

ESG Management

Message from the C"ESG"O



Activity report FY2018

Priority theme · · · FY 2018 Priority Themes



Overall CSR

- ▶ ESG Management: Priority Themes
- ▶ Business and Human Rights
- ▶ Stakeholder Engagement
- ▶ Social Contribution Activities



Solutions through Foods Creation

- ▶ Using Plant-Based Ingredients to Provide Solutions for Shortages of Food Resources **Priority theme**
- ▶ Contributing to Healthy Life Expectancy with Delicious Ingredients **Priority theme**
- ▶ R&D that supports plant-based food solutions



Safety, Security and Quality of Foods

- ▶ Ensuring thoroughgoing food safety and quality

Priority theme



Sustainable Procurement

- ▶ Sustainable Procurement of Main Raw Materials

Priority theme

- Palm Oil
- Cacao
- Soybeans
- Shea Nuts



Environment

- ▶ Environmental Management
- ▶ Reduction of CO₂ emissions **Priority theme**
- ▶ Reduction of water usage **Priority theme**
- ▶ Waste reduction **Priority theme**
- ▶ Reduction of packaging materials
- ▶ Biodiversity



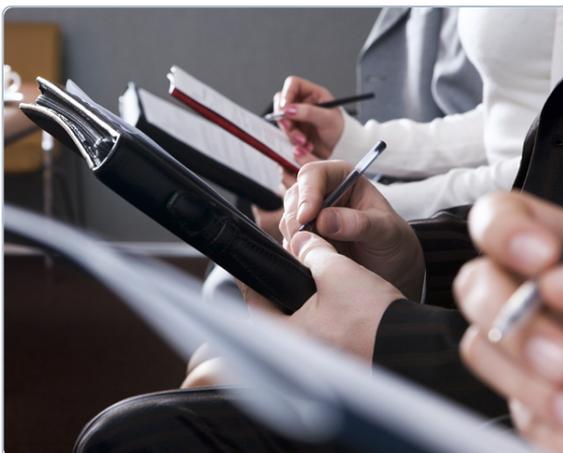
Hitozukuri (Fostering People)

- ▶ Human resource development **Priority theme**
- ▶ Achievement of Diversity **Priority theme**



Health Management

- ▶ Promoting Occupational Safety and Health
Priority theme
- ▶ Maintenance and Promotion Employee Health
Priority theme



Risk Management

- ▶ Effective Risk Management Priority theme
- ▶ Stable Procurement of Raw Materials Priority theme
- ▶ Penetration Awareness of Compliance Priority theme
- ▶ Creation of a Corporate Governance System
Priority theme

FY 2019 Important Topics

This section presents the latest information (FY 2019) regarding important matters for stakeholders.

- ▶ [FY 2019 Important Topics PDF \(497KB\)](#)



Editorial Policy

Integrated Report and Sustainability Report

As a member of society, based on dialogue with stakeholders, the Fuji Oil Group promotes ESG management to continually improve its corporate value and contribute to the sustainable development of society through its business activities. We publish the Integrated Report and the Sustainability Report as a communication tool with stakeholders.

The Integrated Report provides a general overview of our Group and outlines our medium-to-long term corporate values. By communicating this information, we hope to encourage

our stakeholders to engage with us and offer suggestions on how we can further improve our business.

The Sustainability Report aims to report in a comprehensive and sincere manner to a broad range of stakeholders on how we consider and address the impact of our business activities on society, with a view to achieving sustainability.

Editorial Policy for Sustainability Report

Major contents

The Sustainability Report 2019 presents our basic approach and the progress of our activities for the themes to which we are expected to contribute to the realization of a sustainable society, with a focus on the FY 2018 ESG management priority themes, which are selected as issues requiring our particular efforts.

Scope of Coverage of Report

Fuji Oil Group

Period Covered

■ ESG management

The contents of this report are based on information as of June 2019.

■ Report on FY 2018 activities

Fuji Oil Holdings Inc. and Group companies in Japan: April 1, 2018 – March 31, 2019);

Group companies outside Japan: January 1, 2018 – December 31, 2018.

■ Major topics in FY 2019

Regarding important topics for stakeholders, the latest information (FY 2019) is presented.

Company Names

Company names are presented as follows.

Fuji Oil Holdings: Fuji Oil Holdings Inc. (holding company)

Fuji Oil Co., Ltd.: Regional headquarters in Japan

The Fuji Oil Group/the Group: All Group companies in Japan and overseas, including Fuji Oil Holdings Inc.

Guidelines for reference

GRI Standard

Date of Publication

July 2019 (Japanese version)

September 2019 (English and Chinese versions)

Sustainability

Message from the C"ESG"O

As a member of society, contributing to social issues and the development of a sustainable society by pursuing plant-based solutions is practicing the Fuji Oil Group's core value, "Work for people."

The Fuji Oil Group is committed to playing its part in realizing the sustainable society aimed by SDGs, contributing to resolving social issues through its main business.

With the adoption of SDGs and the Paris Agreement by the United Nations in 2015, the international community has clearly defined its direction toward a sustainable society where no one is left behind. This includes the environment and human rights. Under these circumstances, in order for the Fuji Oil Group to remain a company needed by society, it is necessary to promote management, not only from technological and financial perspectives, but also from a sustainability perspective. In line with this idea, in April 2019 we established the position of Chief ESG Management Officer (C"ESG"O). The C"ESG"O plays a leading role in promoting management from a sustainability perspective, and serves as a driving force to push forward the Group's ESG management.

The Fuji Oil Group selects key issues to focus as ESG management priority themes. Priority themes are selected by the ESG Committee, a direct advisory body to the Board of Directors, after due deliberation based on stakeholder expectations and relevance with the Group's business.

The Sustainability Report 2019 reports mainly on the Group's activities related to the priority themes for FY 2018.

Among FY 2018 activities with a great impact on society are the establishment of the Environmental Vision 2030 and the launch of a grievance (complaint handling) mechanism. We formulated the Environmental Vision 2030 in accordance with the Science Based Targets approach, to contribute to achieving the Paris Agreement. We introduced the grievance mechanism, ahead of others in the Japanese industry, to achieve the Responsible Palm Oil Sourcing Policy, which was established in 2016 to ensure the sustainable procurement of palm oil, which is one of our key raw materials and whose production is associated with human rights and environmental abuses.

For details on each initiative, please visit the following URLs.

- Environmental Management
- Sustainable Procurement

An effective communication with stakeholders is the foundation and the driver for a successful ESG management. I believe that engaging in a dialogue with sincerity and transparency will help promoting our learning and activities, and lead to increased sharing of knowledge and wisdom with society. I hope that this report will serve as a good communication tool for engaging with our stakeholders.

Takashi Kadota,
Chief ESG Management Officer
Fuji Oil Holdings Inc.

A handwritten signature in black ink, appearing to read 'T. Kadota', with a long horizontal flourish underneath.

Sustainability

ESG Management and CSR

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⌵ [Four categories of CSR activities](#)
- ⌵ [The Fuji Oil Group's ESG Management](#)
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 - [Educational and awareness-raising activities for employees](#)

Basic Approach to CSR

The Fuji Oil Group believes that fulfilling corporate social responsibility (CSR) is management itself. Our basic CSR policy is to continuously 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.” Recognizing that a company is a social entity, we believe that CSR entails working to understand the expectations and concerns of stakeholders and contributing to the sustainable development of society through our business activities.

Four categories of CSR activities

The Fuji Oil Group has classified its CSR activities into the following four categories and sets forth activity guidelines for each.

Category	Activity guidelines
1.Strategic activities	Contribute to resolving social issues through businesses and products.

Category	Activity guidelines
2.Basic activities	Reduce and rectify the adverse impacts on society from our business processes.
3.Social contribution activities	Contribute to the development of local communities as a good corporate citizen.
4.Communication with stakeholders	Communicate with stakeholders in a highly transparent manner and in good faith.

