

# Sustainability Report 2016

【Mission = Our reason for being】

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

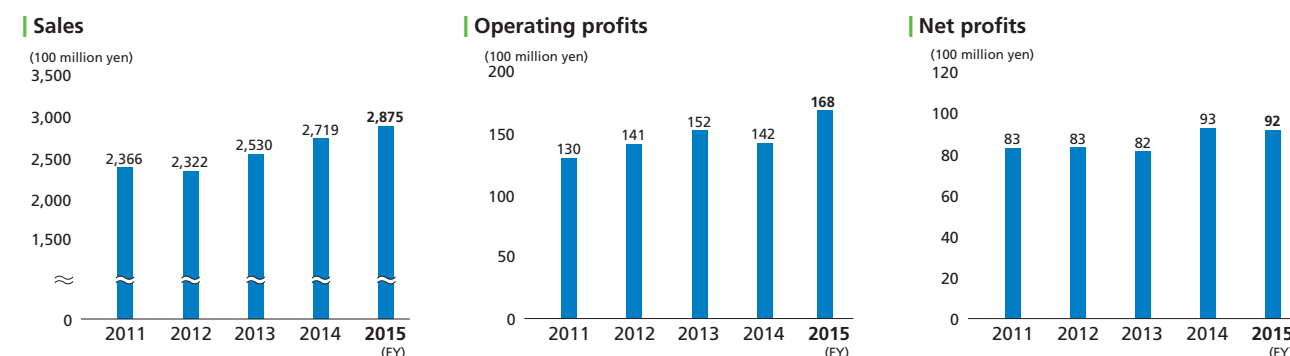
We will contribute to the happiness and well-being of  
the people by offering delicious and healthy food.

## 【Summary of the Fuji Oil Group】

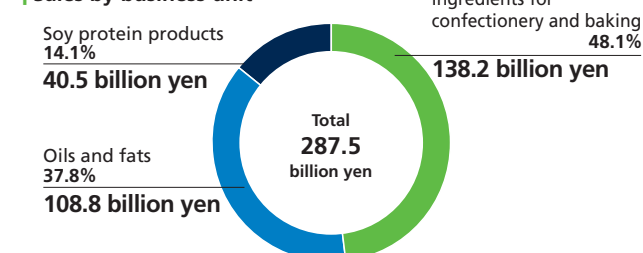
### Company profile

Company name:	Fuji Oil Holdings Inc.	No. of employees (consolidated): 5,141
Location of Head Office:	Daibiru Honkan Building, 3-6-32 Nakanoshima, Kita-ku, Osaka	(Group companies in Japan: as of the end of March 2016)
* Registered address of Head Office:	1 Sumiyoshi-cho, Izumisano-shi, Osaka	(Group companies outside Japan: as of the end of December 2015)
Established:	October 9, 1950	Subsidiaries/Associated companies:
Capitalization:	13,208 million yen (as of the end of March 2016)	28 consolidated subsidiaries, 4 non-consolidated subsidiaries and associated companies accounted for under the equity method (as of the end of March 2016)
President and CEO:	Hiroshi Shimizu	

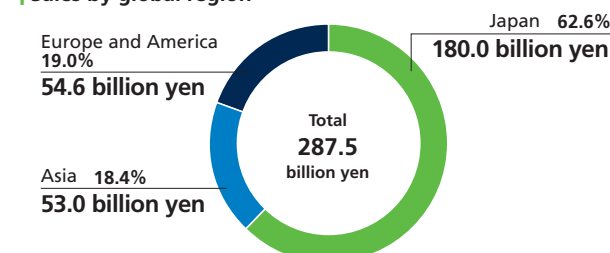
### Consolidated financial highlights



#### Sales by business unit



#### Sales by global region



## 【Sustainability Report 2016】

### Editorial policy

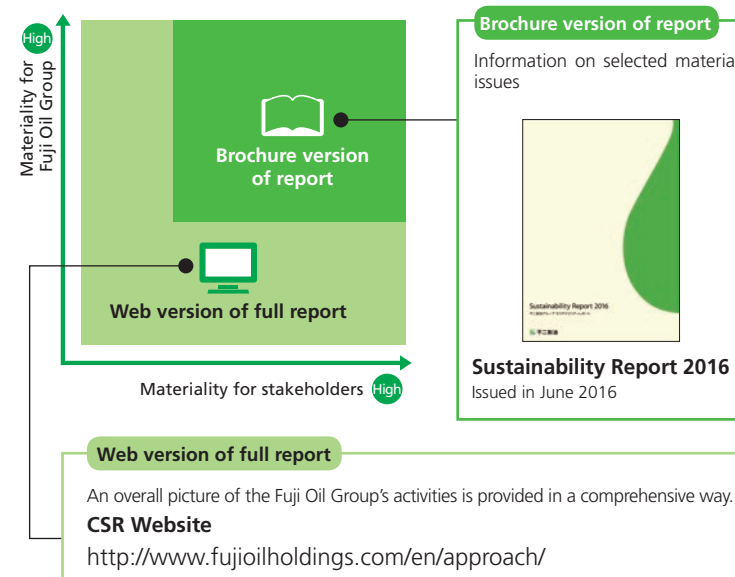
The objectives of this report are to help stakeholders gain a better understanding of Fuji Oil Group's efforts to contribute to the society by creating the future of delicious and healthy foods and to receive feedback from them in order to further improve our activities.

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

This report (brochure version) consists of three parts. The first part, "Our Management", reports our philosophy and structure, based on which we continue to contribute to the society by creating the future of delicious and healthy foods. The second part, "Planning", introduces our medium- and long-term targets set along a time axis based on the "Our Management." The third part, "Results", reports the progress of our activities that focus on six priority themes necessary to contribute to society through business activities.

### Reporting scope, etc.

- **Reporting scope**  
This report covers the activities of the Fuji Oil Group.
- **Representation of company names**  
In this report, company names are represented as follows:  
Fuji Oil Holdings: Fuji Oil Holdings Inc. (holding company)  
Fuji Oil (Japan): Fuji Oil Co., Ltd. (regional headquarters in Japan)  
Fuji Oil Group/our Group: General term for group companies inside/outside Japan, including Fuji Oil Holdings Inc.
- **Reporting period**  
The report mainly consists of the achievements of Fuji Oil Holdings Inc. and its group companies in Japan in the fiscal year of 2015 (April 1, 2015 to March 31, 2016), and those of overseas group companies in the fiscal year of 2015 (January 1, 2015 to December 31, 2015), but includes some activities and efforts in the past and also recent ones.
- **Month of issue**  
Issued in June 2016 Next report to be issued in June 2017
- **Guidelines for reference**  
The Japanese Ministry of the Environment's Environmental Reporting Guidelines 2012  
The Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, version 4



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# Fuji Oil in society ①From raw materials to customers

## Sources of raw materials

### Main raw materials

**Palm oil** Major producing area: Southeast Asia

Palm oil currently has the highest production and consumption volume of all oils in the world. Palm oil, which is mainly used for food purposes, is extracted from the pulp of palm fruits picked from oil palms. Palm kernel oil extracted from the kernel of palm nuts is mainly used for cosmetics and soap as well as food.



**Cacao** Major producing areas: Africa, Southeast Asia, South America

Cacao, which is the main ingredient in chocolate, is a tree, and the seeds of fruits that grow on the trunk of the tree are called cacao beans. Since the taste of cacao beans varies depending on the producing area and production method, we use and blend different types of cacao beans for each product.



**Soybean** Major producing areas: South America, North America, Asia, Africa

Soybean is a plant that is grown in a wide range of regions, from cool temperate to tropical. Soybean is called "meat of the field" because it is rich in protein, is high in energy efficiency, and environment-friendly.



Procurement

## Fuji Oil

### Research and development

We seek to contribute to the society by creating the future of delicious and healthy foods. The research and development section furnishes the key to the realization of this vision.



We have built an R&D structure in which basic research, product development, and applications development are linked with each other. We are involved in R&D activities to meet customer needs and tackle social issues.

### Production

In the process of production and distribution, we not only work to ensure the safety, security, and quality of foods, but also focus on environmental activities to fulfill our duty as a food manufacturer.



With values common to the entire Group, which focus on safety, quality and the environment, we have built a quality assurance system, in which we are engaged in production and transportation, working to reduce environmental burden, under Fuji Group Environmental Vision 2020.

### Sales

The Fuji Oil Group is anxious to become its customers' best partner by working together with them to resolve food issues and create new values of foods globally.



Most customers of the Fuji Oil Group are finished product manufacturers and wholesalers. We resolve actual and potential issues of our customers and create values by implementing proposal-based marketing activities based on a B-to-B-for-C-oriented marketing strategy.

Shipment

## Customers

Restaurants / Fast food restaurants

Food service industry / Pre-cooked meal industry

Mass retailers / Retailers / Convenience stores

Cake shops / Bakeries

Alcoholic beverage manufacturers / Beverage manufacturers

Confectionery manufacturers

Food manufacturers



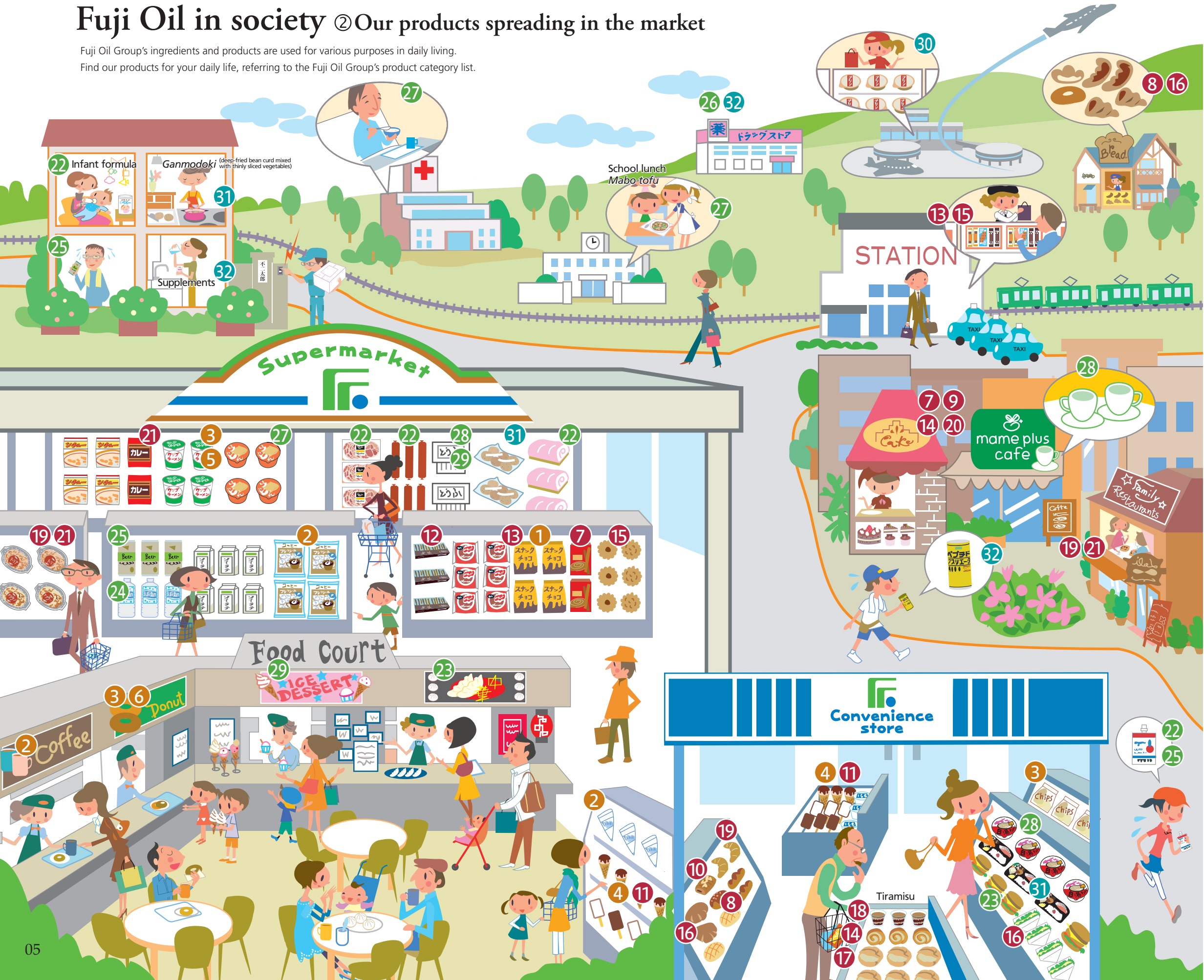
To the market  
P.5/6

Products of the Fuji Oil Group are used by a variety of customers, such as patisseries and convenience stores, as well as manufacturers in various fields.



# Fuji Oil in society ②Our products spreading in the market

Fuji Oil Group's ingredients and products are used for various purposes in daily living.  
Find our products for your daily life, referring to the Fuji Oil Group's product category list.



## Fuji Oil Group's product category list

- Oils and fats products
- Oils and fats

1

Hard butters for chocolate

Used to enhance the functionality of chocolate

2

Confectionery oils and fats

Suitable as fillings and for caramel and cream making

3

Frying and spraying oils

Oils with high stability and unique characteristics suitable for doughnut and snack making, and commercial cooking

4

Fats for frozen confectionery

Used to add a melting mouthfeel or a heavier mouthfeel to frozen confectionery

5

Emulsified/powdered oils and fats

Used to enhance the texture of confectionery and precooked food products, help noodles come off more easily, and improve various cooking operations

6

Lubricating/releasing oils

Vegetable and spraying oils used as lubricants for food manufacturing machinery and as demolding agents

- Ingredients for confectionery and baking
- Chocolate

7

Couverture chocolate

Chocolate with mellow aroma and rich flavor that is made from cacao beans carefully selected from all around the world and processed using our unique technology

8

Coating chocolate / Glazed chocolate

Coating chocolate with a silky shine that does not require a tempering process or a cooling process

9

Ganache

Luxury-grade ganache products made from chocolate and fresh cream

10

Molded chocolate

Easy-to-use chocolate that does not require a melting process

11

Chocolate for ice cream coating

Coating chocolate for ice cream

12

Baked chocolate

Base chocolate for baked chocolate, which can be directly baked and create various mouthfeels

13

Non-tempering chocolate

Requiring no tempering process and suitable for coating chocolates with a long best-before date
- Whipping cream, margarine, fillings, etc.

14

Whipping cream

Cream with a rich milky taste and refreshing after-taste

15

Confectionery margarine

Used to provide a crispy texture to baked confectionery

16

Baking margarine

Made from carefully selected dairy materials, using our unique fermentation technology

17

Fillings

Filling ingredients, including custard cream, chocolate cream, soy milk fillings

18

Fresh cheese-flavored ingredients

Ingredients for desserts, produced using our unique emulsification and fermentation technologies

19

Matured cheese-flavored ingredients

Ingredients with unique functional characteristics, such as the ability to retain their shapes during the baking process and the ability to keep a soft texture when cold

20

Frozen pie and cookie dough

Used as pie and cookie dough

21

Béchamel sauce base/ White sauce

White sauces made from a generous amount of dairy materials

- Soy protein products
- Soy protein

22

Soy protein isolate

Soy protein isolate with gelling and water-retaining properties and capable of improving the texture of food products

23

Textured soy protein

Textured soy protein with high water retention, capable of offering a juicy and meaty texture

24

Soluble soy polysaccharides

Used to stabilize acidic lactic beverages and prevent cooked rice and noodles from becoming sticky

25

Soy peptide

Ingredients with high absorbability, rich in essential amino acids

26

Soy isoflavone/saponin

Isoflavone and saponin extracted from soybean, which have positive effects on health and beauty

27

Soy protein food products

Tasty and nutritionally balanced soy protein food products, such as dried and seasoned deep-fried tofu, ganmo (deep-fried bean curd mixed with thinly sliced vegetables), and frozen tofu

28

Premium soy milk products developed using the USS manufacturing method

Premium soy milk products, such as soy milk cream and low-fat soy milk, produced using the Ultra Soy Separation (USS) manufacturing method for the first time in the world

29

Soy milk ingredients

Soy milk products for industrial use, produced using a new method to remove the green-beany flavor of soybean

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Health foods

Supplements, sports drinks



## TOP INTERVIEW

Interview with President and CEO

# Aiming to become a company that continues to contribute to society by offering delicious and healthy food

清水 洋史

Hiroshi Shimizu  
President and CEO  
Fuji Oil Holdings Inc.



### Implementing management reforms that respond to values that change over time

**Q The Fuji Oil Group shifted to a holding company structure last year. This was one of the most significant management reforms in the history of the Group. Why do you think management reforms are necessary?**

Founded in 1950, the Fuji Oil Group started production later than other oil manufacturers. Since then, we have opened up new fields with the strong belief that we will develop “simply unique” products, and have grown to our present position, building our identity and utilizing our technological capabilities. Our mission is to contribute to the happiness and well-being of the people by offering delicious and healthy food. However, if we continue down the same path, we cannot fulfill our mission.

The population of Japan has been declining, with the advancement of the aging society and a falling birthrate. Consequently, the Japanese market is expected to shrink in the future, not only due to the population decline but also due to the falling birthrate and aging society. Meanwhile, the world’s population is expected to continue to grow to 9.5 billion by 2050, and we are facing pressing issues, such as environmental degradation and resource scarcity. In order for companies to survive in these circumstances, it is necessary to understand the trends of the times, seize opportunities, and conduct business while coping with the changes of the times.

