning the use of trans fatty acids.



Ms. Kaori Kuroda
Executive Director,
CSO Network Japan
(Area of expertise)
Participation in communities
and development of
communities



Contact information

CSR and Risk Management Group Fuji Oil Holdings Inc.

Daibiru Honkan Building, 3-6-32 Nakanoshima, Kita-ku, Osaka 530-0005

Phone: +81-6-6459-0703 Fax: +81-6-6459-0711

URL: <http://www.fujioilholdings.com/en/contact.html>



This brochure uses eco-friendly soy ink and waterless offset printing.