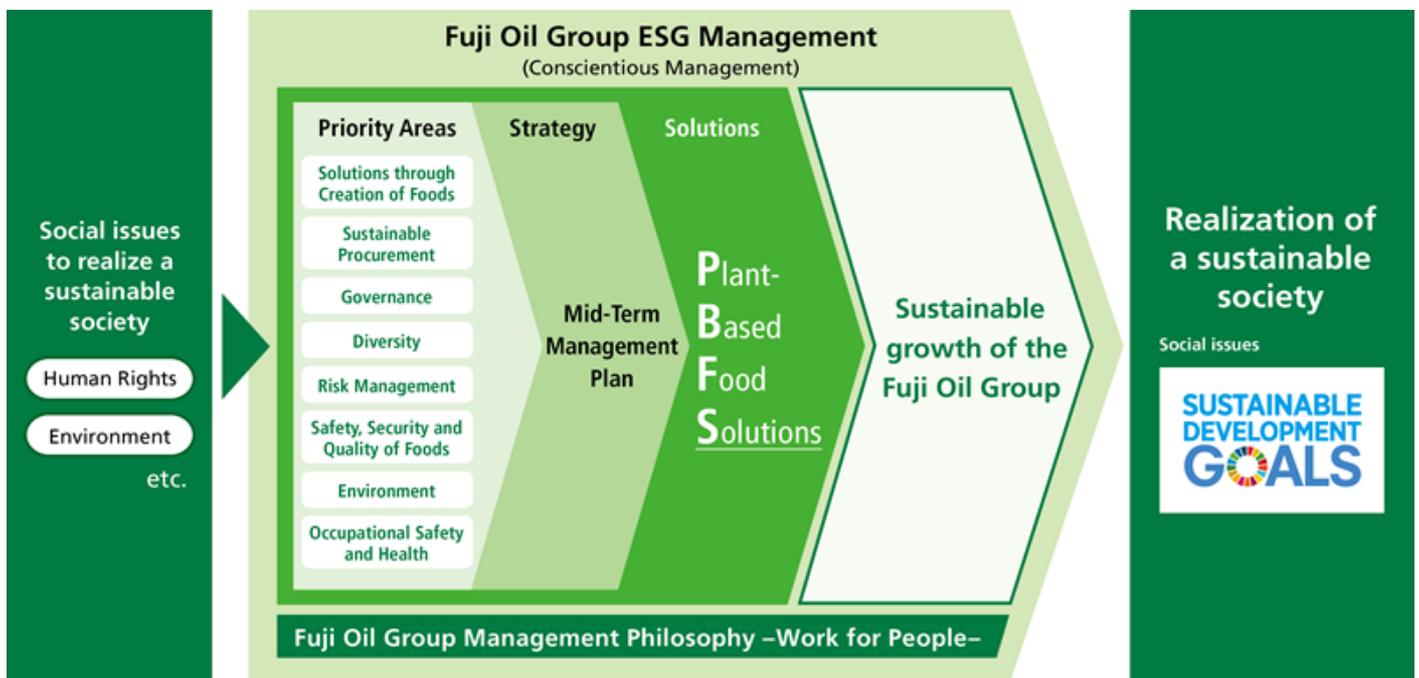
The Fuji Oil Group's ESG Management

Based on the Fuji Oil Group Management Philosophy, the Group is promoting ESG management to achieve sustainable growth while contributing to realizing a sustainable society, by creating and offering Plant-Based Food Solutions.

The Fuji Oil Group Management Philosophy articulates the Group's Mission (our reason for being), Vision (our ideal state), Values (the basic values that guide us in doing business) and Principles (our action principles). The Philosophy sets out the conduct principles that all directors and employees of the Fuji Oil Group must follow. As symbolized by the phrase "Work for people" in the Values, we will conduct our business activities as a responsible member of society, to remain a company needed by society. This commitment lies at the core of the Group's Philosophy.

The term Plant-Based Food Solutions (PBFS) expresses the value we aim to provide to society through our business activities. This term expresses our determination to solve social issues by providing plant-based food ingredients, rather than simply manufacturing and providing products.

To realize PBFS, we established CSR priority areas and themes, and the Medium-term Management Plan, Toward a Further Leap.



ESG Management Promotion System

Promotion system

The entire Fuji Oil Group promotes ESG management based on the idea that CSR is management itself.

In April 2019 Fuji Oil Holdings established the position of Chief ESG Officer (C"ESG"O) to reinforce the Group's ESG management. The role of C"ESG"O is to oversee the Group's ESG management in cooperation with the Board of Directors and to improve ESG performance to meet stakeholders' expectations. The aim is to reach, the sustainable improvement of corporate value and the sustainable development of society.

Also, the ESG Management Group was established under the C"ESG"O to serve as a dedicated unit promoting ESG management. The ESG Management Group engages in communication with members of society at large to understand stakeholders' expectations and concerns, and coordinates CSR efforts and initiatives of the Fuji Oil Group companies.

ESG Management and ESG Committee

With the purpose of strengthening ESG management, the ESG Committee has been established as an advisory body to the Board of Directors of Fuji Oil Holdings. The ESG Committee meets at least twice a year to discuss issues and strategies relevant to the Fuji Oil Group's corporate social responsibilities, and to review the progress of CSR priority themes. We invite outside experts as advisors to the Committee to provide the

perspective of society. After each meeting, the Committee submits the results to the Board of Directors for review. The C"ESG"O is the chairperson of the Committee.



Educational and awareness-raising activities for employees

We conduct educational and awareness-raising activities for the Fuji Oil Group employees to inform them of the Group's basic approach to CSR, its CSR activities, and society's expectations of the Fuji Oil Group so that each employee practices CSR through his or her work. We work to improve employees' understanding of ESG management and SDGs through various activities, including publishing serial articles on CSR in in-house newsletters (Japanese and English), making it mandatory to include a lecture on ESG management and SDGs in divisional training programs of the Group companies in Japan, and explaining the Fuji Group Management Philosophy and ESG management to overseas Group companies.

Sustainability

Overall CSR

Activity report FY2018

ESG Management: Priority Themes

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ESG management priority themes for contributing to society through our business

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Business and Human Rights

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Stakeholder Engagement

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Social Contribution Activities

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Providing chocolate for use in visiting
classes for high school students, held under
the "SDGs for School" Project/Hannan
Forest Project/The Fuji Foundation for
Protein Research

[For more details](#) →

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ESG Management: Priority Themes

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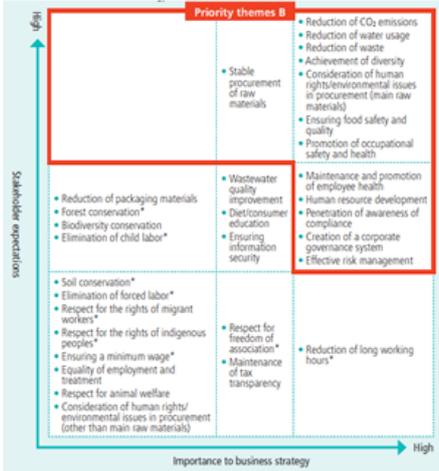
- Basic approach
- Process for determining FY 2018 ESG management priority themes
- FY 2018 ESG Management Priority Themes

ESG management priority themes for contributing to society through our business

Basic approach

The Fuji Oil Group established ESG management priority themes, which contribute to the sustainable development of society as well as its own sustainable growth and the creation of value for society through its business activities.

Process for determining FY 2018 ESG management priority themes

Steps	Activities			
<p>1. Listing of social issues</p>	<p>Receive advice from experts (NGOs) and list social issues based on the SDGs * 1 and other international CSR guidelines and benchmarks.</p> <p>* 1 United Nations SDGs (Sustainable Development Goals): 17 goals adopted by the United Nations General Assembly in 2015 to be achieved globally by 2030</p>			
	<p style="text-align: center;">Classification of social issues into two types</p> <table border="1" style="width: 100%;"> <thead> <tr> <th data-bbox="443 483 970 528">A</th> <th data-bbox="978 483 1505 528">B</th> </tr> </thead> <tbody> <tr> <td data-bbox="443 533 970 674"> <p>A. Social issues we can help resolve through our products (CSR Category: Strategic activities)</p> </td> <td data-bbox="978 533 1505 674"> <p>B. Social issues we can help resolve through our business processes (CSR category: Basic activities)</p> </td> </tr> </tbody> </table>	A	B	<p>A. Social issues we can help resolve through our products (CSR Category: Strategic activities)</p>
A	B			
<p>A. Social issues we can help resolve through our products (CSR Category: Strategic activities)</p>	<p>B. Social issues we can help resolve through our business processes (CSR category: Basic activities)</p>			
<p>2. Prioritization/ Validation</p>	<p>Review and specify social issues to which the Fuji Oil Group can contribute by demonstrating its strengths (technological capabilities, etc.)</p>			
	<p>Create a materiality map * 2 and comparatively evaluate social issues.</p> <p>* 2 Materiality map</p> <p>Vertical axis: Stakeholder expectations (set based on advice from experts (NGOs) with reference to international guidelines, benchmarks, etc.)</p> <p>Horizontal axis: Importance to business strategy (set from the perspective of management approach and business strategy)</p>  <p>The materiality map is a 2x2 matrix. The vertical axis is 'Stakeholder expectations' (Low to High) and the horizontal axis is 'Importance to business strategy' (Low to High). A red box highlights the top-right quadrant, labeled 'Priority themes B'. This quadrant contains the following items: Reduction of CO₂ emissions, Reduction of water usage, Reduction of waste, Achievement of diversity, Consideration of human rights/environmental issues in procurement (main raw materials), Ensuring food safety and quality, and Promotion of occupational safety and health. Other items in the matrix include: Stable procurement of raw materials; Wastewater quality improvement, Diet/consumer education, and Ensuring information security; Reduction of packaging materials, Biodiversity conservation, and Elimination of child labor; Soil conservation, Elimination of forced labor, Respect for the rights of migrant workers, Respect for the rights of indigenous peoples, Ensuring a minimum wage, Equality of employment and treatment, Respect for animal welfare, and Consideration of human rights/environmental issues in procurement (other than main raw materials); Respect for freedom of association, Maintenance of tax transparency, and Reduction of long working hours.</p> <p>* Social issues considered to occur in Fuji Oil. Social issues in the supply chain are included in Consideration of human rights/environmental issues (other than main raw materials)</p>			
<p>3. Approval</p>	<p>The above evaluation and study results were examined and revised by the ESG Committee, which includes one outside expert, to ensure that there were no omissions or redundancies.</p>			
	<p>Submission by the ESG Committee to the Board of Directors of Fuji Oil Holdings for final approval.</p>			