When I talked with Mr. Yoshihiro Murata, the third-generation owner-chef of Kikunoi, a long-established restaurant in Kyoto, who worked to realize the registration of Washoku (Japanese cuisine) on the UNESCO Intangible Cultural World Heritage List, he told me that tradition needs continuous innovation. I understand his words to mean that since values change with the times, companies need to implement innovation in keeping with the changes of the times to survive.

### Contributing to society by offering delicious and healthy food

**Q What does the Fuji Oil Group aim to be through such management reforms?**

When we shifted to a holding company structure, we established the Fuji Oil Group Management Philosophy. In its vision, we state that we seek to contribute to the society by creating the future of delicious and healthy foods using our core technologies in oils & fats and soy. For instance, attention is currently focused on the health effects of cocoa polyphenols in chocolate and soy isoflavones contained in soy protein products. We need to continue to eat healthy food to be healthy, and healthy food should be delicious for us to continue to eat. Moreover, we cannot enjoy eating food unless we are healthy. Thus, the deliciousness of food is closely linked to our health.

Since we live on the earth, we cannot stay healthy if the earth is unhealthy. Unless we maintain the health of the earth amid its growing population, we cannot imagine the future of humanity. Our Group has been promoting Soy Renaissance, which aims to contribute to the health of humans and the earth, making use of the inherent properties of soybean, with its excellent energy, water and protein efficiencies. We are assured that the concept of Soy Renaissance will provide important answers to issues related to the health of the earth and the future of humanity.

By making healthy food more delicious, we intend to contribute to not only the health of people but also the health of the earth. This means that we are engaged in CSR activities through our business operations, and that our Group is conducting business with ESG\* in mind.

### The ultimate goal is “Sustainable Management”, with the keywords of “ESG” and “Diversity”

**Q The Fuji Oil Group focuses on “Sustainable Management,” “Global Management,” and “Technological Management” to become a sustainable company. What is the relationship between these three types of management?**

The three types of management are related to each other, in that Japanese companies should take a market-oriented approach and develop business on a global scale to survive sustainably, and in that the strategy for global expansion is “Technological Management.” The keywords to promote these three types of management are “ESG” and “Diversity.”

Companies are required to address global-scale issues and social needs, in order to make their presence acknowledged in the global society. This means that ESG have become very important governance requirements for corporate management. Moreover, in order for companies to survive and keep winning on a global scale, it is necessary to ensure diversity with different cultural, environmental, and social backgrounds. Our Group conducts business, bearing ESG in mind, and fosters global human resources by promoting diversity. Thus, we aim to contribute to society by offering delicious and healthy food.

### Understanding the value of “Work for people”

**Q What ideas are included in the Fuji Oil Group Management Philosophy?**

The Fuji Oil Group Management Philosophy was formulated so that the values of the Fuji Group could be shared by all our Group employees around the world. In the values stated in the Group Management Philosophy, top priority is placed on “Safety, quality, and the environment.” Although our goal that we will become a company that produces “simply unique” products with a focus on “Speed and timing,” enhancing technological capabilities by continuing “Challenge and innovation”, is the same as before, we have added the new concept of “Work for people.”

To work is to address people’s issues and help resolve their actual and potential issues for them. In other words, to work is to continue to do what offers value to people. This also establishes the value of a company. Accordingly, the purpose of work is not to produce “simply unique” products, but to produce products that are perceived as “simply unique” by people. This leads to the value of “Work for people.”

### Seeking to contribute to society even 50 years later by creating the future of delicious and healthy food

**Q What do you think is important in “Global Management” for the Fuji Oil Group to achieve sustainable growth?**

To make “Global Management” successful, it is important to facilitate localization, so that we can quickly meet the needs of individual countries and regions. The realization of localization requires simplification, transparency, and decentralization, the basis of which is the Fuji Oil Group Management Philosophy. We need to use brief and simple terms to communicate with people with different languages and cultures. In addition, a sense of trust does not develop unless systems and rules are transparent and fair. Decentralization means delegation of authority, which is essential to the advancement of work.

To delegate authority, strong governance is necessary. Accordingly, in our holding company structure, all six regional headquarters and regional representatives, including Fuji Oil (Japan), are horizontally organized.

The major role of the holding company is to provide effective governance. However, since the governance should be provided to help the Fuji Oil Group achieve sustainable growth, it must include strategic factors or strategies for growth. It is also the role of the holding company to ensure diversity to foster global human resources. To continue to grow sustainably, we need technologies that can create the future in 10 years’ time, 20 years’ time, and even 50 years’ time. Accordingly, we established the R&D Division for Future Creation, which is involved in innovation beyond conventional thinking. By promoting these reforms, our Group seeks to become a company that creates the future of delicious and healthy food, looking at the future in 40 years’ and 50 years’ time.

\* ESG: The term “ESG” refers to the “Environment, Social and Governance” factors that shareholders and investors use as criteria for selecting companies.

## Realization of Sustainable Management

### Management of the Fuji Oil Group

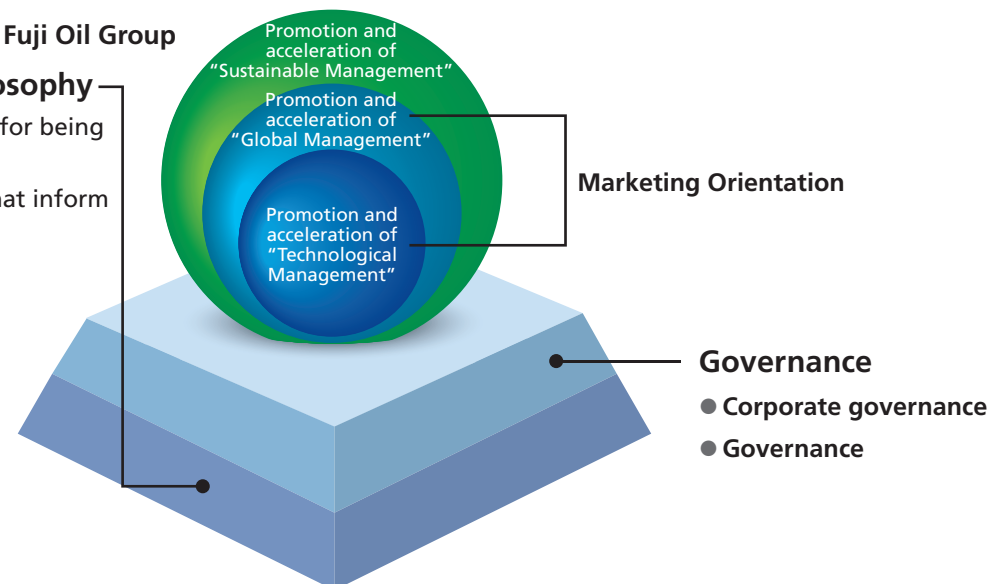
In line with the founding spirit “never wanting to imitate,” the Fuji Oil Group has been involved in business for 65 years, expanding its business globally ahead of other companies, with a focus on technological capabilities. However, we are keenly aware that innovation is essential for us to continue to respond to changing social values, while maintaining our traditional business. Driven by such a sense of crisis, we have been promoting “Sustainable Management,” as shown by the figure below. In October 2015, we established the Fuji Oil Group Management Philosophy to inherit and evolve our “DNA,” which we have always valued since our foundation. The Group Management Philosophy forms the foundation of the management of our Group as principles of action that should be observed by all our Group employees and managers around the world.

In addition, we shifted to a holding company structure in October 2015, in order to enhance governance, including building a risk management and compliance structure. Using the Group Management Philosophy and a corporate governance structure as a business base, we will promote and accelerate three types of management: “Sustainable Management,” “Global Management,” and “Technological Management.” We will further expand our business globally, with a focus on marketing orientation shaped in accordance with the changes of the times and society and using the technological capabilities that we have cultivated as a core. Thus, we aim to realize “Sustainable Management” and to continue to contribute to the society by creating the future of delicious and healthy foods.

#### Management of the Fuji Oil Group

##### Management Philosophy

- **Mission**=Our reason for being
- **Vision**
- **Values**=The values that inform our actions
- **Our Principles**



### CSR vision of the Fuji Oil Group

The Fuji Oil Group's CSR vision is to continue to fulfill the mission of the Group Management Philosophy: “The Fuji Oil Group seeks to develop the potential of food ingredients. We will contribute to the happiness and well-being of the people by offering delicious and healthy food.” We believe that “Work for people,” which is the value shared in the Group Management Philosophy, leads to CSR activities in our business operations. Embracing the founding spirit that champions “never wanting to imitate,” we seek to contribute to the society by creating the future of delicious and healthy foods using our core technologies in oils & fats and soy.

#### The Fuji Oil Group has agreed to and signed the UN Global Compact.

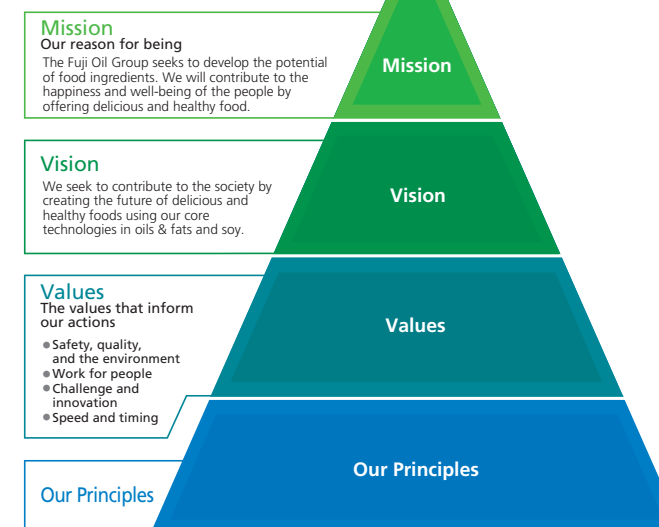
The Fuji Oil Group signed the United Nations Global Compact in January 2013. We are contributing to improving the sustainability not only of our Group but also of the entire society by practicing the ten principles in the four areas of human rights, labor standards, the environment, and anti-corruption.



### Establishment of the “Fuji Oil Group Management Philosophy”

The Fuji Oil Group Management Philosophy states principles of action that should be observed by all our Group managers and employees around the world, in order for our Group to achieve sustainable growth, inheriting the “DNA” of our foundation and fulfilling our social responsibilities.

#### Fuji Oil Group Management Philosophy



### Background of the establishment of the Group Management Philosophy

In order for our Group to continue to grow sustainably, it is essential to conduct global management in which we further expand our business globally, focusing on group management, as well as to maintain the current business. To conduct global management, we need to foster a corporate culture in which we continue to have a spirit of challenge and innovation, while keeping the ability to unify organizations. Under these circumstances, we were keenly aware that we should embark on innovation, and innovation required us to reorganize our universal philosophies that form the basis of our Group and to share them beyond the boundaries of nationality and generation. Thus, we established the Group Management Philosophy.

#### Processes to the establishment

We selected representatives with a strong passion for the growth of our Group from individual operation bases, and held a series of discussions with them about what the Fuji Oil Group is, what it should aim at, and what values it should share, over about six months from March 2015. We then carried out a questionnaire survey to form a consensus transcending nationalities, generations, occupational categories, and official positions, and built up the Group Management Philosophy with concerted efforts.

Please visit our website to see the full version and concept video of the Fuji Oil Group Management Philosophy.  
<http://www.fujioilholdings.com/constitution/index.html>

### Sharing of the Management Philosophy

The Group Management Philosophy acts as a guide for all our Group employees to share the vision of what we aim at and what values are important for our action, inheriting our “DNA,” which has been passed down through our 65 years of history. The spreading of the Group Management Philosophy will enable our Group employees to share values and review their actions in the light of the Group Management Philosophy. Consequently, we will promote a change in consciousness and personal development for further growth.

The Group Management Philosophy should be the authority on which our Group employees can rely when they have problems. To make the Group Management Philosophy more familiar to all employees, we are trying various measures, including choosing more appropriate wording when translating it into relevant languages and distributing pocket size tools to make it available to all employees.

#### VOICE

##### Our thoughts about the establishment of the Group Management Philosophy and future aims

**Sumiko Sawada**  
 Manager, Business Strategy Group,  
 Fuji Oil Holdings Inc.



I participated in the formulation of the Group Management Philosophy. Our various thoughts are included in each and every word in the Group Management Philosophy. For instance, the phrase “the happiness and well-being of the people by offering delicious and healthy food” has a meaning of “making people smile and be healthy.” The term “making people smile” reflects our desire to draw a smile from local people by offering our delicious food. I believe that it is important for us to incorporate the Group Management Philosophy into our daily business operations, hold a series of discussions in the light of it, and share it.

#### VOICE

##### “Challenge and innovation” and “speed and timing” leading to the maintenance and growth of our business

**Weiming Goh**  
 Senior Sales Manager, Oils & Fats Department  
 FUJI OIL ASIA PTE. LTD.



Our Group Management Philosophy has created various values through decades of experience. Personally, I focus on “challenge and innovation” and “speed and timing,” as these two values are at the top line and critical to bringing business to ever higher levels. In Asia, we are doing business in dynamic and rapidly developing countries, so it is important to continue to create customer value by improving quality, efficiency and cost-savings—and we must do this speedily and with the right timing. As a result, we will be able to beat the competition, and sustain and grow the business.



# Governance

The Fuji Oil Group is working to strengthen corporate governance, which is fundamental for business activities, including adhering to the Corporate Governance Code, which went into effect in June 2015, and reviewing the governance structure in a holding company structure, to which it shifted in October 2015.

## Corporate governance

### Response to the Corporate Governance Code

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.

The Corporate Governance Code went into effect on June 1, 2015. In response to this, we checked how we were implementing corporate governance in light of the Corporate Governance Code, and identified issues to be addressed. The Board of Directors then resolved to approve the Fuji Oil Holdings Corporate Governance Guidelines, and submitted the corporate governance report in November the same year. Of 11 items that should be included in the Report, eight items were disclosed in compliance with the Corporate Governance Code, and the remaining three items were not disclosed, with only explanations being provided. The three items are as follows:

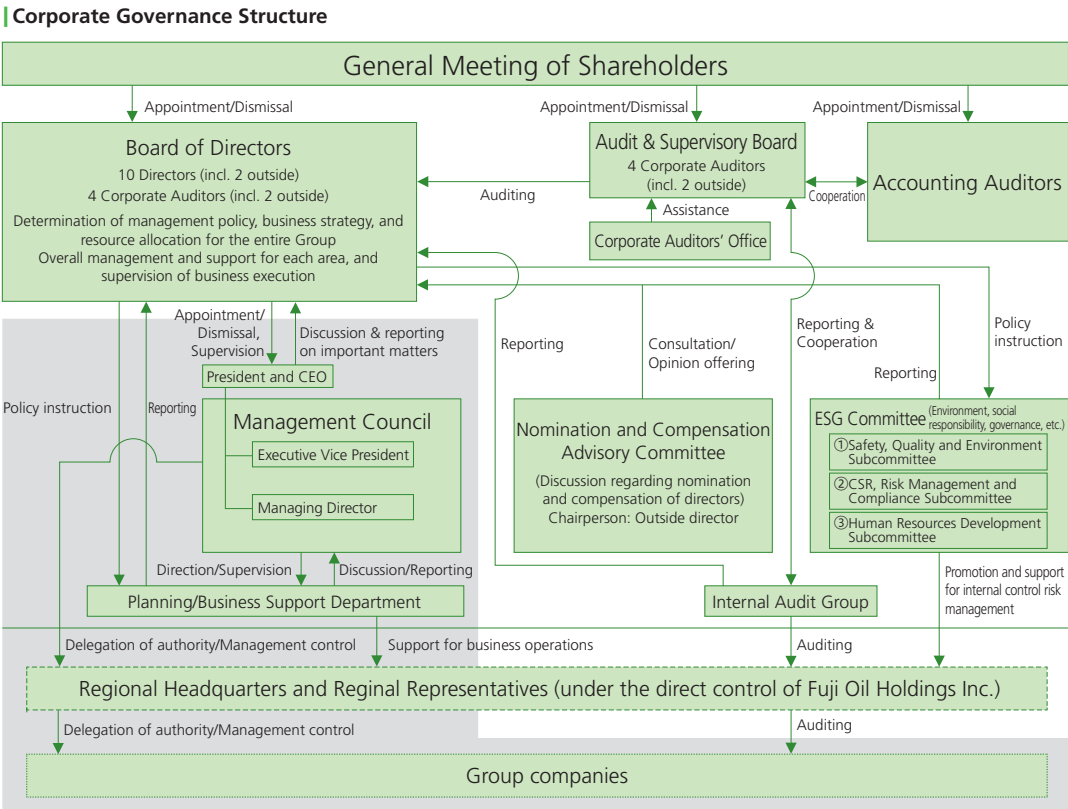
1. Principle 1-4: Cross-shareholdings
2. Complementary principle 3-1 (v): Explanation of the reason for appointment and nomination of individual candidates for directors and corporate auditors
3. Complementary principle 4-11 ③: Analysis and evaluation of the effectiveness of the entire Board of Directors

We plan to examine how to deal with the three items described above in accordance with the Corporate Governance Code and finally make them comply with it.

### Strengthening of corporate governance through the establishment of the Nomination and Compensation Advisory Committee and the ESG Committee

We have established the Nomination and Compensation Advisory Committee and the ESG Committee as voluntary advisory bodies of the Board of Directors to improve and strengthen corporate governance.

The Nomination and Compensation Advisory Committee discusses matters related to compensation of directors and selection of candidates for directors, with an outside director as the chairperson. The ESG Committee consists of the Safety, Quality and Environment Subcommittee, the CSR, Risk Management and Compliance Subcommittee, and the Human Resources Development Subcommittee, which discuss important Group-wide issues related to their own themes.



## From Outside Directors

I have joined the Board of Directors of the Fuji Oil Holdings, primarily to protect the interests of minority shareholders and ordinary employees. The management team and executives may sometimes sacrifice the interests of minority shareholders and ordinary employees by placing too much emphasis on customers and cooperative companies or out of self-protection. My important role is to eliminate such possibility. Accordingly, I intend to take action against the management team and executives whenever necessary, maintaining a certain distance from them.

Even on that premise, I would have to say that I am astonished at how wonderful the way the current management team works. Since having shifted to a holding company structure in October 2015, the Fuji Oil Group has carried out self-transformation at a remarkable speed. Consequently, its business strategies have been appreciably improved. In the area of chocolate for professional use, it has become one of the winners in the global market. At the same time, it promotes Soy Renaissance, a soybean business strategy. Through these strategies, the Fuji Oil Group will create a more brilliant future.

My goal in 2016 is to organize the framework for nomination and compensation of directors. Since both nomination and compensation are important elements that fundamentally affect governance, I will work to contribute to designing systems tailored to the actual circumstances of the Fuji Oil Group upon due consideration, taking advantage of my knowledge of business economics.



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

The Fuji Oil Group has conducted business with the aim of pursuing effectiveness and sociability, while streamlining the management team and inviting outside directors. I feel that its business with a focus on shareholders has entered a critical stage in accordance with the full-fledged shift to a holding company structure. Since business results will be required hereafter, I am bracing myself as a member of the Board of Directors. I assumed the office of an outside director nearly one year ago. Since then, what has captured my interest the most in terms of strategies is that adding "B to C" to "B to B" may not only expand business domains, but also cause a dynamic shift in business models through unexpected interactions and findings. The attempt to develop completely new functional food products and bring them directly to the consumer market may pose a risk to the company. However, if companies in matured countries eagerly desire to launch a truly new business, they have no choice but to take on bold challenges, facing an unknown future. Even if they closely examine their past and collect current information, they cannot find new markets or more precisely predict their future business. They can improve their ability to make decisions toward an unpredictable future and create new markets by implementing new business models through trial and error. This is the theory of business administration called "Effectuation." Although this theory is considered effective for entrepreneurial activities, I believe that it can be also applied to the management of existing companies. I hope that this will be verified by the Fuji Oil Group. I want to keep a close eye on the Group's business together with its employees and shareholders and also to contribute to its business.



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

## Communication with shareholders and investors

We are actively promoting information disclosure to shareholders and investors to maintain management transparency and achieve accountability.

To facilitate direct communication between shareholders and the management, we held an informal gathering of shareholders after the general meeting of shareholders in June 2015. We are also trying to disclose information to shareholders who cannot participate in general meetings of shareholders and events in a timely and fair manner. Specifically, we work to improve the way to outline our business activities on the website or in notices of general meetings of shareholders and handouts. We disclose notices of general meetings of shareholders on the Timely Disclosure network (TDnet)

and our website before dispatching them. An English version of notices is also seen on our website. Regarding voting rights, we have adopted an electronic voting rights exercise system.

For domestic institutional investors, we have held briefing sessions about the second-quarter and year-end settlements of accounts, and since 2015 we have launched conference calls on the days of the first-quarter and third-quarter earnings announcements, in order to enhance IR activities. We are also exchanging views with investors by holding small meetings under themes of high interest to investors, such as ESG and overseas strategies with the participation of the top-level management. In April 2016, we conducted an overseas IR road show. Thus, we are actively pursuing dialogue with investors not only at home but also abroad.

## Governance

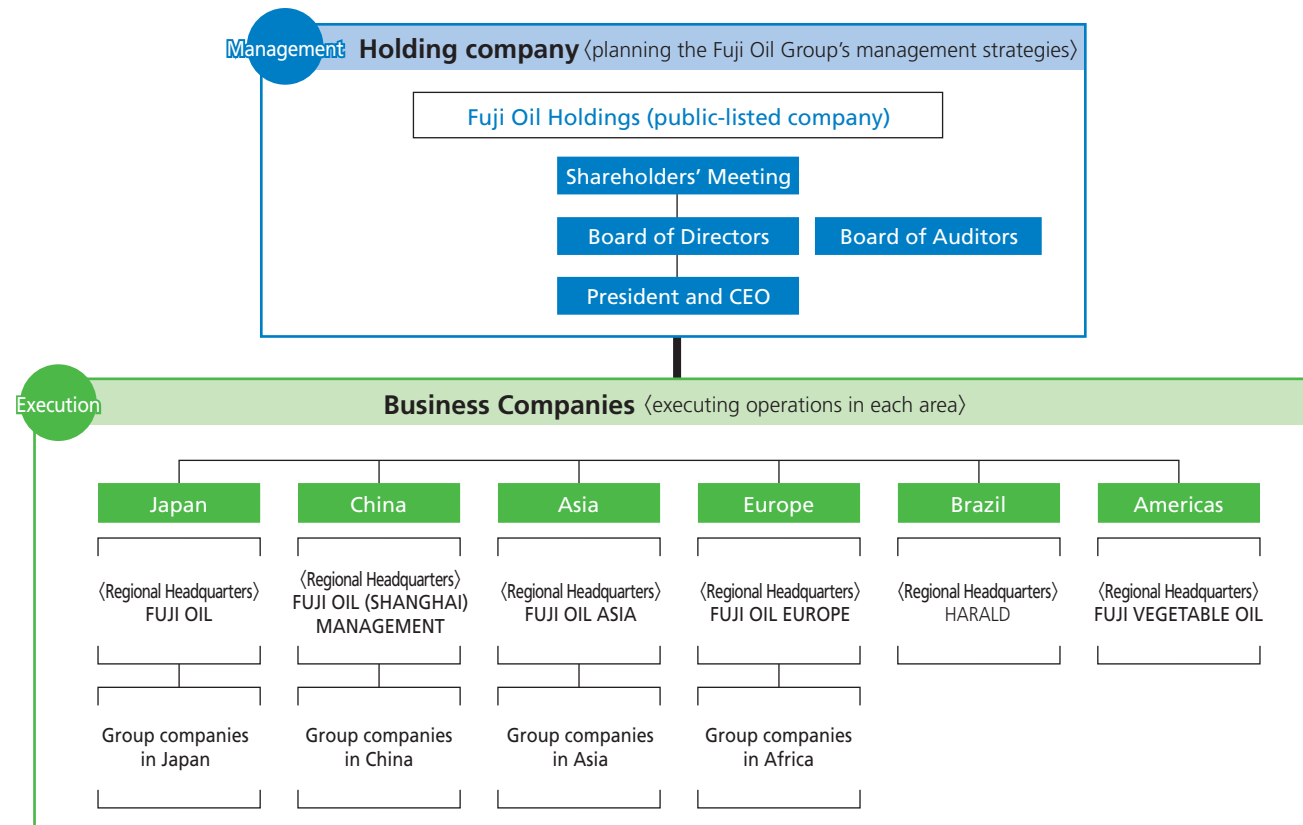
### Holding company structure

On October 1, 2015, the Fuji Oil Group shifted its management structure to a holding company structure under a pure holding company. Under this new structure, we aim to enhance our strategic functionality, achieve sustainable growth, and increase our earning capacity.

#### Purpose of a holding company structure



#### Fuji Oil Group conceptual diagram



## Compliance

### Group Management Philosophy and compliance

We, at the Fuji Oil Group, believe it important to comply with laws and regulations and internal policies and rules and act with a strong sense of ethics in daily business operations. Our basic concept of compliance is included in the Fuji Group Management Philosophy, which was set up at the time when our Group shifted to a holding company structure in October 2015.

#### Efforts for compliance

##### ESG Committee and compliance

In accordance with the shift to a holding company structure, the ESG Committee was established as a voluntary advisory body of the Board of Directors. The committee consists of the Safety, Quality and Environment Subcommittee, the CSR, Risk Management and Compliance Subcommittee, and the Human Resources Development Subcommittee. Regarding promotion of compliance, the CSR, Risk Management and Compliance Subcommittee, poses challenges and discusses them at a management level.

In FY 2015, we were involved in various activities aimed at contributing to spreading and raising the awareness of compliance. The following are representative examples of the measures implemented.

- ①Group training about important laws and regulations and compliance was conducted in individual group companies.
- ②Hotlines (Fuji Oil Group Compliance Helpline) for group companies outside Japan were newly set up and started operation.
- ③Hearings (assessment of the real situation) on the situation of compliance in each area were conducted through visits to major regional headquarters and regional representatives.
- ④Information was provided to employees on the Compliance portal site on the intranet, the contents of which were updated periodically (monthly).



ESG Committee meeting being held

##### Compliance Education

We have continuously offered compliance training to employees to convey our basic concept of compliance and examples of law violation for case study. In 2015, a total of 30 compliance training seminars were conducted in individual departments and group companies in Japan. The training was also conducted in some group companies outside Japan, with local lawyers serving as lecturers.



Compliance training being offered to new employees

##### Whistleblower hotlines set up

In Japan, Fuji Oil Group Whistleblower Hotlines have been set up, in which compliance-related issues of employees of the Fuji Oil Holdings, its group companies, and some subcontracting companies in Japan are addressed by internal staff members or outsiders (lawyers). Although this whistle-blowing system has been conventionally available only in Japanese, a hotline system for group companies outside Japan (Fuji Oil Group Compliance Helpline) available in multiple languages was set up in October 2015.



Fuji Oil Group Compliance Helpline

##### Implementation of fair and equitable trade

In addition to the CSR Procurement Guidelines (2nd edition) (see p.32), guidelines that prevent us from using our dominant position to compel business partners to offer benefits have been set to maintain a healthy and proper relationship with suppliers and outsourcing companies. These guidelines are not only posted on the intranet, but also are dealt with in department training and compliance training to keep every employee informed about them.

##### Fuji Oil Group Business Ethics Guideline

We use the Fuji Oil Group Business Ethics Guideline, which is available in seven languages, as a tool to explain our principles of action in the Fuji Oil Group Management Philosophy. We have also formulated an anti-corruption manual as part of the improvement of global compliance programs, and have started to roll out the manual in regional headquarters and representatives.



Fuji Oil Group Business Ethics Guideline



# Global issues and six priority themes

## Global issues seen from the perspective of the Sustainable Development Goals (SDGs)

In September 2015, the Sustainable Development Goals (SDGs) were unanimously adopted by 193 member states at the United Nations Sustainable Development Summit held at the UN Headquarters. The SDGs set forth 17 goals and 169 targets to be achieved on a global scale by 2030.

The 17 goals, which have been chosen by more than seven million representatives from a wide range of sectors constituting society, can be seen as a microcosm of global issues. To achieve the SDGs for the sake of everyone on the earth by 2030, it is required to take action in every sector around the world.



## Six priority themes to contribute to society through business activities

The Fuji Oil Group aims to contribute to society through business activities. After closely examining and classifying what we can do through business activities to help achieve the SDGs, which are a microcosm of global issues, we have decided to focus

on the following six priority themes. We seek to contribute to society and the resolution of global-scale issues through business activities by focusing on these six priority themes.

Six priority themes	
<b>Goals of SDGs</b> <div>2391217</div>	<b>Creation of foods</b> <div>Value that we can provide to society</div> <p>Under the circumstances where there are various global issues related to food, such as a shortage of food resources, water and nutrition, and obesity, we will address social issues through business activities, taking root in local communities and using our technological capabilities.</p> <p>See P. 23</p>
<b>Goals of SDGs</b> <div>2912</div>	<b>Safety, security and quality of foods</b> <div>Value that we can provide to society</div> <p>Recent incidents of false labeling and food contamination threaten the security of food, which is the basis of life. We will work to build and strengthen a system for the safety, security and quality of foods, setting up the Quality Guidelines, to continue to offer food products that are safe and secure for customers.</p> <p>See P. 27</p>
<b>Goals of SDGs</b> <div>1210121315</div>	<b>Sustainable procurement</b> <div>Value that we can provide to society</div> <p>As a food ingredients manufacturer, we aim to continue to procure ingredients produced sustainably in a stable, fair and equitable manner.</p> <p>See P. 29</p>
<b>Goals of SDGs</b> <div>671112131415</div>	<b>Environment</b> <div>Value that we can provide to society</div> <p>Environment-friendly economic and social activities are required throughout the world. Our Group will be involved in business activities, working to reduce environmental burden as much as possible, with our common value of "Safety, quality, and the environment."</p> <p>See P. 33</p>
<b>Goals of SDGs</b> <div>34581016</div>	<b>Hitozukuri (Fostering People)</b> <div>Value that we can provide to society</div> <p>Globalization increases the necessity for diversity (diversity of human resources). The Fuji Oil Group is engaged in business activities, placing emphasis on promoting diversity and developing future-generation leaders who can play an active role globally.</p> <p>See P. 37</p>
<b>Goals of SDGs</b> <div>91217</div>	<b>Risk management</b> <div>Value that we can provide to society</div> <p>We establish a system through which we can contribute to society in a sustainable way through business activities, by building and continuing to operate a global risk management system.</p> <p>See P. 41</p>

# Top commitments of regional headquarters/regional representatives

To make “Global Management” successful, it is important to facilitate localization, so that we can quickly meet the needs of individual countries and regions. The Fuji Oil Group is promoting the delegation of authority, using the Group Management Philosophy as a core guide.

JAPAN	CHINA	ASIA	EUROPE	BRAZIL	AMERICAS
  <b>Minoru Kimoto</b> FUJI OIL CO., LTD.	  <b>Masataka Minemura</b> FUJI OIL (SHANGHAI) MANAGEMENT CO., LTD.	  <b>Tatsuaki Hirosawa</b> FUJI OIL ASIA PTE. LTD.	  <b>Bernard Cleenewerck</b> FUJI OIL EUROPE	  <b>Ernesto Ary Neugebauer</b> HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS S.A.	  <b>Andrew Bunger</b> FUJI VEGETABLE OIL, INC.
<b>Social issues and concerns in your area</b> 1) Acceleration of aging and population decline (shortage of human resources) 2) Acceleration of aging and increase of people suffering or likely to suffer from lifestyle-related diseases 3) Shortage of dairy resources (domestic raw milk production: 8.5 million tons in the year 2000 → 7.5 million tons in the year 2013) 4) Reduction of greenhouse gas emissions 5) High social need for safety and security	<b>Social issues and concerns in your area</b> 1) Diversity (westernization) of food culture 2) Increasing the interest of consumers in health, food safety and security 3) Aging problem in China	<b>Social issues and concerns in your area</b> 1) Expectations for the country's high growth rate in Asia against the backdrop of a high population growth rate and a low average age of the population 2) Human-rights and environmental issues associated with the development of palm oil plantations	<b>Social issues and concerns in your area</b> 1) Health issues in Europe, such as obesity that causes diabetes, and cardiovascular disease attributable to an unhealthy diet 2) Strong request for reduction of food waste 3) Gender- and ethnic-equality issues 4) Awareness of global warming issues	<b>Social issues and concerns in your area</b> 1) Small-scale poor farmers 2) Necessity of fair trade 3) Shortage of water in Brazil 4) Support for poor and sick children	<b>Social issues and concerns in your area</b> 1) Response to stricter food standards 2) Expensive landfill charges
<b>E (Environment)</b> Regarding item 3) above, we will offer cream, margarine and cheese ingredients that are produced using limited dairy materials effectively. We also provide delicious soy food ingredients, including USS products. Regarding item 4) above, we will achieve the targets of the Fuji Group Environmental Vision 2020 by implementing more effective production.	<b>Commitment to the Environment (E)</b> We are operating plants, placing top priority on environmental conservation, to become a model company that thoroughly focuses on environmental conservation in China. We have organized a system to ensure environmental conservation in supply areas in Southeast Asia and other regions, from which raw materials used in China are imported, leading other Chinese companies.	<b>Commitment to the Environment (E)</b> In September 2015, we signed a Memorandum of Understanding (MOU) on support for small-scale producers on palm oil plantations with a major palm oil plantation, as a cooperative effort with the NGO Wild Asia. We aim to increase the supply of certified palm oil from small-scale plantations.	<b>Commitment to the Environment (E)</b> Fuji Oil Europe has already made a big effort to decrease energy consumption (>35% saving compared to 2007). We continue these efforts: we install Best Available Technology (BAT) when making new investments; buildings receive new roof insulation to decrease heat loss in winter and to reduce air conditioning use in summer; and we install LED lighting systems in all office buildings.	<b>Commitment to the Environment (E)</b> New wastewater treatment equipment is planned to be completed in the middle of next year. We will use it to reuse water and provide benefits back to local communities.	<b>Commitment to the Environment (E)</b> Fuji Vegetable Oil, Inc. is actively pursuing options to reduce our environmental impact by investigating the possibility of using our bleaching clay in building materials (e.g. bricks) instead of sending it to landfill. If successful, it will not only eliminate a significant source of waste but will also reduce our expenses.
<b>S (Social)</b> Regarding item 1) above, we will respond to the acceleration of aging and population decline from the perspective of diversity and work-life balance. • Maintaining and improving a post-retirement re-employment system • Increasing the opportunity for women to take a lively part in society and introduced a work-at-home system in April Regarding item 2), we will develop delicious and healthy food ingredients to contribute to society.	<b>Commitment to Society (S)</b> We will contribute to Chinese society by offering delicious and healthy food. We will also contribute to producing delicious breads and cakes in tune with the westernization (diversity) of food. Moreover, through the provision of delicious soy protein food products, we will help elderly and sick people in China consume more protein and help them maintain and enhance their health by having them consume protein on a daily basis.	<b>Commitment to Society (S)</b> In 2015, we established the Asia R&D Center in Singapore with a mission to contribute to local communities by offering delicious and healthy food. In the soy protein business, we are developing new menu items that can be served to vegetarians and Muslims, conducting joint research with the National University of Singapore.	<b>Commitment to Society (S)</b> Fuji Oil Europe is a frontrunner in developing healthy fats, mainly for confectionery applications (e.g. the Redusat product range, which is becoming more and more popular). We are now launching new low saturated frying oils with high functionality. Both men and women as well as people with different ethnic backgrounds all have an equal chance to succeed at our company. Via our operating site in Ghana, we create added value and jobs in Africa; we also contribute to development projects in Ghana by supporting an NGO. Product losses in the factory are minimized by closely following up all product stock.	<b>Commitment to Society (S)</b> We are providing a long-term program to support HIV-infected children in cooperation with Sitio Agar. We are also supporting GRENDACC, which provides better lives for children fighting cancer.	<b>Commitment to Society (S)</b> In addition to achieving SQF (food safety standard) in 2016, FVO is actively preparing for the stricter FSMA (Food Safety Modernization Act) standards which will take effect in the third quarter of 2016. We will have our employees trained and ready for the strict audit requirements. We are committed to meeting the new standards by June of this year.
<b>G (Governance)</b> Regarding item 1), we will promote human resource development and diversity. Regarding item 5), we will work to reduce risk by regularly holding and enhancing risk management meetings. * We will try hard to keep every employee informed about the Fuji Oil Management Philosophy, as well as our policies and commitment to meet the expectations of stakeholders.	<b>Commitment to Governance (G)</b> To achieve sustainable growth, while responding to the expectations of Chinese society, we will work not only to thoroughly implement compliance, but also to conduct business in accordance with the Fuji Oil Holdings Corporate Governance Guidelines to embody the spirit of the Fuji Oil Group Management Philosophy.	<b>Commitment to Governance (G)</b> Considering Singapore as an important raw material supply base for the Fuji Oil Group, we will strengthen supply chain management and evolve sustainability into S.T.T.T. (Sustainability, Traceability, Trust, and Transparency). We will contribute to the growth of Asia, with “Work for people,” one of the values in the Group Management Philosophy, as a common value to all affiliated group companies.	<b>Commitment to Governance (G)</b> Fuji Oil Europe has implemented the FSSC 22000 Food Safety Standard. Our company has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2004 and a member of the Global Shea Alliance, a non-profit industry association improving the livelihoods of rural African women and their communities. We are also a member of SEDEX, an organization driving improvements in responsible and ethical business practices.	<b>Commitment to Governance (G)</b> We newly joined the Fuji Oil Group. We will introduce the Fuji Oil Group's risk management, IT system, internal control system, and know-how, and incorporate them in our practical operations.	<b>Commitment to Governance (G)</b> In addition, the focus on the new safety standards will reach to the top. Training quality and production people will not suffice. Top management, including the president will attend training for the new standards and will be prepared for FDA audits when they come.