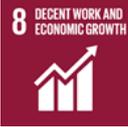
FY 2018 ESG Management Priority Themes

In FY 2018, the Fuji Oil Group determined seven priority areas and 15 priority themes for ESG management. For details on the Group's basic approach for ESG management priority themes, targets and progress in FY 2018, see each relevant section of this sustainability report.

*List of links to each theme

▶ <https://www.fujioilholdings.com/en/csr/>

Category	Materiality map	Priority themes FY2018	SDGs of Particular Focus	For more details
Social issues we can help resolving through our products.	Solutions through Creation of Foods	Using Plant-Based Ingredients to Provide Solutions for Shortages of Food Resources	 	https://www.fujioilholdings.com/en/csr/food_creation/food_creation_01/
		Contributing to Healthy Life Expectancy with Delicious Ingredients	 	https://www.fujioilholdings.com/en/csr/food_creation/food_creation_02/
Social issues we can help resolving through our business processes.	Safety, Security and Quality of Foods	Ensuring thoroughgoing food safety and quality		https://www.fujioilholdings.com/en/csr/food_quality/food_quality_01/
	Sustainable Procurement	Sustainable Procurement of Main Raw Materials	 	https://www.fujioilholdings.com/en/csr/sustainable/sustainable_01/
		Stable procurement of raw materials		https://www.fujioilholdings.com/en/csr/risk_management/risk_management_02/
Environment	Environment	Reduction of CO ₂ emissions		https://www.fujioilholdings.com/en/csr/environment/environment_02/

Category	Materiality map	Priority themes FY2018	SDGs of Particular Focus	For more details
		Reduction of water usage		https://www.fujioilh-oldings.com/en/csr/environment/environment_03/
		Waste reduction	 	https://www.fujioilh-oldings.com/en/csr/environment/environment_04/
	Hitozukuri (Fostering People)	Human resource development		https://www.fujioilh-oldings.com/en/csr/human/human_01/
		Achievement of Diversity		https://www.fujioilh-oldings.com/en/csr/human/human_02/
		Penetration Awareness of Compliance		https://www.fujioilh-oldings.com/en/csr/risk_management/risk_management_03/
	Health Management	Maintenance and Promotion Employee Health		https://www.fujioilh-oldings.com/en/csr/employ_health_safe/employ_health_safe_02/
		Promoting Occupational Safety and Health		https://www.fujioilh-oldings.com/en/csr/employ_health_safe/employ_health_safe_01/
	Risk Management	Creation of a Corporate Governance System		https://www.fujioilh-oldings.com/en/csr/risk_management/risk_management_04/
		Effective Risk Management		https://www.fujioilh-oldings.com/en/csr/risk_management/risk_management_01/

Sustainability

Business and Human Rights

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- ⌵ [Promotion System](#)
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- ⌵ [Human rights due diligence](#)
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Basic approach

As stated in our Management Philosophy, the Fuji Oil Group upholds a commitment to "working for people" as one of its core values. Keeping with this commitment, we, as a globally operating company, will engage in business activities that respect human rights, while taking into account the impact of our business activities on stakeholders throughout the value chain. Our participation in the 2016 United Nations Forum on Business and Human Rights and the dialogue with our stakeholders, gave us the opportunity to reformulate our way of thinking about human rights. As a result n we announced the Fuji Oil Group Human Rights Policy in April 2017.

- ▶ [Fuji Oil Group Human Rights Policy PDF \(400KB\)](#) 

Promotion System

We recognize that various business activities of the Fuji Oil Group, including employment, procurement and sale of products, can have an impact on human rights. Under the supervision of the officer in charge of CSR at Fuji Oil Holdings (the Chief Financial Officer in FY 2018), the ESG Management Group promotes group-wide efforts to respect human rights and raise awareness of human rights issues, to identify and overall control of human rights risks, to ensure that human rights are respected at all workplaces and business sites.

In addition, respect for human rights in the value chain has been incorporated in the CSR priority themes, and the ESG Committee, which is an advisory body to the Board of

Directors, makes progress reports and examines issues for submission to the Board of Directors.

Educational and awareness-raising activities

The Fuji Oil Group promotes educational and awareness-raising activities on business and human rights.

In FY 2018, we provided information on business and human rights issues to all Risk Management Committees established in the Group companies and encouraged them to incorporate human rights and environmental risks in their risk assessments. As a result, some Group companies took measures to prevent human rights risks (risks associated with human rights violations through business activities).

Furthermore, to promote Group employees' understanding of the Group's human rights policy, we created an e-learning video on business and human rights, in Japanese, English and Chinese. The e-learning video has been distributed to management at overseas regional headquarters, and is available on the intranet, which is an information-sharing infrastructure for the entire group. In FY 2019, we will use this video in employee training to raise their understanding and awareness of business and human rights issues.

Business and Human Rights e-learning movie

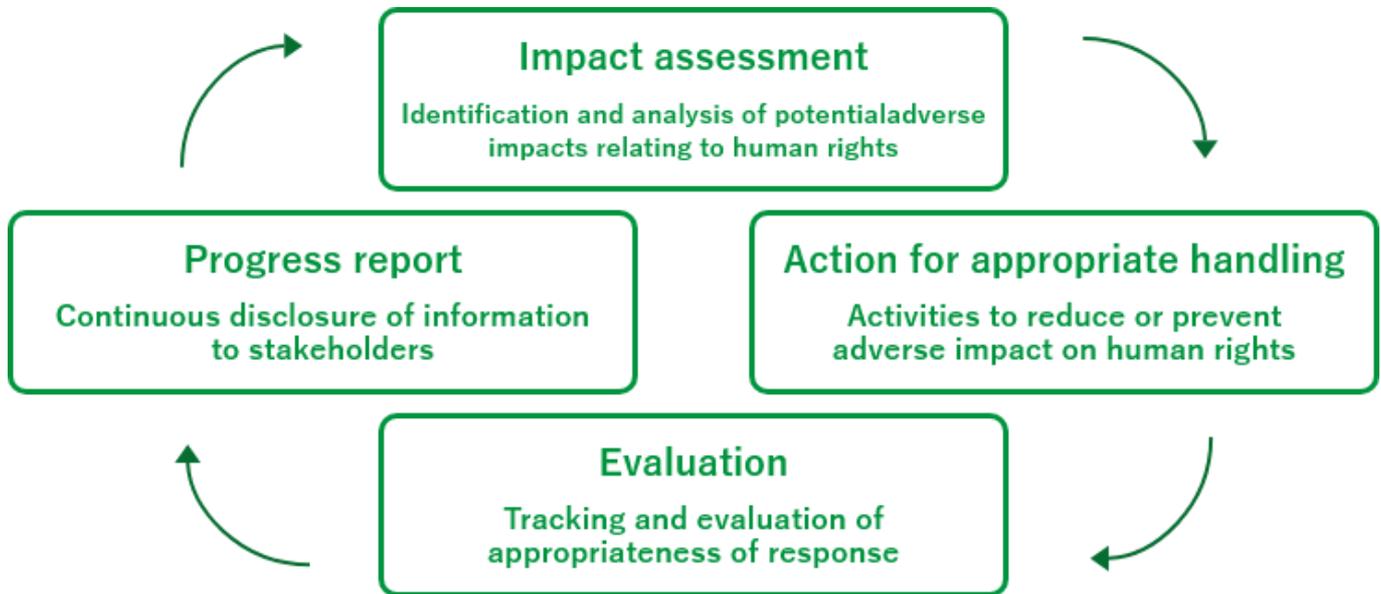


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Human rights due diligence

The Fuji Oil Group conducts human rights due diligence as part of our responsibility to respect human rights.