## [List of Group Companies]

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

Japan
FUJI OIL HOLDINGS INC. [Planning of group strategy] [Management of business companies]
FUJI OIL CO., LTD. [Coordination] [Development] [Production] [Marketing] ■■
TORAKU FOODS CO., LTD. [Production] [Marketing] ■
FUJI FRESH FOODS CO., LTD. [Production] [Marketing] ■
FUJI SUNNY FOODS CO., LTD. [Marketing] ■■
F&F CO., LTD. [Production] ■
OMU MILK PRODUCTS CO., LTD. [Production] [Marketing] ■
HANNAN TANK TERMINAL CO., LTD. [Storage and Delivery] ■
CHIBA VEGOIL TANK TERMINAL CO., LTD. [Storage and Delivery] ■
DAIZU THE ORIGIN CO., LTD. [Development] [Production] [Marketing] ■

China
FUJI OIL (SHANGHAI) MANAGEMENT CO., LTD. [Coordination] ■■
FUJI OIL (ZHANG JIA GANG) CO., LTD. [Production] [Marketing] ■■
JILIN FUJI PROTEIN CO., LTD. [Production] ■
FUJI OIL (BEIJING) TECHNOLOGY TRADING CO., LTD. [Marketing] ■
SHANDONG LONGTENG FUJI FOODSTUFFS CO., LTD. [Production] ■
TIANJIN FUJI PROTEIN CO., LTD. [Production] ■
SHANGHAI XUYANG FOOD CO., LTD. [Production] [Marketing] ■
Asia
<b>Singapore</b> FUJI OIL ASIA PTE. LTD. [Coordination] [Development] [Marketing] ■■
FUJI OIL (SINGAPORE) PTE. LTD. [Production] ■
WOODLANDS SUNNY FOODS PTE. LTD. [Production] ■
<b>Malaysia</b> PALMAJU EDIBLE OIL SDN. BHD. [Production] ■

<b>Thailand</b> FUJI OIL (THAILAND) CO., LTD. [Production] [Marketing] ■■
FREYABADI (THAILAND) CO., LTD. [Production] [Marketing] ■
<b>Philippines</b> FUJI OIL PHILIPPINES, INC. [Marketing] ■■
<b>Indonesia</b> PT. FREYABADI INDOTAMA [Production] [Marketing] ■
PT. MUSIM MAS-FUJI [Production] [Marketing] ■■
<b>India</b> 3F FUJI FOODS PRIVATE LIMITED [Production] [Marketing] ■

Europe (Africa)
<b>Belgium</b> FUJI OIL EUROPE [Representative] [Production] [Marketing] ■■
<b>Ghana</b> INTERNATIONAL OILS & FATS LTD. [Production] ■
Americas
<b>U.S.</b> FUJI VEGETABLE OIL, INC. [Representative] [Production] [Marketing] ■
<b>Brazil</b> HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS S.A. [Representative] [Development] [Production] [Marketing] ■■



## How we want to be / How we should be

The Fuji Oil Group seeks to contribute to the society by creating the future of delicious and healthy foods. The milestones by which our Group should achieve this aim are our desired visions “How we should be in 2020” and “How we want to be in 2030.” We have formulated a rolling midterm management plan called “Renaissance Fuji 2018” as a three-year plan to realize these visions. Our midterm management plan has adopted a rolling method to flexibly respond to market changes, and is reviewed annually.

Company that contributes to the society by creating the future of delicious and healthy foods

### How we want to be in 2030

Be a global company that supports customers' health

Become the No. 1 business in each segment or area, using our core technology that we have cultivated

### How we should be in 2020

Gain a global competitive advantage by reforming the cost structure

Expand the global management structure

### Renaissance Fuji 2018

Expand the global management structure

## Renaissance Fuji 2018

### Basic policy of the midterm management plan

Our midterm management plan sets forth continued promotion and acceleration of “Sustainable Management,” “Global Management,” and “Technological Management” as our basic policy. These three types of management are related to each other, in that we should expand our business globally as well as in Japan to survive sustainably, and in that technologies are the core of our global business expansion. In “Global Management” and “Technological Management,” we believe that it is important to strengthen marketing and create new ideas from the perspective of customers across the world. We will further promote “cost,” “speed,” and “localization”, including pursuing product quality that meets market needs, in order to increase earning power globally.

#### ● Sustainable Management

- Responding to the Corporate Governance Code  
→Further emphasis on engagement and dialogue with stakeholders
- <Results in 2015>: Establishment of the ESG Committee (see P. 11)  
Formulation of a Responsible Palm Oil Sourcing Policy (see P. 29)

Strengthening marketing and creating new ideas from the perspective of customers across the world

#### ● Global Management (cost/speed/localization)

- Increasing earning power in each area outside Japan  
→Pursuit of product quality that meets market needs  
Creation of business models
- <Results in 2015>:  
Shift to a holding company structure  
Clarification of responsibility for profits in each area

#### ● Technological Management

- Establishment of a global R&D structure
- <Results in 2015>:  
Establishment of the Asia R&D Center  
Launch of construction of the Fuji Science & Innovation Center

### Progress of KPI achievement

In FY 2015, the chocolate segment saw a steady increase in sales. Meanwhile, the sales growth of the three types of confectionery ingredients\* in Asia became slower than initially planned. To achieve our goals under these circumstances, the Asia R&D Center will develop products that reflect market needs in individual Asian countries.

We will also work to increase earning power by reforming the profit structure through strengthening of supply chain management and by investing management resources into key businesses and areas. As a financial strategy, we will manage our business with a focus on cash flow.

\* Three types of confectionery ingredients: chocolate, cream, and margarine

Midterm strategies			Index	Results in FY 2014	Results in FY 2015	Targets in FY 2017 * Published values in Renaissance Fuji 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%	122%	over 155%
		Chocolate segment	Sales expansion (quantity) * with the results in FY 2013 set as 100%	108%	147%	over 265%
		Asia area (excluding China)	Sales expansion of three types of confectionery ingredients (quantity) * with the results in FY 2013 set as 100%	115%	116%	over 180%
		Americas area	Sales expansion of CBE/CBS (quantity) * with the results in FY 2013 set as 100%	112%	119%	over 140%
			Sales expansion of chocolate products * with the results in the Japanese market in FY 2013 set as 100%	—	Acquisition of Harald	over 150%
	Reformation of profit structure	Reformation of business structure	Amount of profitability improvement	Planned to be realized in or after FY 2015	Improvement of profitability of the soy protein food business	Completion of reformation of the soy protein business structure
		Reformation of process structure	Amount of cost saving	¥1.16 billion	¥0.73 billion	over ¥1.0 billion annually
	Strengthening of management base	Global management	Shift to a holding company structure	—	Shift to a holding company structure Formulation of the Group Management Philosophy	Establishment of a management structure
		Promotion of diversity	Ratio of female managers (Results in FY 2013: 2%)	3% (as of April 1)	3% (as of April 1)	over 5%
	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	Capital investment ¥15.3 billion
Capitalization strategy		Maximization of shareholder value	Consolidated ROE	6.8%	6.4%	over 8.0%
		Shareholder return measures	Dividend payout ratio	27.6%	32.6%	about 30%

### Management indices

#### Guidelines for FY 2018

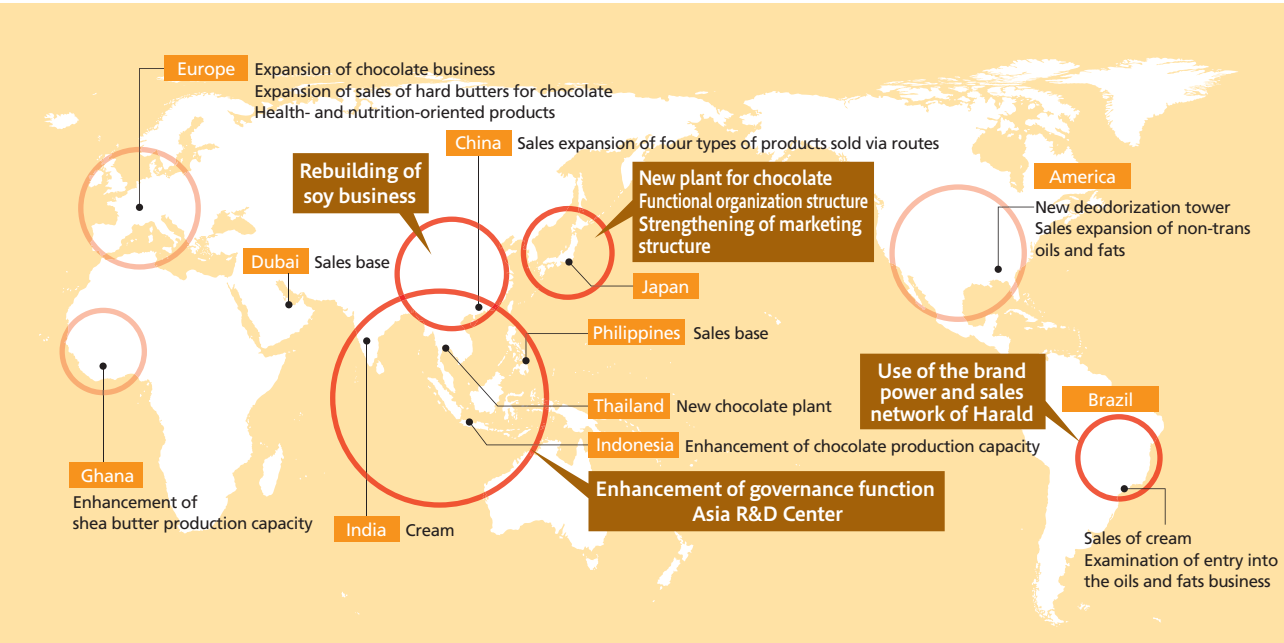
	FY 2015	FY 2016	FY 2018
Sales (100 million yen)	2,875	3,100	over 3,300
Operating profits (100 million yen)	168	175	over 200
Operating profit margin	5.9%	5.6%	over 6.0%
ROE (Return on equity)	6.4%	6.9%	over 8.0%
Ratio of overseas operating profit	28.6%	40.0%	over 40%

## Basic strategies

### Area strategy

We will not only increase the capacity of existing facilities, but also actively establish new bases, implement M&A, and seek new alliances. Designating Japan, China, Asia, and

Brazil as core strategic areas, we will capture the market growth in these areas, especially in Japan.




### Growth strategy

We will clarify key products and markets in individual business segments to perform a weighted allocation of management resources. We will also promote proposal-based sales for combination-type products, which are the strength of our Group.

Targets		Business segment			
		Oils and fats	Chocolate products	Emulsified and fermented food products	Soybean protein products
Focus	Achievement of a top-3 global market share	Hard butters for chocolate <sup>*1</sup>	Compound chocolate		Soy polysaccharides
Growth	Expansion of business in specific markets	Products made through DTR technology <sup>*2</sup> Oils and fats for health and nutrition (for infant formulas)	Food service market	Cream (overseas) Margarine Fillings	Soy meat
Reformation	Enhancement of yieldability through structural reforms			Cream (Japan) Food service market	Soy protein ingredients (Isolated soy protein) Soy protein food products
Development	Development into a next-generation core business	Oils and fats containing ω <sup>3</sup> <sup>*3</sup> fatty acids (DHA, EPA, etc.)	Health-oriented chocolate	Cheese-flavored ingredients	USS <sup>*4</sup> products Soy peptide

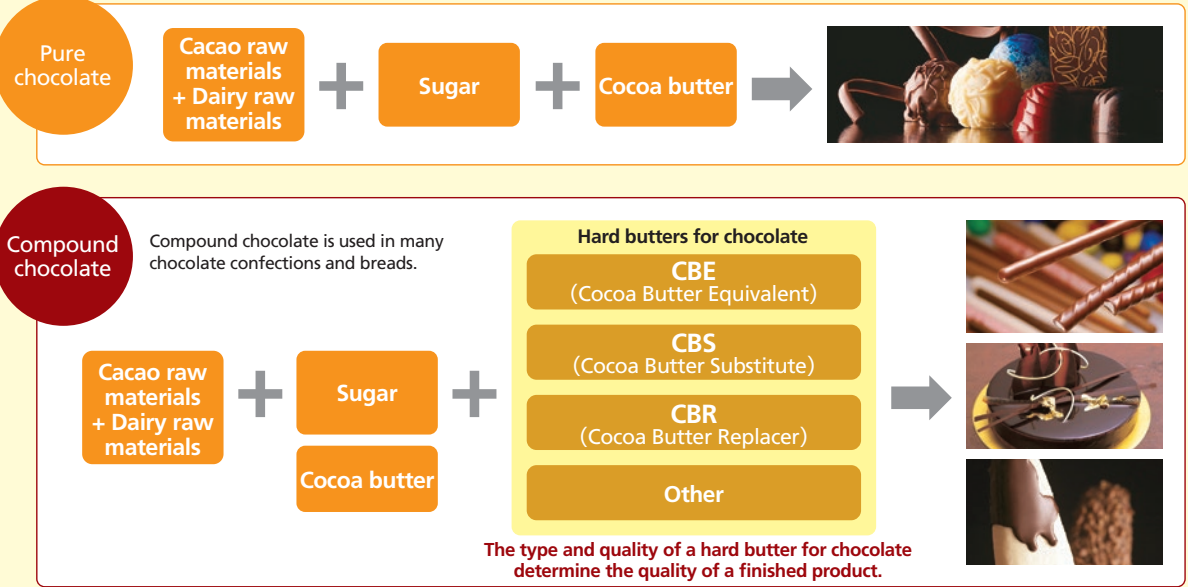
<sup>\*1</sup> Hard butters for chocolate: CBE/CBS/CBR    <sup>\*2</sup> DTR technology: Dispersion Technology of Refractory to spread insoluble substances into oils and fats  
<sup>\*3</sup> ω<sup>3</sup> (omega-3): General term for fatty acids, such as DHA and EPA contained in fish oil, and α-linolenic acid contained in perilla oil and linseed oil (see P. 25)  
<sup>\*4</sup> USS: Ultra Soy Separation manufacturing method (see P. 23)


  
 We will ensure the development of markets and product groups, in which we can demonstrate our strength, with “delicious” and “healthy” as keywords.