Human rights impact assessment

Process of identifying human rights risks

In FY 2016, the Fuji Oil Group conducted a human rights impact assessment to identify and evaluate the adverse impacts on human rights linked to its business activities and to identify priority key issues. During the assessment, we gained insight not only from related internal departments but also from Verisk Maplecroft and Caux Round Table Japan as external experts. In the first stage, based on Verisk Maplecroft's expertise, we quantitatively assessed the human rights risks in which the Group's business activities and operational areas could be involved. In the second stage, based on the results of the first stage, we conducted interviews with related parties in the company to reflect the actual situation of the Group in specifying human rights risks. The second stage was done in collaboration with Caux Round Table Japan.

Identified human rights risks and countermeasures (Progress)

Risks for priority handling	Progress of countermeasures in FY 2018
<p>Risk of the occurrence of problems related to forced labor, human trafficking, occupational safety and health, appropriate wages, working hours, freedom of association and collective bargaining, particularly with respect to contract or temporary laborers used at overseas group companies in Southeast Asia, China and Africa</p>	<ul style="list-style-type: none"> • The ESG Management Group of Fuji Oil Holdings explained human rights risks to all Risk Management Committees established in Group companies. • Group companies receiving the SEDEX SMETA audit took corrective action for the items pointed out in the audit in order to reduce human rights-related risks. • Group companies not receiving the SEDEX SMETA audit conducted a survey, using the Fuji Oil Group's own questionnaire, with companies with whom they have business relationships (staffing agencies and contractors) to promote their understanding of the Group's human rights policy and encourage efforts to reduce human rights-related risks.
<p>Risk of violations of the human rights of laborers related to working hours, appropriate wages, occupational safety and health, workplace discrimination, freedom of association and collective bargaining, forced labor and human trafficking at joint venture companies that are not substantially under the control of Fuji Oil Holdings or recently acquired group companies</p>	
<p>Risk of unintentional violations of the human rights of laborers related to working hours and workplace discrimination, particularly at overseas group companies</p>	
<p>Risk of human rights violations related to human trafficking, forced labor, child labor, inappropriate wages, long working hours and seizure of land in the upstream of the palm oil supply chain</p>	<ul style="list-style-type: none"> • Since FY2017, the Fuji Oil Group has promoted supply chain improvement activities at its primary palm oil refining company, Palmaju Edible Oil Sdn. Bhd. (Malaysia). As part of such efforts, passports have been returned to more than 200 migrant workers working on farms in the supply chain. • Since FY 2018, we have engaged with all of the 22 refinery companies with whom we have direct business. We support suppliers in risk identification and improvement, through the provision of self-assessment tools. • In May 2018, a grievance mechanism was established and announced. This mechanism is based on the Responsible Palm Oil Sourcing Policy, , and it operates since then.

Risks for priority handling	Progress of countermeasures in FY 2018
<p>Risk of human rights violations related to child labor, forced labor, human trafficking, appropriate wages and long working hours in the upstream of the cacao supply chain</p>	<ul style="list-style-type: none"> • In the second half of 2017, we started the formulation of the Responsible Cacao Sourcing Policy. The Policy was formulated and announced in August 2018. • In December 2018, we started a support program for cacao farmers in Ecuador. We support farmers to produce high-quality cacao beans in a way that respects human rights and the environment.
<p>Risk that the Fuji Oil Group Human Rights Policy will not be reflected at an operational level in employee behavior due to absence of human rights training</p>	<ul style="list-style-type: none"> • We created an e-learning video on business and human rights, in Japanese, English and Chinese, and distributed it to all Group companies via the intranet, etc. to ensure that all Group members understand the Group's human rights policy and important points regarding human rights.
<p>Risk of inability to accept and handle complaints from laborers at suppliers and from local residents (absence of grievance mechanism)</p>	<ul style="list-style-type: none"> • In May 2018, a grievance mechanism was established and announced, This mechanism is based on the Responsible Palm Oil Sourcing Policy, and it operates since then.

Grievance mechanism

Internal reporting system for employees

We established an internal reporting system for employees of group companies inside and outside Japan and employees of some cooperating companies.

*For details, see the Compliance section of the Fuji Oil Sustainability Report 2019.

▶ https://www.fujioilholdings.com/en/csr/risk_management/risk_management_03/

Grievance mechanism for supply chain

In May 2018, we established and announced a grievance mechanism based on our Responsible Palm Oil Sourcing Policy. We set up a Grievance Mechanism web page in English on the Fuji Oil Group website to announce the mechanism and its progress.

▶ https://www.fujioilholdings.com/en/csr/grievance_mechanism/

Sustainability

Stakeholder Engagement

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Basic approach

As a member of society, the Fuji Oil Group considers honesty, transparency and two-way communication with stakeholders essential for understanding and meeting their expectations. Stakeholder opinions and comments are used to improve the Group's business activities.

The Fuji Oil Group's stakeholders

The Fuji Oil Group has identified the major stakeholders on whom its business activities can exert a positive or negative impact as follows.

Main stakeholders	Communication
Employees	<ul style="list-style-type: none"> • Employee training • Compliance hotline • Employee satisfaction survey • Intranet, company newsletter, etc.
Shareholders and investors	<ul style="list-style-type: none"> • Shareholders General Meeting • Informal shareholder gatherings • Results briefing/teleconference • Small meetings, etc.

Main stakeholders	Communication
Customers	<ul style="list-style-type: none"> • Daily sales activities • Co-Creation Forum, etc.
Consumers	<ul style="list-style-type: none"> • Customer inquiry desk • Dissemination of information through mass media, etc.
Business partners and subcontractors	<ul style="list-style-type: none"> • Daily purchasing activities/ transactions • Supplier engagement • Procurement Policy presentations, etc.
Local communities	<ul style="list-style-type: none"> • Participation in and support of regional events • Support activities for the local community (food education project) • Support after natural disasters, etc.
NGOs/NPOs and experts	<ul style="list-style-type: none"> • Expert panel dialogue • Grievance mechanism • Promotion of joint projects, etc.
Academic organizations	<ul style="list-style-type: none"> • Joint research • Lectures, etc.

Accelerating CSR promotion through dialogue with stakeholders

Incorporating stakeholders' advice into business activities

As a member of society, the Fuji Oil Group believes that understanding stakeholders' concerns and expectations toward the Group is an integral part of, ESG management. Through dialogue with stakeholders and experts, we come to understand their expectations and suggestions regarding our Group's sustainability activities. Based on the advice received we work to improve our activities.

Opinions and advice from stakeholders (examples)	Actions taken by the Fuji Oil Group
September 2016: Need to refer to the Guiding Principles on Business and Human Rights	April 2017: Fuji Oil Group formulated the Human Rights Policy, and introduced human rights due diligence

Opinions and advice from stakeholders (examples)	Actions taken by the Fuji Oil Group
September 2017: Need to visualize the process of identifying priority themes	January to April 2018: Revision of priority themes using the materiality map
November 2017: Need to establish a grievance mechanism	May 2018: Established and announced a grievance mechanism
April 2018: Need to disclose information of the supply chain in operating the palm oil grievance mechanism	June 2018: Publication of a list of oil mills

Case study: Dialogue with experts on business and human rights

We engaged in a dialogue with experts on business and human rights to receive advice on our future CSR activities in September 2019.

It was the third time we held a dialogue on this theme, following FY 2017.

Dr. James Allan of Verisk Maplecroft and Ms. Tulika Bansal of the Danish Institute for Human Rights participated as experts. Participants from the Fuji Oil Group included the Chief Strategy Officer, the Chief Financial Officer, the Executive Officer of the Business Development Division, and members of CSR departments. In the dialogue, we explained the Fuji Oil Group's basic approach, the issues identified related to business and human rights and the progress of our efforts. Particularly in the area of sustainable procurement, the experts advised to conduct impact surveys at sites where problems can occur (= plantations) and create a model case for improvement activities. This dialogue served as an opportunity to confirm the validity of our approach to supply chain activities (understand the actual situation of the site → provide support to improve the identified issues). Since the dialogue, we have promoted the sustainable procurement of raw materials by incorporating the advice received from the experts.



A scene from the dialogue with experts on business and human rights held in September 2018

<Participants> (as of September 2018)

■ Experts

Dr. James Allan, Head of Consulting, Verisk Maplecroft

Ms. Tulika Bansal, Senior Advisor on Human Rights and Business, Danish Institute for Human Rights

■ Fuji Oil Holdings

Mikio Sakai, Director and Senior Executive Officer, Chief Strategy Officer (CSO)

Tomoki Matsumoto, Director and Senior Executive Officer, Chief Financial Officer (CFO)

Hiroshi Shinano, Executive Officer, Business Development Division

■ Moderators

Caux Round Table Japan

Hiroshi Ishida, Executive Director

Sayaho Noda, Director

Participation in external initiatives

We are participating in external initiatives to help resolve social issues in cooperation with stakeholders

[Major external initiatives]

- UN Global Compact
- The Consumer Goods Forum
- RSPO (Roundtable on Sustainable Palm Oil)
- Global Shea Alliance
- World Cocoa Foundation

WE SUPPORT



The Fuji Oil Group signed the United Nations Global Compact in January 2013. We aim to contribute to improving the sustainability not only of our Group but also of the entire society by practicing the 10 principles of human rights, labor standards, the environment, and anti-corruption.

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

Evaluation from society

In FY 2018, the Fuji Oil Group received the following evaluations for its CSR initiatives.

Evaluation from society (examples)

Environment	January 2019: CDP Forests Questionnaire "A" rating (a first for a Japanese company) January 2019: CDP Climate Change Questionnaire "B" rating
Overall ESG	January 2019: Fuji Oil Holdings' Sustainability Report 2018 selected as one of the "most-improved integrated reports" in a report published by the Government Pension Investment Fund (in Japan) February 2019: Received an Award for Excellence at the 21st Nikkei Annual Report Awards
Health Management	February 2019: Certified as an Excellent Enterprise of Health and Productivity Management 2019 in the large enterprise category (White 500), by Japan's Ministry of Economy, Trade and Industry (METI)

Sustainability

Social Contribution Activities

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- ④ [Basic approach](#)
- ④ [Food education project](#)
- ④ [Providing chocolate for use in visiting classes for high school students, held under the "SDGs for School" Project](#)
- ④ [Hannan Forest Project](#)
- ④ [The Fuji Foundation for Protein Research](#)

Basic approach

The Fuji Oil Management Philosophy principles state that we will engage in corporate activities rooted in our communities and actively contribute to society. As member of local communities, we are engaged in social contribution activities that are related to the regions where our business sites are located and to the nature of our businesses.

Food education project

Since FY 2014, the Fuji Oil Group has been conducting a nutrition education project in cooperation with the NPO After School. The objective is to convey to children, who will lead the next generation, the importance of food and the power of soybeans.

Employees selected from among applicants serve as teachers to conduct visiting classes at elementary schools.

In FY 2018, a total of 20 visiting classes were provided for approximately 600 elementary school students to teach them about the power of soybeans, which are good for the health and can save the world from food shortages. Each class comprises a soybean snack (soymilk pudding) cooking lesson, and a soybean workshop. Since FY 2014, a total of 2,200 children have participated in our food education project events.



Visiting class

<Messages from children who attended the class>

- Thank you very much for teaching us how amazing soybeans are today. The pudding was also delicious.
- Thank you for telling us about soybeans. Please teach us more about soybeans.
- I learned that soybeans are the most important thing on Earth, and I want to grow soybeans at home so that there is no food shortage on the Earth.
- I enjoyed making sweets for the first time. I will find out more about soybeans and try to appreciate food more. Thank you very much.

Providing chocolate for use in visiting classes for high school students, held under the "SDGs for School" Project

"SDGs for School" is a project conducted by the NGO Think the Earth to promote understanding of SDGs and to make them popular among junior high and high school students. The Fuji Oil Group provides two kinds of chocolate as teaching materials for this visiting class (one that uses palm oil and another that does not).

In FY 2018, approximately 3,900 students attended the class. They learned through chocolate that palm oil is widely used in many products in our daily lives and that it is important to consume sustainable palm oil.

<Message from a high school student who attended the class (excerpt)>

As a high school student today, I think I have more power than someone from any other generation to change the world. However, when I was growing up, I became fearful and I was unable to do anything specific, which felt very distressing. At that time, I got a specific idea of what I should do from my teacher through my classes. From now on, I would like to be able to do what I want with many other people. I was also interested in Think the Earth and Fuji Oil 's activities and corporate philosophies. The thought that such companies exists in the world fill me with a very happy feeling.

It is difficult to develop the economy while thinking about the environment and society. I think that Japan should give more thought to other countries and the future of the world, rather than making and buying lots of cheap products. Since I cannot find a clear answer about what Japan should do, I would like to find out what companies are doing.

Note: See the following website for details (Japanese only).

▶ <http://www.thinktheearth.net/sdgs/> 

Hannan Forest Project

Since March 2018, volunteer employees from Fuji Oil Co., Ltd. have participated in park development activities at Izumisano Kyuryo Ryokuchi in Osaka Prefecture. Local volunteers, the Osaka prefectural government, and companies collaborate in conducting forest development and bamboo grove management activities. Park creation activities are held on Saturday once a month.

Izumisano Kyuryo Ryokuchi is the only park directly managed by the Osaka prefectural government, and promotes efforts to create a park enjoyed by all, by not only making things such as facilities in the park (monozukuri), but also creating experiences and excitement (kotozukuri). Fuji Oil employees participate in various programs and activities such as thinning, and hand-making of walkways and stairs.



Izumisano Kyuryo Ryokuchi Park

The Fuji Foundation for Protein Research

In 1979, we inaugurated the Research Committee of Soy Protein Nutrition to support the promotion of academic studies on soybean protein. Based on its activities over 18 years, in 1997 we established the Fuji Foundation for Protein Research, operating under the jurisdiction of the former Ministry of Education, Science and Culture. In 2012, the Foundation transitioned to a public-interest foundation under the jurisdiction of the Cabinet Office, to take over and further expand the activities of its predecessor. Aiming to promote scientific research and the widespread use of soy protein, the Foundation has subsidized numerous research projects. The cumulative number of research projects that the Foundation, including its predecessors, has subsidized totals 1,100 over the past 40 years. The Foundation has also held public lectures as public-interest activities. In 2018, a lecture was held in Sapporo. In FY 2019, the Foundation plans to hold a lecture commemorating the 40th anniversary of the start of provision of research grants. The Foundation will continue to contribute to society through activities to disseminate research findings.



Public lecture held in Sapporo in FY 2018

Sustainability

Solutions through Foods Creation

SDGs of particular focus for achievement



Activity report FY2018

Using Plant-Based Ingredients to Provide Solutions for Shortages of Food Resources Priority theme

Contents

Basic approach/Objectives/Progress/Specific initiatives:

Popularizing soy ingredients for the health of people and the planet/Business survey for the construction of a soy product value chain to improve nutrition and increase women's income in Burkina Faso

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Contributing to Healthy Life Expectancy with Delicious Ingredients Priority theme

Contents

Basic approach/Objectives/Progress/Specific initiatives:

Support a healthy lifestyle through the provision of plant-based food ingredients

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R&D that supports plant-based food solutions

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Innovation strategy to provide solutions to social issues/Research Structure to Create the Future of Food/Open Innovation

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- Research and Development Expenses
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Sustainability

Using Plant-Based Ingredients to Provide Solutions for Shortages of Food Resources

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- [Popularizing soy ingredients for the health of people and the planet](#)
- [Business survey for the construction of a soy product value chain to improve nutrition and increase women's income in Burkina Faso](#)

Basic approach

Since shortly after its founding, the Fuji Oil Group has aimed to provide solutions to food resources shortage associated with population growth, by using plant-based ingredients. Since 1957 we have been pursuing the possibility of soy protein, under the belief that plant-based protein can compensate for the shortage of animal protein sources. There is a growing sense of crisis in society towards food shortages and environmental problems. In the past, plant-based protein ingredients were used merely as substitutes for animal protein sources. Under the slogan, "Providing the deliciousness of plant-based foods and solving social problems," we strive to establish a new category of plant-based foods in the market, thereby contributing to solving social issues.