## Business growth strategy for the oils and fats business and the chocolate business

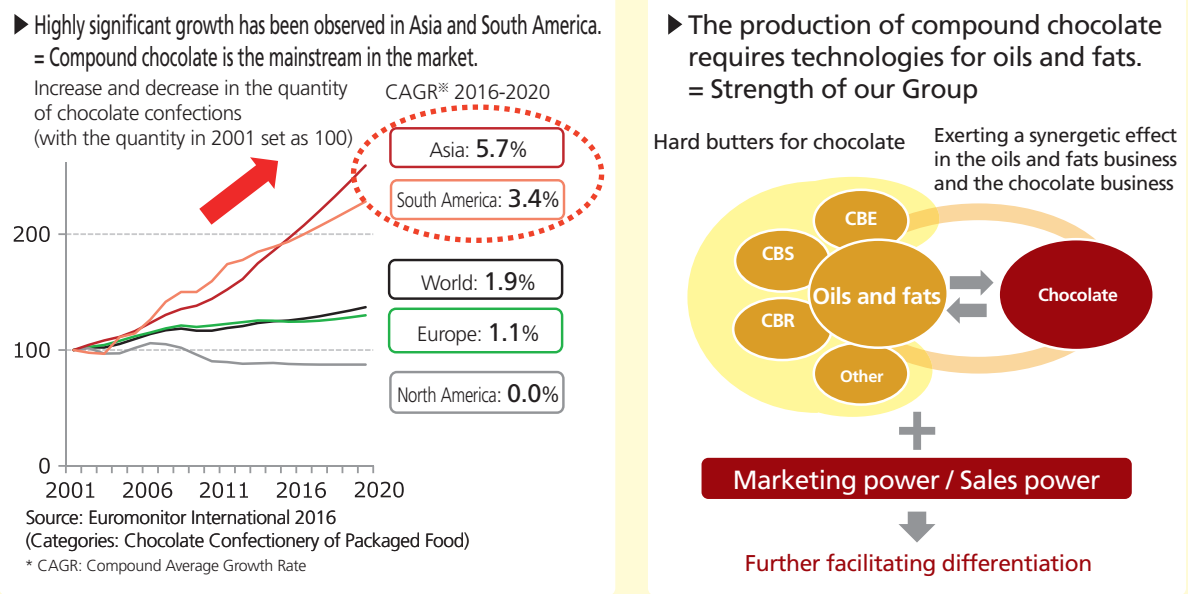
### Becoming the world’s leading company in the fields of hard butters for chocolate and compound chocolate

Compound chocolate is used in many chocolate confections and breads. Compound chocolate contains hard butters for chocolate, such as CBE, CBS, and CBR, which are used by adding them to cocoa butter. The Fuji Oil Group boasts a variety of hard butters for chocolate. We realize that we can gain a global competitive advantage because we can control the quality of compound chocolate using these hard butters for chocolate. We will further explore the potential of chocolate.



### Leveraging our strength in promising markets

In the Asia and South America areas, the chocolate market is expected to show significant growth. In these areas, compound chocolate is the mainstream in the market. The production of compound chocolate requires our technologies for oils and fats, which are our strength. We will ensure that we capture the growth of promising markets by differentiating products according to market needs.





## Creation of foods

With many issues related to food, such as food shortages associated with world population growth, an 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 strives to address these issues through community-based activities, and create new value in the fields of health, nutrition and food resources.

FY 2015 targets/results and mid-term targets				
Items		FY 2015 targets	FY 2015 results	Progress*
Value creation and demonstration through the Soy Renaissance	Accelerate test sales of USS products in countries outside Japan to explore the possibility.	<ul style="list-style-type: none"> <li>Opened three Mame Plus Cafés (see p.24) in Thailand and expanded test sales in the United States, expanding possibilities for USS products.</li> <li>Explored global evaluation of USS products through Expo Milano, held from May to October 2015, and its related events.</li> </ul>	10%	Promote soybean products made using the USS manufacturing method in markets outside Japan, aiming to develop USS products as a key pillar of our soy business.
Contribution to the soybean industry in Japan	<ul style="list-style-type: none"> <li>Further promote the Soy Renaissance in Japan.</li> <li>Produce products featuring domestically grown soybeans.</li> </ul>	<ul style="list-style-type: none"> <li>The numbers of companies participating in the Mame Plus Promotion Committee (see p.24) and USS-brand products have increased.</li> <li>Produced USS products featuring Hokkaido-grown soybeans and provided them to customers who stick to domestically grown soybeans.</li> </ul>	50%	<ul style="list-style-type: none"> <li>Further promote the Soy Renaissance in Japan through various events and the Mame Plus Promotion Committee.</li> <li>Promote the branding of Akita-grown soybeans in addition to Hokkaido-grown soybeans, and continually sell end-products featuring Hokkaido- and Akita-grown soybeans, in cooperation with customers.</li> </ul>
Contribution to food shortages with alternative dairy products made from soybeans	<ul style="list-style-type: none"> <li>Commence sales of cheese-like soymilk cream MAME-MAGE.</li> <li>Develop pre-formed vegetable cheese ingredients that can be cut and shredded.</li> </ul>	<ul style="list-style-type: none"> <li>"Cheese-like soymilk cream MAME-MAGE" was used in various cuisines such as Italian food and Japanese food.</li> <li>Introduced the pre-formed type "MAME-MAGE Block" as a trial product, at the Oji Kenko (delicious and healthy) Co-Creation Forum held in October 2015 (see p. 26).</li> </ul>	40%	Develop new vegetable cheese ingredients to be used for various purposes, including pre-formed types, and create a market.
Contribution to salt intake reduction and food shortages	Expand sales of a flavor-enhancing oil (DTR oil) in Japan, which exhibits superior oxidation stability and a long shelf life, and can enhance the taste and flavor—particularly saltiness—of foods with less seasoning.	For its superior oxidation stability and flavor-enhancing capability, DTR oil has been used by an increased number of customers, resulting in an increase in sales.	60%	Further expand sales through active presentation of new applications and promotion outside Japan.
Responding to increased demand for low/non-trans fatty acid products	Establish a production system to respond to an increased demand for products with low or non-trans fatty acids (see p.25) due to regulations by the FDA in the United States and customer requests.	Established a production system to meet increased demand and achieved increased sales.	80%	In anticipation of increased demand for low or non-trans fatty acid oils in the United States, increase the production capacity of oil (ester exchange oil) during the production of which trans fatty acid will not be generated.

\*Degree of progress toward FY 2018 targets, as of the end of FY 2015

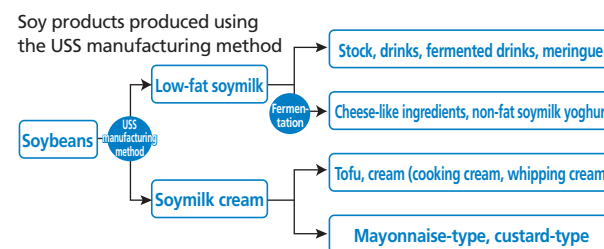
## Soy Renaissance

### Soybeans make people and the earth healthy

Soybeans grow in a wide range of climates, from cold regions at a latitude of 50 degrees north to the tropics, and large quantities of soybeans can be cultivated with little use of fertilizers. Furthermore, soybeans are an earth-friendly food because soybean production is superior in energy-use efficiency, water-use efficiency and protein efficiency. Soybeans contain about 35% protein, and soy protein is of the highest quality, containing all of the essential amino acids that humans need to live. Soy protein also has a function of lowering cholesterol levels. Soybeans are a good food for human health.

### USS manufacturing method that achieves both the deliciousness and healthiness of soybeans

Aiming to allow more people to experience the deliciousness of soybeans, Fuji Oil (Japan) has developed the USS manufacturing method. The USS method has opened up new possibilities for producing innovative soybean products that are both delicious and healthy.



The project conducted by a joint development team comprising members from Fuji Oil (Japan) and Sagamiya Foods Co., Ltd. titled, "Development of a new category of products made with soy milk and tofu through the Ultra Soy Separation (USS) Manufacturing Method—the world's first technology of its type for soy separation and fractionation" received the Minister of Economy, Trade and Industry's Prize in the category of product manufacturing and technology development supporting industry and society, at the Sixth Monozukuri Nippon Grand Award.



Monozukuri Nippon Grand Award  
METI Minister's Prize

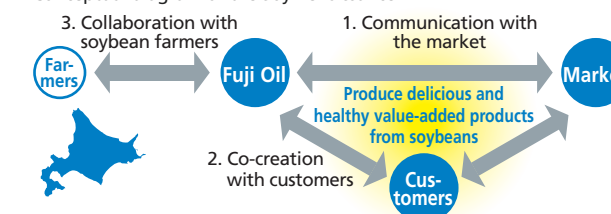


USS is an abbreviation for Ultra Soy Separation. The USS manufacturing method is the world's first patented technology for soy separation and fractionation, developed by the Fuji Oil Group. By separating whole soy into low-fat soymilk and soymilk cream, the USS method has produced various products that had never been developed before, including fresh cream-like soymilk cream, low-fat soymilk like stock, soymilk whipping cream, and cheese-like soymilk cream.

## Promotion of the Soy Renaissance

Upholding the "Soy Renaissance" as a medium- and long-term strategy for the soybean business, the Fuji Oil Group aims to create delicious and healthy soy products by discovering afresh the inherent value of soybeans. We are working together with soybean farmers to fulfill our commitment to safety, security and quality, and are promoting value creation through communication with our consumers and collaboration with our business partners.

Conceptual diagram of the Soy Renaissance



### Communication with the market


#### ■ Expo Milano

USS manufacturing method was introduced in the Japan Pavilion at Expo Milano, held in May 2015, as one of Japan's new food processing technologies.



A visitor to the Japan Salone trying soymilk made using the USS method

#### ■ Soy Italian

Taking advantage of exhibiting at Expo Milano, we have been promoting new Italian foods featuring soybeans, termed "Soy-Italian." Soy-Italian desserts, including "Tiratisu ,

dishes are served in 220 restaurants in Japan.

### Co-creation with customers—Activities by the Mame Plus Promotion Committee

The Mame Plus Promotion

Committee promotes activities to help people enjoy a healthy lifestyle by adding beans ("mame") to their diet—the "Mame Plus Lifestyle." The number of companies/organizations supporting the Committee's activities has reached 30. The Committee will drive value creation through various initiatives.



Soy-Italian dish by chef Sasajima at Il Ghiottone in Kyoto



Natural tofu like mascarpone, produced by Sagamiya Foods



Promoting soybean products at the permanent Mame Plus Café, operated in collaboration with Chacott

### Collaboration with soybean farmers

#### —Promoting the use of domestically grown soybeans in the USS manufacturing process (Hokkaido, Akita)

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% (2013; Ministry of Agriculture, Forestry and Fisheries website). To contribute to resolving this problem, Fuji Oil (Japan) is working to replace part of imported soybeans with domestically grown soybeans. We will further expand the use of domestically grown soybeans in the USS manufacturing process, thereby increasing added value.

### Comments from a soybean farmer

I am a soybean farmer in the Tokachi area, and cultivate soybeans to be used in the USS manufacturing process. I expect Fuji Oil to ensure food safety and security by continuing

### I expect Fuji Oil to create value by using Hokkaido/Tokachi-grown soybeans.

to make meaningful efforts that lead to increased added value through the use of Hokkaido/Tokachi-grown soybeans.

Mr. Matsuo Nishino Nakatsunai-mura, Kasai-gun, Hokkaido

### Comments from a customer (Company participating in the Mame Plus Promotion Committee)

#### Thanks to premium soymilk, unique ideas for product development are being generated.



Our company (LB, Co., Ltd.) produces and sells chilled beverages in carton packs mainly in convenience stores. It is important for us to develop new products with originality in a speedy manner. We feel that consumer needs for healthy drinks are increasing year by year. Fuji Oil's premium soymilk made by the USS manufacturing method is very delicious, completely renewing the traditional image of soymilk. Thanks to Fuji Oil's premium soymilk, we have been able to develop new soymilk-based chilled

beverages, such as Banana Soy Latte.

However, we have not been able to establish the soy latte series as a brand featuring premium soymilk. We consider it our future challenge to develop the soy latte series into a brand that will be loved by customers for a long time. In the future, we would like to work on new projects in cooperation with Fuji Oil, as well as pursuing new collaboration with many business partners.



Mr. Takuya Nishimura  
Producer, Sales Management Department, Sales Division, LB Co., Ltd.



One of the feature desserts of Soy-Italian cuisine, made with a cheese-like soymilk cream named MAME-MAGE. Tiratisu was so named after the Italian phrase, "Tirami su!", which means "Give yourself a lift!", in place of "Tirami su!" which means "Give me a lift!" Tiratisu is becoming popular as a healthy sweet treat.



### Contribution to food security and health with soy protein products having a meat-like texture

While global demand for meat is increasing because of population growth, meat is in short supply due to feed and water shortages. Fuji Oil (Japan)'s textured soy protein is made from soybeans, which have a lower environmental burden than meat, and boasts a texture very close to meat. Textured soy protein is used as a meat substitute (for ground beef, etc.) in various processed foods to increase juice retention and add a chewy texture.

We will continue striving to become a company that contributes to the health of people and the environment by providing soy protein products that will satisfy customers and consumers.



Uncooked textured soy protein      Textured soy protein cooked like beef

### Contribution to the Chinese health food market

In China, where aging and lifestyle diversification are progressing rapidly, there is a health food regulatory system, similar to Japan's Tokuhō certification system ("Tokuhō" is a Japanese acronym meaning "food with specified health uses"). Jilin Fuji Protein (China) supplies high-quality soy protein isolate as a main raw material for the production of protein powder certified under the Chinese regulatory system, thereby supporting the healthy lives of people. Furthermore, due to increased health-awareness among consumers, China's lactic acid bacteria beverage market is expanding. Soy polysaccharides marketed by Fuji Oil (Beijing) Technology Trading are supported by many customers for their superior properties such as a function of preventing the precipitation of lactic acid bacteria beverage.

To continue to meet consumers' desire for health and well-being in China, we will develop and sell products that fit the local market needs.

### Development of a soup base for cooking, "Vege Baitang"

With the acceleration of the aging population, increased public health awareness and response to vegetarian needs associated with an increase in the number of foreign visitors to Japan, the demand for vegetable food ingredients is growing in Japan. Fuji Oil (Japan) has developed the "Vege Baitang" cooking soup base, using low-fat soymilk made by the USS manufacturing method and vegetable oil as the main raw materials, but without using any animal-derived ingredients or chemical seasoning.

Vege Baitang has made it possible to create umami flavor only with vegetables and soybeans, although such flavor could

previously only be achieved using animal ingredients such as pork bones. Vege Baitang has already been used for Baitang ramen and Dandan noodles (noodles with spicy hot sauce). In the future, we plan to propose new menus featuring Vege Baitang, such as various hot pot dishes, soup pasta, and risotto.



Ramen cooked using Vege Baitang

## Healthy oils and fats

### Development of ω3 oils and fats

DHA and EPA are ω-3 essential fatty acids that are essential to life, and are contained in high quantities in marine life such as fish and shellfish. DHA and EPA are said to have health benefits such as improving brain function, anti-inflammatory effects, and reducing the risk of cardiovascular disease. The Ministry of Health, Labour and Welfare recommends a constant intake of DHA and EPA.

After significant efforts to develop oils and fats (ω-3 oils and fats) products containing DHA and EPA, Fuji Oil (Japan) successfully developed ω-3 oils and fats, which are more difficult to oxidize than conventional soybean oil and rapeseed oil, and commercialized them in the spring of 2016. In the future, our ω-3 oils and fats will be used in many foods so that people can intake healthy ω-3 oils and fats more easily.

### Products with low or non-trans fatty acid content

Some countries have introduced regulations on trans fatty acids, which are formed during the hydrogenation process, which is used to adjust the functions of oils and fats. In June 2015, the Food and Drug Administration (FDA) in the United States announced its decision to ban partially hydrogenated oils (PHOs) from processed foods within the next three years. In response to this decision, some food manufacturers in the U.S. have already begun to eliminate trans fatty acids from their products, ahead of legal changes. To meet market demand, Fuji Vegetable Oil (U.S.) plans to increase the production capacity of ester exchange oil that can be substituted for PHOs and during whose production trans fatty acids will not be produced.

## Value co-creation with customers

### Holding of the Oisi Kenko (delicious and healthy) Co-Creation Forum

Foods that are both delicious and healthy are in increasing

demand in the Japanese food market, where the declining birthrate and aging population is progressing rapidly. With the aim of creating new value together with customers and consumers with "foods that are kind to people, society and the earth," and "foods that are both delicious and healthy," Fuji Oil (Japan) held the Oisi Kenko (delicious and healthy) Co-Creation Forum. The Forum was attended by wide range of customers including food manufacturers and restaurant owners, and general consumers. At the Forum, we proposed new menus featuring our products through presentations, events and other activities.



Proposing delicious and healthy menus using our products

## Efforts for academic and technological development

### Inviting National University of Singapore students to Fuji Oil Asia

In cooperation with the Secretariat of the Association of Southeast Asian Nations (ASEAN), the Ministry of Agriculture, Forestry and Fisheries of Japan (MAFF) establishes endowed courses at major agricultural and food-related universities in ASEAN countries. The Fuji Oil Group has been operating in this region for many years, and has supported this program.