Objectives

Based on the Mid-Term Management Plan Help resolving food resources shortage with plant-based proteins while having a reduced burden on the environment.

In terms of Monozukuri (R&D), we aim at developing products that offer deliciousness, which is a major challenge in popularizing plant-based protein sources.

In terms of Kotozukuri (value creation and demonstration to the market), we aim at

creating a system, which promotes consumers' understanding of the significance of choosing plant-based protein sources.

Progress

■ Development and sales expansion of soy meat

We promoted the development and sales expansion of meatless hamburger, soybean karaage, and seasoned textured soy protein, through market development (promoting the development of high-value-added products)

■ Creating a market for plant-based whipping cream

Conventional whipping cream is made from milk. The Fuji Oil Group promotes developing plant-based whipping cream. In FY 2018, we promoted the development and sales of cacao whipping cream based on cacao butter and whipping cream made from thick soymilk (soymilk cream). Also, cheese-like ingredients made from soymilk have gradually gained popularity in the Japanese market, as they have been used as ingredients for desserts such as tofu cheesecake and soy tiramisu (Tiratisu).

Specific initiatives

Popularizing soy ingredients for the health of people and the planet

Social issues and soybeans

Global population growth is forecast to lead to shortages of food (especially animal protein) and water resources. The Fuji Oil Group believes that soybeans will resolve this social issue.

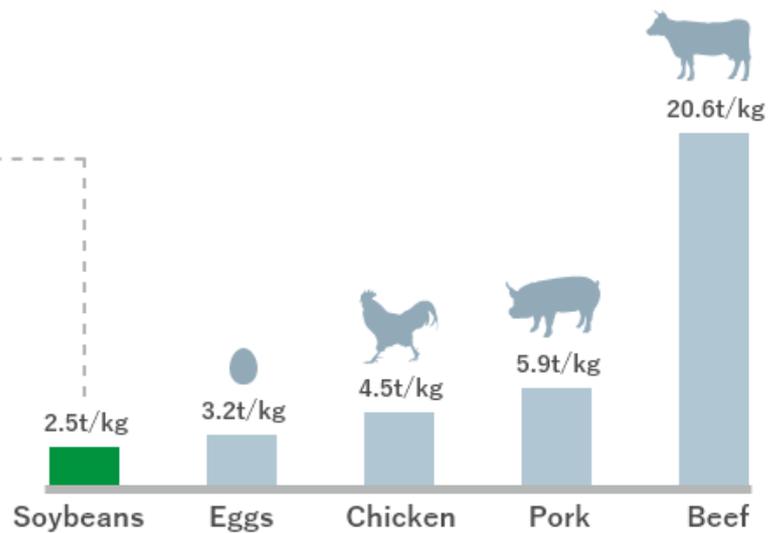
Soybeans grow in a wide range of climates, from cold regions to the tropics. Large quantities of soybeans can be cultivated with less fertilizer and water, compared to animal protein sources.

Water Consumption during Production by Resource

Water consumption during soybean production

About **1/8** of that for beef

* Source : Oki Laboratory, Institute of Industrial Science,
The University of Tokyo



Fuji Oil Group's solutions

The Fuji Oil Group aims at providing solutions to food shortages through the development and market diffusion of plant-based food products.

Example 1: Soy meat

Plant-based protein sources such as soy meat have a lower environmental burden than animal protein sources (beef, etc.), but have conventionally been considered inferior in terms of flavor. This was an issue that needed to be addressed to achieve widespread use. Leveraging our long-accumulated know-how about soy meat, we developed and have been selling soy meat that is filling and delicious, like animal protein sources.

For example, in FY 2018, by adding a discontinuous texture like ground meat, we developed a meatless hamburger that could satisfy consumers, just like beef. We will continue to propose and provide delicious plant-based protein ingredients, in order to contribute, not only to delivering the joy of food to consumers, but also to solving the issue of food shortages and with less environmental impact.

Example 2: Plant-based whipping cream

The Fuji Oil Group is promoting the development of products, focusing on the deliciousness of plant-based ingredients. For example, we developed a plant-based cacao-flavored rich whipping cream, "Cacao Whip", by using cacao butter as oil content. Cacao Whip allows consumers to experience the rich flavor of cacao. Cacao Whip is used as ingredient for chocolate-flavored parfaits featuring plant-based ingredients. Due to its rich flavor and lower environmental burden than milk-derived whipping cream, Cacao Whip has been favorably received in the market.

Also, as a new product that uses our proprietary Ultra Soy Separation (USS) manufacturing method, we developed soymilk whipping cream containing abundant dietary fiber. This new soymilk whipping cream can be used to make pasta sauce, and

others. as a substitute for fresh cream, to add a rich flavor to the food while bringing out the flavor of the other ingredients.

We aim at contributing to popularizing plant-based foods by providing delicious ingredients with low environmental impact.



Business survey for the construction of a soy product value chain to improve nutrition and increase women's income in Burkina Faso

In 2018 the Fuji Oil Group commenced a business survey in Burkina Faso, West Africa, aiming at improving the nutrition of local consumers and increasing local farmers' income through the procurement of soybeans and the development, manufacture and sale of "soy meat" in Burkina Faso. This project was adopted as a 2018 Survey on Businesses to Address Developing Country Issues (SDG Business)* by the Japan International Cooperation Agency (JICA). Within this framework, we surveyed soybean-producing districts and conducted research for product development.

In Burkina Faso, the income of soybean farmers is unstable, and soybeans are exported for feed, with low added value. Also, most of the population is underweight and undernourished. We will continue to carry out surveys to promote the effective use of soybeans as a precious protein source, thereby contributing to local community's wellbeing.

The Survey on Businesses to Address Developing Country Issues (SDG Business) by the Japan International Cooperation Agency (JICA):

JICA provides financial assistance of up to 50 million yen per proposal, for a maximum of three years for Japanese

companies planning to start a business that will contribute to the attainment of the sustainable development goals (SDGs) in developing countries. The financial assistance is intended to help cover survey costs. Companies that receive financial assistance are expected to formulate a business plan.



Meeting with soybean farmers who also grow shea nuts

Sustainability

Contributing to Healthy Life Expectancy with Delicious Ingredients

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▾ [Basic approach](#) ▾ [Objectives](#) ▾ [Progress](#)

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- [Support a healthy lifestyle through the provision of plant-based food ingredients](#)

Basic approach

The Fuji Oil Group intends to offer solutions that address lifestyle-related diseases and other health-related social issues through food ingredients. Doing so, requires a balance between "health" and "deliciousness." Even if an ingredient is good for people's health, they will not continue to eat it if it is not delicious. We promote "Monozukuri" (creating products) and "Kotozukuri" (creating movements) to provide healthy and delicious ingredients that help resolving social issues.

Objectives

Based on the mid-Term Management Plan, develop healthy oils and fats (stabilized DHA and EPA) and soy peptides for a broad range of foods and popularize them in consumers' diets to contribute to healthy life expectancy.

Progress

- Two products containing functional ingredients related to cognitive function, which will contribute to extending the healthy life expectancy, were accepted by the Japanese Consumer Affairs Agency as foods with functional claims.

- We implemented the dementia prevention project in cooperation with Osaka Kawasaki Rehabilitation University (Kaizuka City), using a Fuji Oil Co., Ltd. product, and confirmed that the product combined with exercise was effective in improving cognitive function.

Specific initiatives

Support a healthy lifestyle through the provision of plant-based food ingredients

Social issue

Good health is a desire shared by all people around the world. A healthy diet is the foundation for good health. The Fuji Oil Group wishes to contribute to preventing lifestyle-related illnesses and diseases associated with aging through research on plant-based food ingredients, thereby contributing to extending the healthy life expectancy of consumers.

Fuji Oil's solutions

Aiming at providing products that contribute to extending healthy life expectancy, the Fuji Oil Group is conducting research on the effects of healthy oils and fats and soybean peptides* on cognitive functions.

In FY 2018, our two products containing functional ingredients for cognitive improvement were accepted by the Japanese Consumer Affairs Agency as foods with functional claims. Furthermore, we implemented a dementia prevention project in cooperation with Osaka Kawasaki Rehabilitation University (Kaizuka City), using Fuji Oil Co., Ltd.'s soy peptide-containing beverage, "Peptide Athleator." This research project revealed that combining exercise designed for the elderly with Peptide Athleator is effective in improving cognitive functions. In recognition of these activities, our project received the highest award (Governor's Award) at the Fourth Osaka Prefecture Health Promotion Awards.

In the future, we will use results of clinical studies about foods with functional claims to develop and provide products appealing to health-conscious consumers. We will do this through co-creation with customers including B-to-C manufacturers. In this way we will contribute to extending healthy life expectancies in markets with rapidly aging populations, including Japan.

Products accepted by the Consumer Affairs Agency as foods with functional claims in FY 2018

Product name	Ingredient	Functionality	Product form
 <p>Brio Memory</p>	DHA	<p>Working memory, part of the cognitive function, decreases with age.</p> <p>DHA is reported to help improve working memory in middle- and old-aged people.</p>	Milk beverage
 <p>Peptide Maintenance Chewable</p>	Soybean-derived seryl-tyrosine (Ser-Tyr)	<p>Soybean-derived Ser-Tyr is reported to help improve attention, which is part of the cognitive function, in middle- and old-aged people.</p>	Supplement

*Peptide: Small molecules obtained by the degradation of proteins by enzymes

Sustainability

R&D that supports plant-based food solutions

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Basic approach

The mission of the Fuji Oil Group's R&D team is to create the next-generation businesses, which will become its next revenue pillars by pursuing technological innovation, with a view to realizing a sustainable society and achieving the Group's sustainable growth.

We conduct R&D initiatives and draw up strategies to deepen and develop existing businesses and commercialize new businesses. We also investigate research fields for the future and build a joint research framework for open innovation.

Innovation strategy to provide solutions to social issues

The Fuji Oil Group promotes research and development to solve problems (solutions) through products, by going through the process of identifying social issues (needs) and matching those needs with our own technologies (seeds).

Research Structure to Create the Future of Food

The Fuji Oil Group's research and development themes are diverse, ranging from basic research to development of ingredients, applications and engineering. Through relentless research and development, we believe we can continuously give rise to new technologies and innovative new ingredients, which will solve various dietary challenges to create the

future of food.

We aim at generating new technological innovations by fusing knowledge and technology from inside and outside the Group. In the summer of 2016 we established the Fuji Science & Innovation Center, which, together with the Tsukuba Research & Development Center and the Asia R&D Center, forms a tripolar global research and development structure. With these facilities as our research hubs, we are accelerating the fusion of knowledge and technology, through regular study sessions such as technology exchange meetings, and information exchange via video conferencing.



Global research facilities and FUJISUNNY PLAZA locations

Facility	Functions
Fuji Science & Innovation Center	Undertakes the development of food ingredients in response to what customers want and need as the focal point for fusing knowledge from inside and outside the Fuji Oil Group.

Facility	Functions
Tsukuba Research & Development Center	Conducts application development that matches what customers want and need, and basic research, which leads to enhancement of technologies and to delicious, healthy foods.
Asia R&D Center	Drawing on our store of know-how in ingredient development in Japan, the Asia R&D Center in Singapore pursues the development of food ingredients to meet the desires and needs of markets in Asia.
FUJISUNNY PLAZAs	Conduct joint trial manufacturing and joint development at eight locations worldwide, including Tokyo, to serve as venues for co-creation with our customers.

Open Innovation

The Fuji Oil Group actively implements open innovation (co-creation) and applies the technologies and knowledge gained through its open innovation activities to its research and development, in order to promote speedy and competitive research and development and accurately meet diversifying customer needs.

With the aim of expanding the market for plant-based food (PBF), we are promoting various co-creation projects, including menu development in cooperation with convenience stores, and joint research with universities to improve R&D efficiency using artificial intelligence (AI).

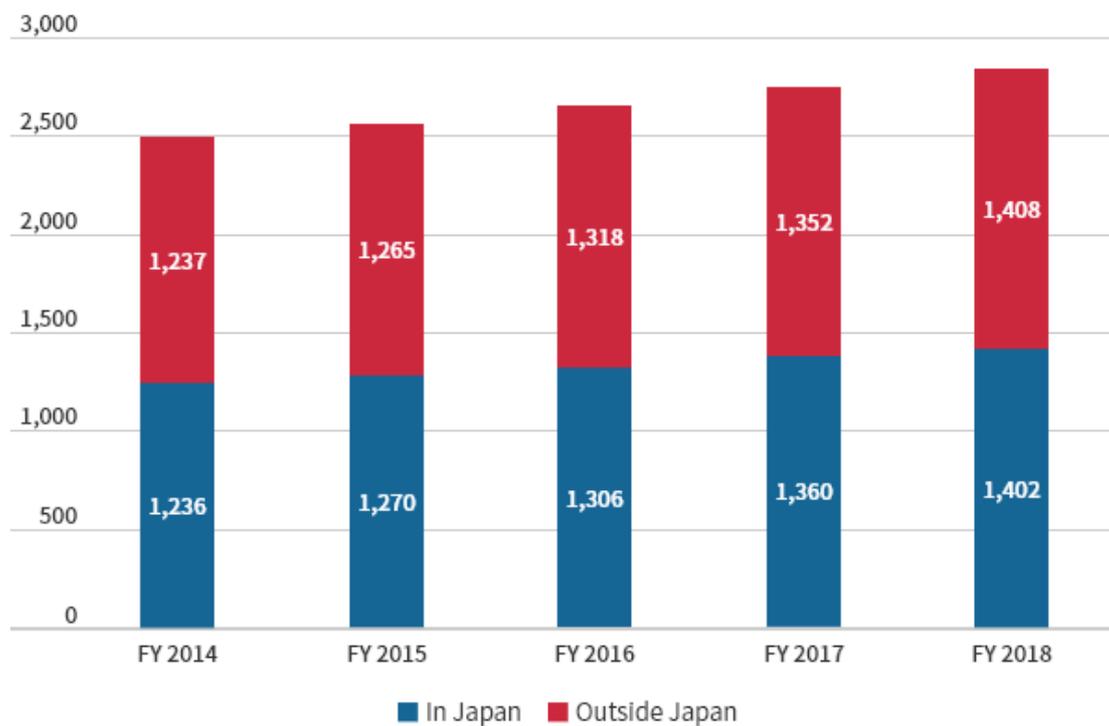
In February 2019, our dementia prevention project implemented in collaboration with Osaka Kawasaki Rehabilitation University (Kaizuka City) received the highest award (the Governor's Award) at the Fourth Osaka Prefecture Health Promotion Awards. Our project obtained results indicating the effectiveness of combining exercise designed for the elderly with Peptide Athleator (our soy peptide beverage product) in improving elderly people's cognitive function. The award was in recognition of our activities and achievements in promoting health.

Data

Research and Development Expenses

FY 2018 total research and development expenses:	4,758 million yen
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Cumulative Number of Patents Acquired



Note: Number of patents acquired by Fuji Oil Co., Ltd. and Fuji Oil Holdings (cumulative total of domestic and overseas patents registered since 1950)

*Cumulative figures for Fuji Oi Holdings and Fuji Oil Co., Ltd. since 1950.

*Figures were adjusted by changing the counting method to the year of registration basis.

Sustainability

Safety, Security and Quality of Foods

SDGs of particular focus for achievement



Activity report FY2018

Ensuring thoroughgoing food safety and quality Priority theme

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Sustainability

Ensuring thoroughgoing food safety and quality

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Basic approach

For the Fuji Oil Group, providing safe and secure products to society is a prerequisite for its business activities as a food manufacturer.

The Group has established the Basic Policy of Quality in order to provide safe products, which customers can use with peace of mind. In accordance with this policy we produce products by adopting a customer-oriented approach in all processes from product design to delivery to customers.

Basic Policy of Quality:

1. We work in full compliance with laws & regulations and the spirit thereof, and strive to enhance product safety and reliability;
2. We develop creative products, and propose them to customers in a timely manner;
3. We strive to enhance customer satisfaction; and
4. We communicate precisely and cordially, and strive to solve problems.

Objectives

- Create a group-wide quality assurance system by 2020.
- Acquire FSSC 22000 or ISO 22000 certification at all Fuji Oil Co., Ltd. plants by the end of FY 2019 (March 31, 2020).

Progress

Based on the Basic Policy of Quality, the Fuji Oil Group established the Quality Assurance Regulations in FY 2018, which specify basic concepts for setting the Group's quality assurance system.

The Quality Assurance Regulations stipulate the Group's basic concepts regarding quality assurance, from the product design to the product delivery to customers, and actions to be taken in the event of a quality problem. In the future, we will work to disseminate the Regulations throughout the Group.