On July 31, 2015, a special seminar under this program was held at Fuji Oil Asia (Singapore), with 23 students and seven instructors from the Food Science and Technology course at the National University of Singapore (NUS). The Fuji Oil Group is committed to continued contribution to the ASEAN region.



Participants from the National University of Singapore

### Sponsorship of protein studies by the Fuji Foundation for Protein Research

In 1979, Fuji Oil (Japan) established the Research Committee of Soy Protein Nutrition (present Fuji Foundation for Protein

Research) to support the promotion of academic studies on soybean protein. The Research Committee was recognized in 1997 as a foundation operating under the jurisdiction of the Education, Science and Culture Ministry, and in April 2012, it was certified by the Cabinet Office as a public-interest foundation.

As for research sponsorship projects, in FY 2015, the Foundation provided grants to 32 research projects. From October to November, the Foundation invited applications for FY 2016 grants, drawing 74 applications, out of which 32 projects were awarded grants. The total number of projects to which the Foundation has awarded grants, including those awarded by the Foundation's predecessor (Research Committee of Soy Protein Nutrition), now exceeds 1,000.

The public lecture held in Nagoya in November 2015 was packed with an audience of over 250 people. A soybean protein product sampling event, which was held concurrently with the public lecture, was also very well received. A research report meeting (Tokyo) held in May 2015 was also a success, where presenters and people involved in the Foundation gathered and engaged in enthusiastic discussion on research results and active interaction with each other.



Public lecture held in Nagoya

**Web** For other activities for academic and technological development and their results, see our website.

### Full-fledged launch of nutrition education activities for elementary students

Since FY 2014, Fuji Oil (Japan) has implemented a nutrition education project in cooperation with the NPO After School, to convey the importance of food to children, who will lead the next generation. In FY 2015, we provided a total of 13 classes to about 350 elementary students, there are 2 types of programs: snack (soymilk pudding) making and a soybean workshop.



Children making soymilk pudding

**Term** ω-3 oils and fats ω-3 oils and fats have many functions in our body and are important for good health. A type of fatty acid that contains two or more double bonds in its backbone is called a polyunsaturated fatty acid. ω-3 oils and fats include polyunsaturated fatty acids, such as α-linolenic acid, EPA and DHA, which have a carbon-carbon double bond in the omega-3 position, i.e., the third bond from the methyl end.

**Term** Trans fatty acid Trans fatty acids are a type of fatty acid that contain a trans-unsaturated bond. While they are naturally present in animal fats, such as beef or mutton tallow, they can also be formed during the hydrogenation process, which is used to adjust the hardness and melting points of oils and thereby improve their functionality. In addition, a small amount of trans fatty acids may also be produced during refining at high temperatures. Excessive consumption of trans fatty acids can increase the risk of heart disease.



# 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 as the “Fuji Oil Group Basic Policy of Safety, Quality and Environment” on April 1, 2016, in conjunction with the establishment of Fuji Oil Holdings.

FY 2015 targets/results and mid-term targets				
*Degree of progress toward FY 2018 targets, as of the end of FY 2015				
Items	FY 2015 targets	FY 2015 results	Progress*	FY 2018 targets
Establishment of the customer-oriented quality assurance system to ensure food safety and security	1. Prevent serious complaints by familiarizing employees with information on relevant laws and regulations and performing strict inspections. 2. Ensure accurate and quick customer response by operating efficient internal systems. 3. Contribute to ensuring product safety by advancing food safety analysis technology and supporting the resolution of microbial problems.	1. Integrated the inspection sheet and conducted inspections of subcontractors, taking into account FSSC22000 requirements. 2. Digitized the product specifications requests and expanded the type of automatically generated forms of Fuji Oil (Japan). 3. Enhanced the analytical technology for microorganisms and hazardous substances.	70%	1. Expand quality inspections to all group companies. 2. Promote the acquisition of FSSC/ISO22000 certification. 3. Update the quality information system.

## Quality assurance of the Fuji Oil Group

### Basic concept

As stated in the Fuji Oil Group Management Philosophy, the Fuji Oil Group upholds a commitment to safety, quality and the environment as one of the core values guiding its employees in all their activities. Specifically, we have established the Fuji Oil Group Basic Policy of Safety, Quality and Environment. With regard to quality assurance, each year since 1996 we have formulated the “Quality Policy” within the scope of ISO9001, and the “Quality Guidelines,” which should be followed in implementing the Quality Policy. We are working to disseminate the Policy and the Guidelines to all divisions through training sessions and internal quality audits. Based on these Policy and Guidelines, all group members are striving



Fuji Oil Group Basic Policy of Safety, Quality and Environment

\*For the Safety, Quality and Environment Council meetings outside Japan, refer to the “Implementation of Safety, Quality and Environment Council meetings outside Japan” section.

to produce products with safety and security to seek customers’ satisfaction.

### Acquisition of international quality management certifications

The Fuji Oil Group has been actively promoting the acquisition of international quality management certifications to implement more reliable quality management that satisfies our customers. In recent years there has been a growing awareness of the need for prevention of foreign matter contamination. 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, to improve our food safety level.

## Prevention of foreign matter contamination and acquisition of FSSC22000 certification

Fuji Oil (Japan) has been promoting the installation of security cameras in production areas, as part of measures to prevent foreign matter contamination. In FY 2015, the

installation of security cameras has been completed at 80% of Fuji Oil (Japan)’s plants. We will step up our efforts to prevent foreign matter contamination, by implementing measures such as installing periphery security systems at all of our offices.

As more visible efforts for preventing foreign matter contamination, we have launched activities to obtain FSSC22000 food safety management system certification, one of the certification systems recognized by GFSI. In FY 2015, Fuji Oil (Japan)’s two plants acquired FSSC22000 certification. In FY 2016, another soy protein food plant plans to obtain the certification. In response to the Japanese government’s plan to make HACCP implementation mandatory in 2020, from FY 2016, we will launch activities to ensure that plants producing chocolates, cream and soybean ingredients are also certified with FSSC22000 or ISO22000 certification.

### Technological exchange among group companies

In FY 2015, Fuji Oil (Japan) provided group companies outside Japan with technical guidance on the newly introduced analytical equipment. The future plan is to further promote technological exchange among group companies to spread Japan’s analytical techniques overseas, so as to provide safer and more reliable products to customers around the world.

#### Acquisition status of major quality management certifications

Major certifications	Progress made during FY 2015	Acquisition status as of the end of FY 2015
HACCP or ISO22000 certification	•Fuji Oil (Japan)’s two plants for soybean products newly obtained ISO22000 certification. •Tianjin Fuji Protein (China) newly obtained ISO22000 certification. •Acquired Harald (Brazil) as a subsidiary, which has obtained ISO22000 certification.	Outside Japan: 13 group companies In Japan: 2 plants of Fuji Oil (Japan) Omu Milk Products (Japan) (The Ministry of Health, Labour and Welfare version)
ISO9001 certification	•Fuji Oil (Zhang Jia Gang) (China) obtained the certification again. •Acquired Harald (Brazil) as a subsidiary, which has obtained ISO9001 certification.	Outside Japan: 10 group companies In Japan: 5 group companies
GFSI-recognized certification (FSSC)	•Fuji Oil (Japan)’s two plants for soybean products newly obtained ISO22000 certification.	Outside Japan: 6 group companies In Japan: 2 plants of Fuji Oil (Japan)

## Response to Religions

### Acquisition of Halal and Kosher certifications

As a food ingredient manufacturer, the Fuji Oil Group believes it is important to give due consideration to the diverse food cultures of people around the world and to

provide products that meet local customer needs. Our Group promotes the acquisition of Halal and Kosher certifications to prove that our raw materials and production processes conform to Islamic and Jewish dietary rules, respectively. These certifications have begun to be supported not only by believers in Islam and Judaism, but also by health and food safety conscious consumers, as the healthy and safe images of Halal- and Kosher-certified foods have taken root around the world. The Fuji Oil Group is striving hard to meet an increasing demand for Halal and Kosher products, especially in the United States, China, and the Southeast Asian countries.

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

#### Acquisition status of Halal and Kosher certifications

Halal certification	12 companies out of all group companies
Kosher certification	8 companies out of all group companies

### TOPICS

#### Fuji Oil (Singapore) receives the Platinum Award for Food Safety from the Agri-Food & Veterinary Authority of Singapore

Fuji Oil (Singapore), a member of the Fuji Oil Group, received the Platinum Award at the Food Safety Excellence Awards held by the Agri-Food & Veterinary Authority of Singapore (AVA [Term](#)\*). The Platinum Award is given to companies certified by AVA to have maintained a high-level “A-grade” for food hygiene and safety for 20 consecutive years. In 2015, the Award was awarded to 25 companies. This award is the result of efforts made over 20 consecutive years by Fuji Oil (Singapore) towards food hygiene and safety. We will continue to strive to provide safe products and peace of mind to customers.



The Platinum Award was given to Fuji Oil (Singapore) in recognition of its longtime efforts to improve food safety.

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, so as to standardize international food safety standards.

AVA An abbreviation of Agri-Food & Veterinary Authority of Singapore. The AVA is an agency under the Ministry of National Development, and plays a role similar to Japan’s Ministry of Agriculture, Forestry and Fisheries and Ministry of Health, Labour and Welfare.

Sustainable Procurement

We strive to ensure stable procurement of raw materials produced giving due consideration to human rights and the global environment. We also place great emphasis on dialogue with stakeholders.

FY 2015 targets/results and mid-term targets				
*Degree of progress toward FY 2018 targets, as of the end of FY 2015				
Items	FY 2015 targets	FY 2015 results	Progress*	FY 2018 targets
For sustainable procurement	Review the CSR Procurement Guidelines, formulated in 2012, and conduct a questionnaire survey based on the Guidelines.	Revised the CSR Procurement Guidelines in March 2016, and conducted the second survey for trading companies and manufacturers, respectively.	30%	Promote procurement in accordance with the CSR Procurement Guidelines, based on the results of the third survey conducted in 2017.
Procurement of sustainable palm oil	1. Develop a company-wide policy for sustainable palm oil procurement.	1. Formulated Responsible Palm Oil Sourcing Policy (see the next page) in March 2016, and published the Policy in Japanese, English and Chinese versions.	1. 30%	1. Operate the company-wide palm oil procurement system in accordance with the Responsible Palm Oil Sourcing Policy.
	2. Consider community contribution activities at palm farms.	2. Joined the WAGS, a smallholder support project jointly implemented by suppliers and NGOs, in January 2016.	2. 10%	2. Work in cooperation with the local communities under the framework of WAGS, to improve working conditions for small-scale farmers and help them acquire certification.
Procurement of sustainable cacao beans and cacao products	1. Strengthen cooperation with production areas, including the purchase of traceable cacao beans.	1. Purchased traceable cacao beans on a continuous basis.	93%	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.
	2. Purchase UTZ-certified cocoa butter.	2. Commenced the purchase of UTZ-certified cocoa butter.		

Management system

Basic concept

To ensure a stable supply of products to customers, it is extremely important to procure high quality and safe raw materials in a stable and sustainable manner. The Fuji Oil Group strives to establish a solid foundation for stable procurement of raw materials through various efforts, including conducting on-site inspections at the sources of raw materials and factories to check their compliance with the required standards and safety and quality control systems, strengthening relationships with suppliers to ensure sustainable, stable procurement, and promoting the procurement of raw materials from multiple sources to ensure business continuity in unforeseeable circumstances. We are actively promoting activities to contribute to sustainable production and consumption, being fully aware that our Group's key raw materials—palm oil, cacao and soybeans—are limited resources.

Palm oil

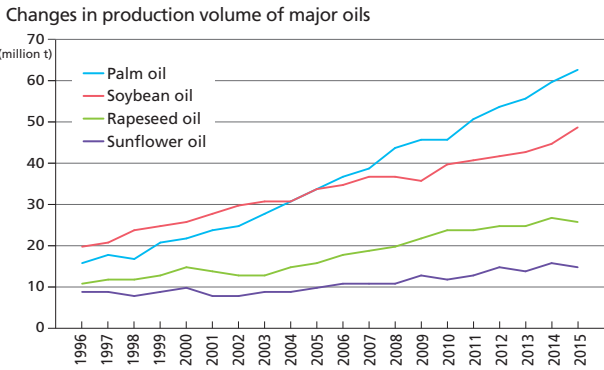
Supply chain management

**Formulation of the Responsible Palm Oil Sourcing Policy**  
Palm oil is oil extracted from the fruit of the oil palm, which grows in tropical regions such as Southeast Asia. Palm oil is easier to process and cheaper than other vegetable oils. For this reason, palm oil is used in a wide range of applications from foods to chemical products. Palm oil has the largest production volume among oil materials in the world. However, in Southeast Asia, environmental and human rights issues are growing serious, such as health problems due to smoke pollution, logging of primeval forests for farmland reclamation, and child labor. Also, forest fires (due to deforestation and slash-and-burn practice) in Indonesia are attracting international attention, triggering a movement to introduce stricter standards. Palm oil is an indispensable oil material for the Fuji Oil Group. We believe it is our social responsibility to promote sustainable procurement. Our Group has participated in RSPO since 2004, and has been practicing responsible procurement of palm oil. However, considering that, in addition to these efforts, it is necessary to define a policy that

cuts across the entire Group, we formulated the Responsible Palm Oil Sourcing Policy in March 2016. We will redouble our efforts to ensure that palm oil is accepted as a sustainable oil material around the world.



Web Fuji Oil Group Responsible Palm Oil Sourcing Policy The Responsible Palm Oil Sourcing Policy is available on our website.



**Expansion of RSPO-certified oil**  
The demand for RSPO-certified oil is increasing, mainly in Europe and the United States. In 2015, the sales volume of products using RSPO-certified oil of the entire Group was about 80,000 tons.

- Management systems for RSPO-certified sustainable palm oil**
- 1. Identify Preserved (IP)**  
Complete segregation of RSPO-certified sustainable palm oil from a single certified farm through to end users
  - 2. Segregated (SG)**  
Complete segregation of RSPO-certified sustainable palm oil from multiple certified farms through to end users
  - 3. Mass Balance (MB)**  
The mass balance system allows the mixing of RSPO and non-RSPO certified palm oil at any stage in the supply chain, provided that the ratio of certified and non-certified oil is rigorously recorded until the final usage stage (e.g.: certified oil 70%, non-certified oil 30%, etc.)
  - 4. Book and Claim (BC)**  
A system for trading credits for RSPO-certified palm oil. RSPO-certified farms (producers) are issued "credits" depending on the production volume of certified palm oil. End users can support producers by purchasing credits, as money paid for credits is paid directly to producers of RSPO-certified palm oil.

To promote the use of RSPO-certified oil, we will implement various measures including the installation of additional tanks in Europe, as well as making efforts to improve the supply chain among group companies.

**CERTIFIED SUSTAINABLE PALM OIL**  
**RSPO**  
RSPO-2-0009-04-100-00  
RSPO certification mark

Social contribution activities Activities to support small-scale farmers in Borneo, Malaysia

The majority of palm oil farms are medium- or small-scale operations, and inefficient farm operation by some medium and small farmers is pointed out as one of the factors causing environmental and human rights problems. As part of efforts to tackle this issue, in January 2016, the Fuji Oil Group participated in the smallholders support project called the Wild Asia Group Scheme (WAGS), which has been implemented by Wild Asia (NGO) and suppliers. This project aims to contribute to the improvement of productivity, the working environment, and traceability by providing training to smallholders (part of the supply chain of our Group) to help them achieve sustainable and efficient farm management. Specifically, we will provide support and guidance to smallholders for four years to improve their farming practices, chemical management, waste disposal and working environment, using expansion of the area of certified farms and improvement of productivity as indicators. We will continue to implement support activities including on-site inspections, while maintaining a close dialog with local stakeholders.



Inspection at the educational facility in the support area



Farmers in the support area



## Shea nuts

### Sustainable procurement of shea nuts

Chocolate products are diversifying around the world, and the expectation for cocoa butter equivalent (CBE) is increasing. In 2013, we commenced the full-scale use of shea oil obtained from the nuts of shea trees grown only in Africa, to give excellent melting properties and heat resistance, which is essential to the “pursuit of deliciousness,” as well as to meet various customer needs and requirements for raw materials.

Our group company International Oils & Fats (Ghana) not only provides ingredients to food manufacturers, but also performs advanced processing aimed at contributing to the development of Ghana.

In 2015, we improved our procurement network for shea nuts (raw materials) in Ghana and Burkina Faso. We will strive to establish a sustainable procurement system by improving not only our supply chain, but also our production technologies.



Shea trees



Women in the shea nut production area

## Cacao beans

### Efforts toward sustainable procurement of cacao

The demand for chocolate is growing globally. However, the production of cacao, which is the raw material of chocolate, is not keeping up with demand. Also, the issues of child labor on cacao farms and poverty due to unfair trade have been pointed out.

In response to this situation, the Fuji Oil Group has expanded

the purchase of traceable cacao beans to promote the establishment of a sustainable cacao production and consumption system. Traceable cacao beans allow us not only to determine whether cacao beans are produced and distributed in a way that respects human rights and the environment, but also to support local communities because part of the payment will be used to improve local infrastructure and education.

### Joining in the World Cocoa Foundation (WCF)

Fuji Oil (Japan) joined the World Cocoa Foundation (WCF) in 2012. Aiming to promote the sustainable development of the cocoa industry, the WCF offers technical and other support to cacao farmers under the WCF's Commitment.\*1

### Acquisition of Fair Trade Certification

Fuji Oil Europe (Belgium) has obtained Fair Trade certification, which aims to promote the purchase of raw materials and products from developing countries. The Company produces and sells products made from Fairtrade-certified raw materials according to customer requests.



### Procurement of UTZ-certified cacao\*1

The Fuji Oil Group has been striving to implement sustainable procurement practices. As part of such efforts, the Fuji Oil Kanto Plant, Fuji Oil Europe (Belgium), and Woodlands Sunny Foods (Singapore) have obtained UTZ certification (an international certification program for sustainable agriculture) on a continuous basis. Our Group will promote the acquisition of UTZ certification according to customer demand.



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

### Social contribution activities

#### Support activities in Ghana

Ghana is one of the major producers of cacao beans in the world. It has been two years since we constructed two wells in areas in Ghana, where our Group has purchase contracts, in 2014.

Before the wells were constructed, community residents did not have access to safe drinking water, and had to rely on contaminated water in ponds and rivers for water for daily use. Contaminated water affected the health of residents. Also, women and children often had to fetch water from far-away places and this deprived some children of the opportunity to receive school education. However, now local residents use water from wells for drinking and

cooking, and some people come to the wells to draw water from neighboring villages located far away. We have received many joyful comments from local residents, such as “I use the well every day to get clean drinking water.” We will continue our efforts to support cacao producers, aiming to establish a sustainable cacao production and consumption system.



A constructed well





Children in the community

## Soybeans

### Stable procurement of non-GMO soybeans

Genetically modified crops are viewed with suspicion by many consumers in that their cultivation methods may lead to the destruction of biodiversity.

The Fuji Oil Group procures only non-genetically modified (non-GMO) soybeans. In North America, both GMO soybeans  and non-GMO soybeans are distributed in large quantities. Therefore, regarding the procurement of soybeans produced in North America, we conduct strict control to ensure that non-GMO soybeans shipped to us are stored and transported properly by being segregated from GMO soybeans.

In China, a major country from which we procure soybeans, cultivation of GMO soybeans is prohibited, but in recent years, GMO soybeans grown outside China have been imported as raw materials for oil extraction. Therefore it is required to manage non-GMO soybeans by strictly separating them from GMO soybeans. In addition to obtaining IP certification  in 2013, Jilin Fuji Protein (China) has continued to respond to strict management requirements by adopting management know-how from Fuji Oil (Japan).



Genetically modified (GM) soybeans

Soybeans that have been created by adding functions such as herbicide resistance by means of gene recombination, to produce more stable yields. Although GM soybeans account for more than three-quarters of the world's soybean production, the use of GM soybeans still raises concerns about the environmental impact of their cultivation methods.



IP certification

Non-GMO Supply Chain Certification

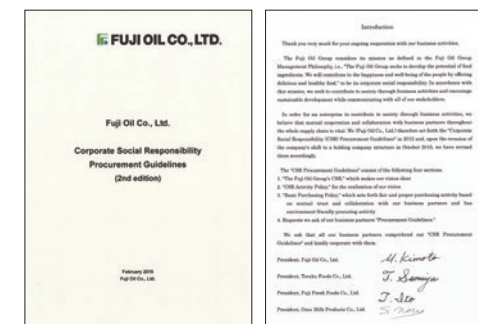
## Efforts toward sustainable procurement

### Cooperation with customers

Under the belief that cooperation with business partners is essential to achieving sustainable procurement, Fuji Oil (Japan) reviewed the CSR Procurement Guidelines formulated in 2012 to better reflect social demands and our Group's policy, and published the second edition of the Guidelines in March 2016, targeted at four companies: Fuji Oil (Japan), Toraku Foods (Japan), Fuji Fresh Foods (Japan), and Omu Milk Products (Japan).

To ensure that procurement is undertaken in accordance with this CSR Procurement Guidelines (2nd edition), we conducted a questionnaire survey to business partners in March 2016.

In FY 2016, we will work to strengthen our relationships with business partners by giving them feedback on the questionnaire results and to establish an inspection operation system, thereby promoting sustainable procurement.



Corporate Social Responsibility Procurement Guidelines

### Response to the risk of climate change

Global warming will not only cause temperature rises, but also bring about a rise in sea levels and changes in precipitation patterns, resulting in increased frequency of extreme weather events such as floods, droughts and heat waves.

These climate changes are likely to affect the supply and demand of agricultural products, and therefore pose a significant threat to our stable procurement of raw materials, as our Group uses agricultural products as raw materials. To prepare for such risks, in addition to securing raw materials by concluding long-term contracts with particular suppliers who ensure a stable supply, we are promoting the procurement of raw materials from multiple sources and suppliers.



Shea nut

The shea nut is the seed of the fruit of the shea tree. Major producers include Nigeria, Mali, Burkina Faso, and Ghana. Shea butter produced from the nuts is used in foods, cosmetics and soap.

# Environment

The Fuji Oil Group pursues its business activities in accordance with the Fuji Oil Group Basic Environmental Policy, and has been striving to achieve the Environmental Vision 2020.

FY 2015 targets/results and mid-term targets				
Items	Content	FY 2015 results	Progress toward Environmental Vision 2020	Environmental Vision 2020
Promotion of energy saving (in Japan)	Reduction of CO <sub>2</sub> emissions	2.85% increase from the previous year	7.9% reduction	20% reduction (compared to base year: mean value for the period 2003–2005 [Tokyo Cap and Trade Program])
Reduction in the amounts of water usage and discharge (in Japan)	Reduction in the amount of water usage	3.02% increase from the previous year	16.9% reduction	20% reduction (compared to base year: mean value for the period 2003–2005 [Tokyo Cap and Trade Program])
	Reduction in the amount of water discharge	3.86% increase from the previous year	16.2% reduction	
Reduction of waste (in Japan)	Reduction in wastes	Recycling rate: 99.97%		Recycling rate of at least 99.8%
Promotion of energy saving (outside Japan)	Reduction in CO <sub>2</sub> emissions	2.3% reduction from the previous year	29.4% reduction	20% reduction (compared to 2006 levels)

Business sites included in the calculation: 13 production sites in Japan  
14 production sites outside Japan

## Environmental management

### Basic Policy of Environmental Integrity

Giving utmost consideration to the global environment is an important activity that not only helps resolve environmental issues, but also leads to reduced costs and the creation of economic value. The Fuji Oil Group has established the following four items as its Basic Policy of Environmental Integrity:

1. We strive to continuously improve our environmental protection activities.
2. We work in full compliance with the environmental laws & regulations and spirit thereof.
3. We endeavor to develop environmentally-friendly products and technologies.
4. We make efforts to well communicate with society.

### Progress of the Environmental Vision 2020

In 2010, the Fuji Oil Group set forth the Fuji Group Environmental Vision 2020, which includes targets for reducing CO<sub>2</sub> emissions and the amounts of water usage/discharge by 20% from base year levels (mean value for the period 2003 to 2005) by the year 2020. All group companies in and outside Japan are promoting environmental activities to achieve these targets. In FY 2015, group companies in Japan reduced CO<sub>2</sub> emissions by 7.9%, the amount of water usage by 16.9% and the amount of water discharge by 16.2% from the base year. Although CO<sub>2</sub> emissions increased by 2.85%

from the previous year due to increased production volume, CO<sub>2</sub> emissions per unit decreased by 2.9%. We will continue efforts to promote daily energy-saving activities, and reduce the amounts of water usage and discharge.

As for group companies outside Japan, despite two group companies being newly included in the calculation for FY 2015, CO<sub>2</sub> emissions in FY 2015 were 97.7% of the previous year, and decreased by 29.4% from the base year, significantly surpassing the set target.

#### Fuji Group Environmental Vision 2020

##### In Japan

**Global warming prevention:**  
20% reduction in CO<sub>2</sub> emissions by 2020 (compared to base year\*)

**Conservation of water resources:**  
20% reduction in the amount of water usage/discharge by 2020 (compared to base year\*)

**Recycling of resources:**  
Recycling rate of at least 99.8% by 2020

**Active earth greenery and biodiversity conservation activities**

\*Base year: mean value of the period 2003–2005 (Tokyo Cap and Trade Program)

##### Outside Japan

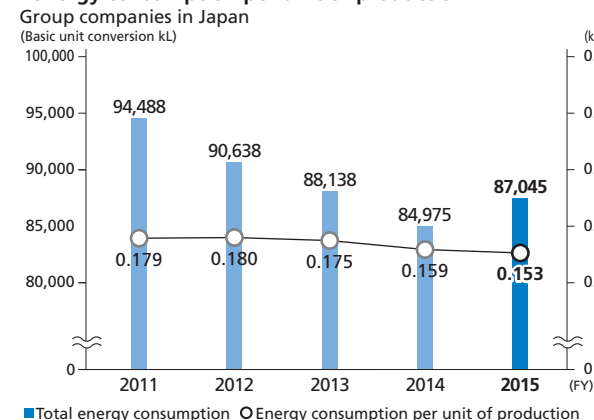
20% reduction in CO<sub>2</sub> emissions by 2020 (compared to FY 2006 levels)

## Energy-saving efforts

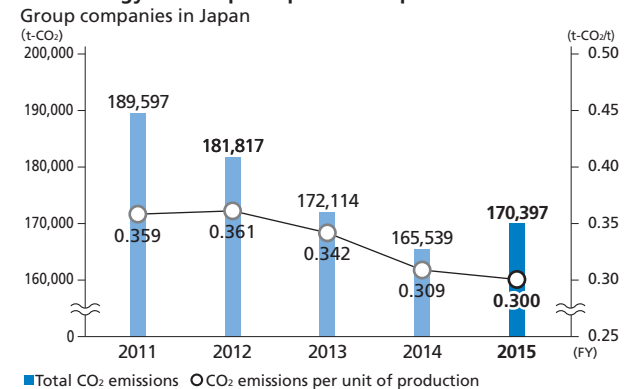
Since 2012, we have been implementing energy-saving activities under the guidance of a consulting company. We work to improve energy efficiency on a continuous basis by using the methods recommended by the consulting company. In FY 2015, CO<sub>2</sub> emissions at group companies in Japan were 170,397t-CO<sub>2</sub>, up 2.85% from the previous year. Due to a 6.2% increase in the production volume and the effects of energy-saving activities, CO<sub>2</sub> emissions per unit decreased by 2.9%. Since CO<sub>2</sub> emissions per unit are largely affected by fluctuations in the production volume, we will step up our energy efficiency improvement and energy-saving efforts by raising employees' energy-saving and environmental awareness.

As for Group companies outside Japan, Woodlands Sunny Foods (Singapore) (hereinafter, "WSF") has converted boilers from diesel to gas to reduce CO<sub>2</sub> emissions. As a result, WSF's CO<sub>2</sub> emissions decreased by 18.3% from the previous year. We will continue to work to reduce CO<sub>2</sub> emissions by taking various measures, including fuel conversion and the installation of cogeneration facilities at group companies outside Japan.

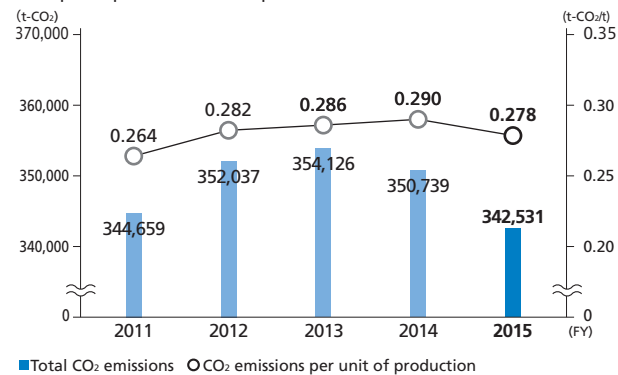
### Total energy consumption (crude oil equivalent) and energy consumption per unit of production



### Total energy consumption (CO<sub>2</sub> emissions equivalent) and energy consumption per unit of production



### Group companies outside Japan



\* FY 2014 figures have been revised due to data review.

## Reduction of CO<sub>2</sub> emissions through the development of production technologies

### Further promotion of heat recovery

Fuji Oil (Japan) has promoted energy-saving by recovering waste heat from each piece of equipment or process, and by conducting heat recovery through multi-effect evaporation. We have also introduced pinch technology, which optimizes the heat balance of the entire plant, and use this technology when designing new plants and reviewing the equipment composition of existing plants. In 2015, we designed a new plant using pinch technology. This plant achieved a 10% reduction in annual CO<sub>2</sub> emissions, from 8,700 tons to 7,830 tons.

We will strive to save energy by reviewing the equipment composition of existing plants through the use of pinch technology.

### Introduction of the energy-saving vacuum system to Fuji Oil (Singapore)

In October 2015, Fuji Oil (Singapore) introduced an energy-saving vacuum system for the deodorization tower, following Fuji Oil (Japan)'s two plants: Chiba Plant in FY 2013 and Hannan Business Operations Complex in FY 2014. This new energy-saving vacuum system has significantly reduced energy consumption and the amount of water discharge at both the Chiba Plant and Hannan Business Operations Complex. The plan is to monitor energy consumption and water discharge data at Fuji Oil (Singapore).

Fuji Vegetable Oil (U.S.) has commenced the 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 will also reduce steam consumption and the amount of water discharge. 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.



Cogeneration

Generating multiple energies, such as heat and electricity, from a single energy source



### Fuji Oil (Japan) received the Osaka Stop Global Warming Awards Excellence Prize

On February 16, 2015, Fuji Oil (Japan) received the Excellence Prize of the FY 2014 Osaka Stop Global Warming Awards. The Osaka Stop Global Warming Awards are presented by Osaka Prefectural Government to recognize companies that demonstrate outstanding initiatives to reduce greenhouse gas emissions from business activities.

The prize was presented in recognition of Fuji Oil (Japan)'s achievement of outstanding results in GHG emissions reduction, exceeding its target for FY 2013 (compared to FY 2012), through the active introduction of energy-saving equipment and the improvement of equipment operations.

#### Results of GHG emissions reduction and major initiatives undertaken by Fuji Oil (Japan)

Results of GHG emissions reduction (FY2013)	Major initiatives undertaken
<b>Reduction rate (per unit basis)</b> <b>4.4%</b> (compared to FY2012)	<ul style="list-style-type: none"> <li>Improvement of heat recovery through the replacement of condensate heat exchangers</li> <li>Energy-saving through heat pumps</li> <li>Energy-saving through optimization of cooling tower water pumps</li> <li>Reduction of defective steam traps by centralized management of steam traps in the plant</li> </ul>



Award ceremony



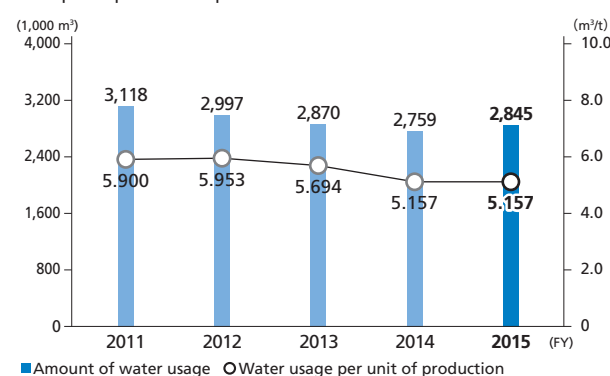
### Efforts to tackle the shortage of water resources

Some Fuji Oil Group companies are operating in areas at high risk of water shortage, and these companies are taking measures to address the problem. In FY 2015, Tianjin Fuji Protein (China), Jilin Fuji Protein (China) and Fuji Oil (Singapore) increased the capacity of their drainage facilities and worked to reduce their nitrogen and phosphorus content to improve the quality of their effluent.

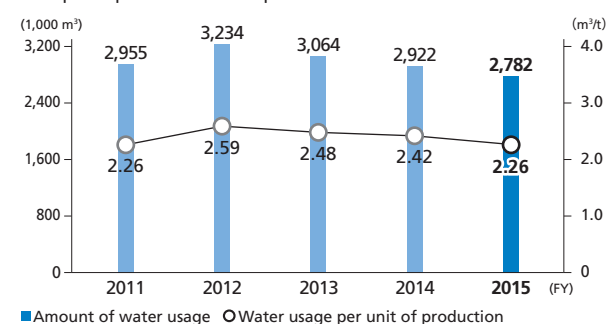
The area where Fuji Oil Europe (Belgium) operates is faced with the problem of declining levels of ground water, which is the source of tap water in the area. To address this problem, in cooperation with neighboring companies and water companies, Fuji Oil Europe is implementing a project to install water treatment facilities for converting canal water to industrial water and drinking water. Fuji Oil Europe commenced operation of its water treatment facility in January 2015. Since then, the company has used treated canal water for production activities and tap water. Treated canal water currently accounts for almost 100% of total water use at the company. It has been one year since the start of operation of the water treatment facility. The introduction of the water treatment facility has not only helped conserve ground water, but has also enabled the company to reduce costs by 35%. Fuji Oil Europe plans to improve the function of the water treatment facility so as to produce industrial water for use in wider applications.

### Annual water usage and water usage per unit of production

Group companies in Japan



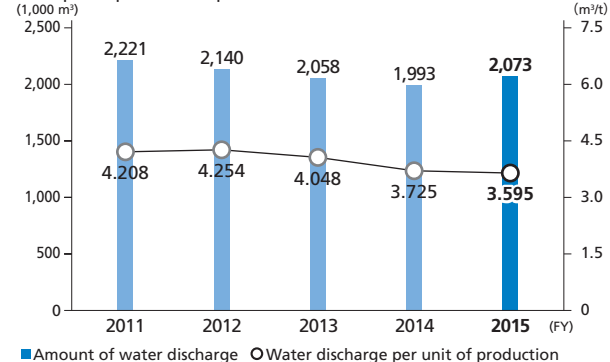
Group companies outside Japan



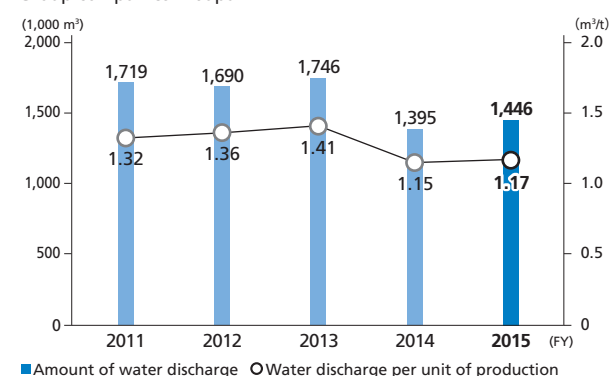
\*Figures have been revised retroactively to 2006, due to the addition of the canal water used at one group company outside Japan

### Annual water discharge and water discharge per unit of production

Group companies in Japan



Group companies in Japan



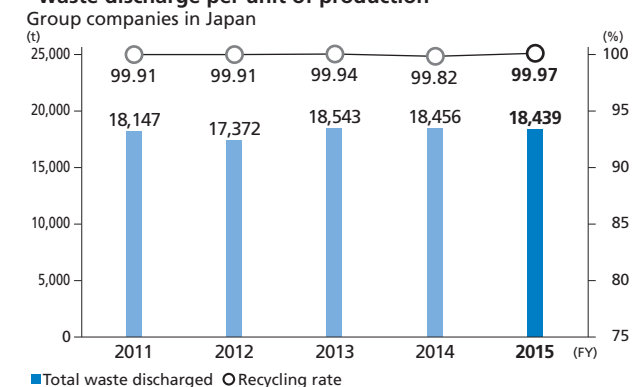
### Waste reduction and recycling

In FY 2015, the amount of waste discharged by group companies in Japan was 18,439 tons, 0.09% less than the previous year, despite a 6.2% increase in production volume. Waste discharge per unit of production decreased by 0.28% from the previous year. This result is due to the continuous steady efforts of the production and sales divisions to reduce product waste through inventory management improvement.

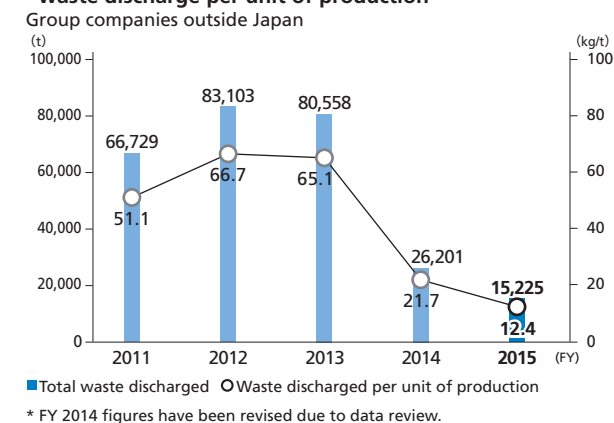
Since FY 2012, we have recycled combustion residue and ash into raw materials for cement. The recycling rate for group companies in Japan has been maintained at a high level, standing at 99.97% in FY 2015.

For group companies outside Japan, changes were made in FY 2014 to the effect that waste that can be transformed into valuable resources is not included in the calculation of waste generation. Due to increased waste reduction efforts, in FY 2015, the total amount of waste discharged at group companies outside Japan significantly decreased by 58.1% from the previous year, and the amount of waste discharge per unit of production also fell significantly by 54.5% from the previous year. The final disposal rate was 5.9% in FY 2015, compared to 3.2% in FY 2014.

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



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



\* FY 2014 figures have been revised due to data review.

### Biodiversity conservation

The Fuji Oil Group, which uses plants as key raw materials, believes that it should actively promote efforts to conserve biodiversity. As for palm oil, whose production causes biodiversity loss due to farmland reclamation, we declare our commitment to sourcing deforestation-free palm oil in our "Responsible Palm Oil Sourcing Policy." We also participate in a support project for small-scale palm farmers, through which we work to improve productivity per unit area to prevent deforestation for farmland reclamation, thereby contributing to the conservation of biodiversity.

\*For the Fuji Oil Group Responsible Palm Oil Sourcing Policy and our support activities for small-scale palm farmers, see p. 29 and 30.

### Environmental awareness-raising training for employees at FREYABADI INDOTAMA (Indonesia)

Environmental training sessions were held on two themes at Freyabadi Indotama, a Fuji Oil group company in Indonesia.

The purpose of the training was to help improve the living standards of workers' families and communities by reducing household waste, improving the nutritional status of families, and building medicinal plants garden. The first training session was held in October 2015, in which participants received practical training on how to grow vegetables, fruits and medicinal plants, and how to produce liquid compost from household waste. The participants comprised employees and their family members, totaling 30 people. All the participants were very enthusiastic and brought many seeds home. The second session was held in November 2015, and 20 participants learned how to cultivate catfish.



Practical training on how to grow vegetables, fruits and medicinal plants

# Hitozukuri (Fostering People)

The Fuji Oil Group believes that human resources development is the key to organizational development. In accordance with our Human Resources Policy and Human Rights Policy, we are working on the development of global human resources, the promotion of diversity, and the reform of the personnel system.

FY 2015 targets/results and mid-term targets				
*Degree of progress toward FY 2018 targets, as of the end of FY 2015				
Items	FY 2015 targets	FY 2015 results	Progress*	FY 2018 targets
Development of global human resources	Develop next-generation executives and promote the globalization of the organization.	•Implemented Executive Training Program (five attendees) •Implemented Global Talent Workshop <small>Term</small> (18 attendees)	30%	1. Develop next-generation executives who will lead the management of the Fuji Oil Group, through the concerted efforts of the entire Group. 2. Develop individuals who can practice Fuji Oil Group Management Philosophy.
Promotion of diversity	1. Support the career development of employees after childbirth. 2. Implement the strategic employment of foreign nationals. 3. Improve the employment environment for disabled people. 4. Support the retention of older workers.	1. Introduced an information provision tool and a childcare service subsidy program for employees with small children 2. Promoted cooperation with academic institutions and implemented an internship program 3. Promoted cooperation with support organizations, etc., and accepted interns 4. Improved the pre-retirement interview system	1. <b>New target</b>	1. Reduce working hours per person and improve operating profit per person by shifting to an autonomous corporate culture and maximizing the performance of individual workers.
			2. <b>30%</b>	2. Provide comprehensive career support in various cases (including implementation of a limited regular employee system and achievement of a female management ratio of 5%).

## Human Resources Philosophy

### Basic concept

The Fuji Oil Group has established its Human Resources Policy and Human Rights 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 the 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 the improved quality of our products and services and the growth of our company. By doing so, we seek to be a corporate group that is trusted by society.

### Human Resources Philosophy

#### Human Resources Policy

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

## Development of globally competitive human resources

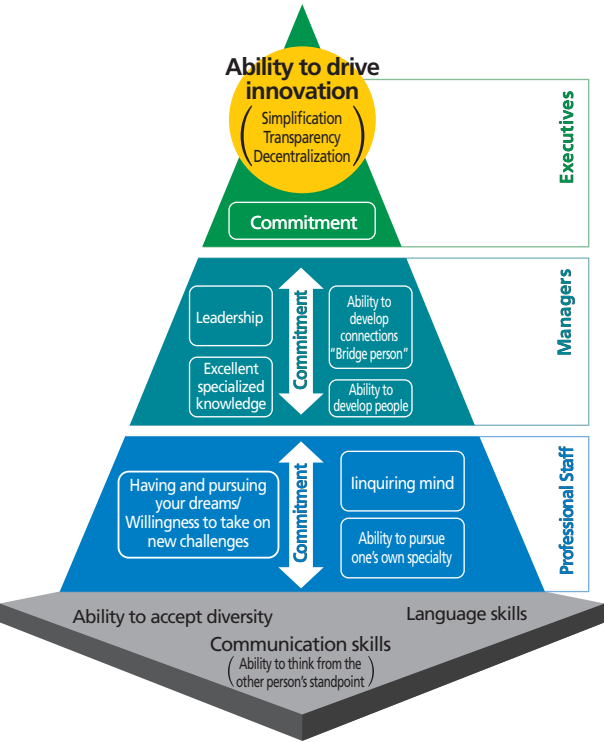
### Basic concept

The Fuji Oil Group upholds the "Promotion and acceleration of global management" as one of the basic policies of its mid-term 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, regardless of nationality and gender, and work to build an environment in which talented individuals can enjoy challenging and rewarding careers.

#### Human Rights Policy

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

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



### Development of next-generation global leaders (Japan)

Since FY 2014, with the aim of developing future executives and leaders who will contribute to improving the Group's global competitiveness, we have implemented the Fuji Group Executive Training Program for managers.

### Strengthening of the global competitiveness of core human resources (Japan)

From FY 2016, we plan to implement a new training program for strengthening the global competitiveness of core human resources, by reviewing the existing overseas training program for young employees. The new training program consists of two parts: 1) mindset, communication and leadership training in English in Japan; and 2) overseas training or overseas assignment. We will accelerate the development of global human resources through this program.

### Local staff training

In FY 2015, local staff training was held for employees of Group companies outside Japan, with the participation of 10 persons in the English group and eight persons in the Chinese group. The participants in the FY 2015 training were mainly staff members of the production departments. The local staff training has been held since 2012, and the FY 2015 training was the fourth time it was held (total number of participants: 76).

The objectives of the training were threefold. The first was to understand different cultures and the Fuji Oil Group's corporate culture. The customs of the participants' home countries and Japanese customs are different. In the training,

participants learned the necessity of respecting each other's customs and reaffirmed the corporate values shared by all Fuji Oil Group companies, which emphasize safety, quality and environmental protection. The second was to develop a network of professional and personal contacts. Participants were encouraged to develop personal relationships with other participants as well as Japanese employees in the related departments through the training, to allow the participants to make use of such relationships in their work after returning to their countries. The third was to acquire specialized knowledge. Participants received practical training at the plant/laboratory, where they worked jointly to solve the problems submitted beforehand by each participant. After returning to their countries, participants will be given the opportunity to share with other members in their workplace the knowledge and experiences they had gained from the training in Japan, thereby contributing to the growth of the entire Group. In FY 2016, with the aim of developing global business leaders, we plan to hold training for executives and candidate executives selected mainly from group companies outside Japan.



Global Talent Workshop (Chinese language group)



Global Talent Workshop (English language group)



Global Talent Workshop session



## FUJI OIL GROUP Sustainability Report 2016 40

# Risk Management

Fuji Oil Group is promoting risk management to achieve the business plans and targets.

FY 2015 targets/results and mid-term targets				
*Degree of progress toward FY 2018 targets, as of the end of FY 2015				
Items	FY 2015 targets	FY 2015 results	Progress*	FY 2018 targets
Establishment of the global risk management system	Establish a global risk management promotion system.	The Risk Management Committee was established at each group company.	40%	Improve the system at each group company into an autonomous risk management system.
Strengthening of emergency response capability	Establish an emergency contact network.	Rebuilt the emergency contact network.	20%	Have effective BCPs in place.

## Strengthening global risk management under a holding company structure

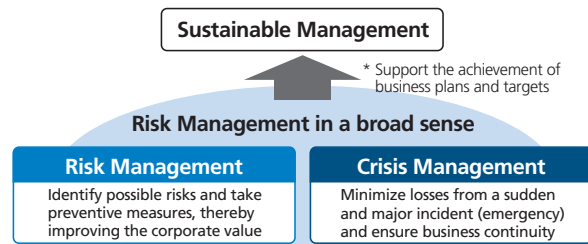
The Fuji Oil Group has been working to establish a global risk management system that corresponds to a holding company structure to which the Group shifted in October 2015.

Specifically, we have defined the respective roles of the holding company, regional headquarters/regional representatives and each group company, and established the Risk Management Committee at each company. Each Risk Management Committee plays a leading role in implementing the PDCA cycle—“identifying all possible risks and selecting major risks⇒implementing countermeasures⇒conducting checks⇒taking action for improvement toward the next fiscal year.” We are promoting risk management through close collaboration among a holding company, regional headquarters/regional representatives companies and each group company.

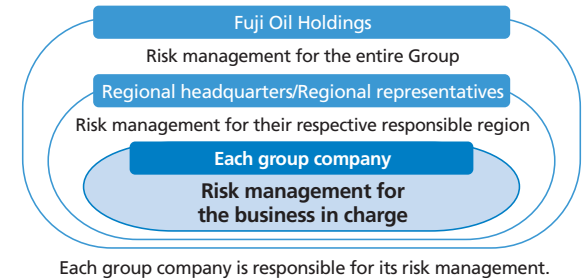
In the event of an emergency, the Emergency Headquarters will be established based on the Risk Management Committee, which promotes risk management activities in ordinary times, so that we can respond to an emergency quickly and appropriately as the Fuji Oil Group.

Our Group will operate one risk management system to support the management of the entire Group.

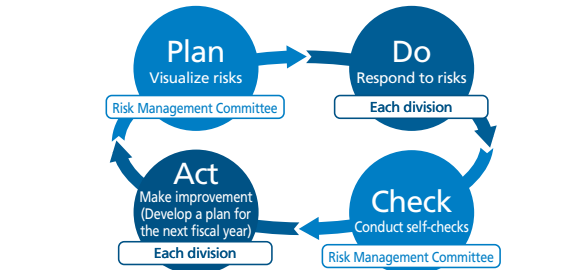
Positioning of risk management in sustainable management



Fuji Oil Group's Risk Management



PDCA Cycle for Risk Management



## Third-party opinions

In 2015, situations surrounding sustainable management have changed significantly both in and outside Japan. Following the formulation of the Japanese version of the Stewardship Code, Japan’s Corporate Governance Code was put into effect in June 2015, which sets out the standards for good corporate governance practices for listed companies in Japan. The Corporate Governance Code emphasizes the importance of addressing ESG (environmental, social and governance) issues and promoting diversity. Turning an eye to the world, in September 2015, the U.N. General Assembly adopted the 2030 Agenda for Sustainable Development—Transforming our world (“the 2030 Agenda”). In December 2015, the international community reached a historical agreement at the 2015 U.N. Climate Change Conference held in Paris. All the countries and regions participating in the conference agreed to adopt the Paris Agreement, which provides a framework for global actions to address global warming from 2020 onward. With the aforementioned major movements in and outside Japan in mind, I will offer some comments about Fuji Oil Group’s Sustainability Report 2016, which was published for the first time after the shift to the holding company structure last autumn.

In conjunction with the move to the holding company structure, the Fuji Oil Group established its Fuji Oil Group Management Philosophy to evolve its “DNA” inherited since its foundation. The Management Philosophy acts as a guideline or set of action principles that all Group employees should follow, in order for the Group to achieve sustainable management on a global scale by promoting localization and delegation of authority while respecting the diversity of each group company. I will keep an eye on how the Fuji Oil Group will specifically advance efforts to disseminate its Management Philosophy to all employees and to ensure that every employee understands and practices the Philosophy in their day-to-day activities.

In the interview with President and CEO Hiroshi Shimizu provided at the beginning of the report, he states the necessity to address global issues and meet social demands, i.e. the importance of ESG for corporate management. In addition to responding to the Japan’s Corporate Governance Code, which went into effect in June last year, the Fuji Oil Group is working to strengthen corporate governance focusing on sustainability by establishing an ESG Committee to discuss important issues around the themes of environment, social responsibility, and governance.

The Fuji Oil Group defined six priority themes, after considering what they can do through business activities to help achieve the sustainable development goals (SDGs), which form the core of the 2030 Agenda. I highly

regard the Group’s attitude of trying to contribute to the SDGs by adopting an “outside-in” approach, which starts with the resolution of social issues. I would like the Group to refer to the means of implementation, follow-up, and review described in the 2030 Agenda.

Lastly, I would like to comment on sustainable procurement. The Fuji Oil Group uses cacao beans, palm oil and soybeans as its core raw materials. However, at the production sites of these raw materials, environmental destruction and human rights violations are growing serious. Taking this fact seriously, the Group has established itself in sustainable procurement relatively early among Japanese companies. Regarding palm oil, the Group has participated in the Roundtable on Sustainable Palm Oil (RSPO) since 2004. In 2016, the Group formulated the Responsible Palm Oil Sourcing Policy to be shared by the entire Group, and commenced medium- to long-term support for small-scale farmers in Borneo, Malaysia, in cooperation with local suppliers and an NGO. I highly appreciate these new initiatives as big steps toward sustainable procurement. International standards for sustainable procurement are expected to be issued by the end of 2017. Also, with the 2020 Tokyo Olympics and Paralympics approaching, increased awareness and interest in sustainable procurement as well as behavior improvements are being seen among both consumers and producers. As I mentioned last year, social expectations toward sustainable procurement are very high, so there are still many things to do. I would like the Fuji Oil Group to accelerate its efforts for sustainable procurement, while continuing to have dialogues and exchange information with local people, relevant institutions, and NGOs.

The Fuji Oil Group upholds its mission of “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.” I think that the impact that a manufacturer of food ingredients can have on people’s lives and on society is boundless. I hope that the Group will steadily strengthen its efforts to realize sustainable management under the new structure.



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





#### Contact information

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



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