In FY 2018, one Fuji Oil Co., Ltd. plant acquired the FSSC 22000 certification, while 10 plants acquired the ISO 22000 certification (including FSSC 22000-certified plant). As of the end of March 2019, 19 of the 28 plants are certified with FSSC 22000 or ISO 22000, representing 68% progress towards the target.

Promotion system

Quality management system

Fuji Oil Holdings established the ESG Committee as an advisory body to the Board of Directors to promote ESG management. The ESG Committee meets regularly to discuss important matters relating to ESG, including the safety, security and quality of foods, and make reports and proposals to the Board of Directors.

In FY 2018, under the supervision of the Chief Quality Officer (CQO), we promoted initiatives to ensure the safety, security and quality of foods throughout the Group.

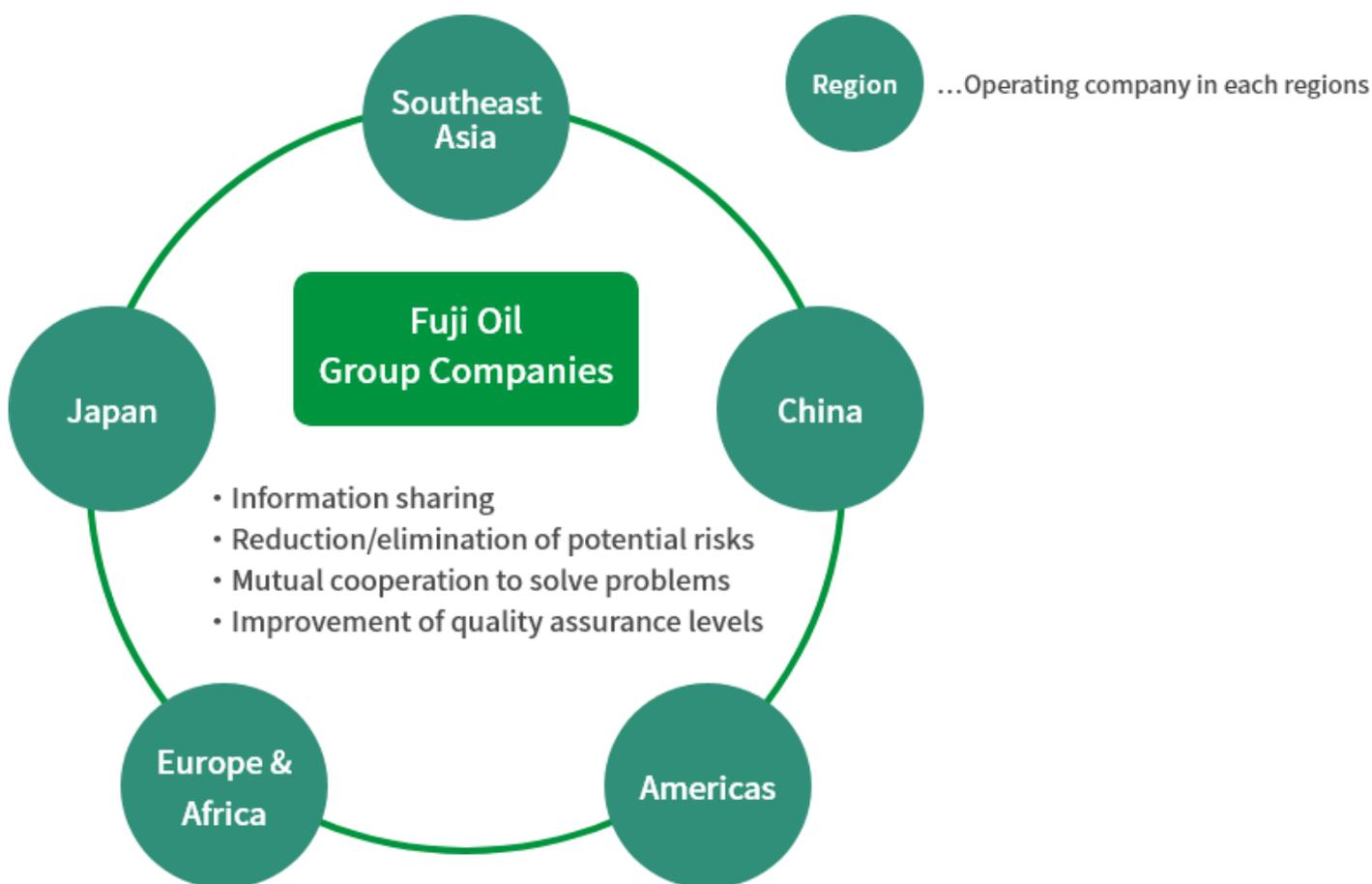
In the Fuji Oil Group, each Group company has a quality management system, to ensure that the Fuji Oil Group Basic Policy of Safety, Quality and Environment is applied to its business activities.

In addition, the Group established the Safety and Environment Management Regulations and the Quality Assurance Regulations, based on which the management status of each Group company is monitored (safety, quality and environmental audits). Furthermore, we hold Meetings of Safety, Quality & Environment in each region to enable persons in charge at each Group company to share activities undertaken by each company and disseminate best practices and management know-how within the Group.

Establishing a network among quality control managers

We are working to establish a network that allows resources (experience-based know-how, regulatory trends peculiar to each region, etc.) possessed by each Group company to be shared among the Group companies.

The objective is to reduce and eliminate potential risks (not sharing the experience and knowledge of other Group companies, not sharing the latest information on food regulations in other countries or international food trends, etc.) and to solve problems quickly through mutual cooperation. Specifically, we are making efforts to promote information sharing among quality control managers involved comprehensively in quality assurance, to enhance our quality assurance system.



Risk management and countermeasures

Risk management methods for food safety

Group companies and their relevant organizational units manage and respond to risks related to food safety as part of the Fuji Oil Group's overall risk management system.

See the following website for an overview of the risk management system.

▶ https://www.fujioilholdings.com/en/csr/risk_management/

Food safety-related risks and countermeasures

Through the risk assessment of the entire Fuji Oil Group in FY 2018, food safety-related risks have been identified, such as contamination of foreign matter, allergens and inappropriate raw materials. We strive to reduce the possibility of occurrence of these risks through the acquisition of quality management certifications and by conducting evaluation and guidance in internal audits, focusing on these risks.

Education and awareness-raising activities

The Fuji Oil Group provides education to employees to raise their awareness of quality. Fuji Oil Co., Ltd. supports activities at each plant conducted in accordance with action guidelines and holds lectures on hygiene and other matters. A total of 105 people attended these lectures in FY 2018. In addition, every November we participate in Quality Month, which is organized by the Quality Month Committee, a Japanese industry organization. During Quality Month, we conduct various activities to raise awareness of quality among our employees focusing in one predefined theme.

We also provide overseas group companies with ongoing technical guidance on newly introduced analytical equipment to improve the overall quality management level of our group.

We will continue to promote technological exchange among group companies to spread the Group's advanced analytical techniques, in order to provide safer and more reliable products to customers around the world.

Specific initiatives

Product labeling

Information indicated on labels varies considerably depending on the country where the product is sold. The Quality Assurance Department or the department in charge of quality assurance at each Group company collects information to ensure that the labels of Fuji Oil's products comply with the applicable laws and regulations of each country or region. At Fuji Oil Co., Ltd., the Quality Assurance Department collects information on relevant laws and regulations and conveys any revisions through the "Food Safety Information". This information is distributed daily to the relevant departments to ensure that these revisions are promptly and accurately reflected on product labels. There is also a system in place to ensure that the staff in the development, production and quality assurance departments check the content of product labels before printing to avoid any errors that

would violate laws or regulations. We strive to enhance transparency by disclosing information to our customers in a timely fashion through product specifications and the Fuji Oil Co., Ltd. website.

In FY 2018, no serious labeling violations occurred at Group companies in or outside Japan.

Acquisition of certifications

Acquisition of Halal and Kosher Certifications

The Fuji Oil Group creates value that embraces regional dietary cultures. We promote the acquisition of halal and kosher certifications that verify the conformity of our use of raw materials and production processes to Islamic and Jewish dietary rules, respectively. These certifications are now supported not only by believers in Islam and Judaism, but also by health- and food safety-conscious consumers, as the image of halal- and kosher-certified foods as healthy, safe and reliable has taken root around the world. We will continue our efforts to establish systems that enable us to provide safe, healthy and delicious food products to people of all cultures and values.

Acquisition of halal certification (As of March 2019)

Companies offering halal-certified products
FUJI OIL (SINGAPORE) PTE. LTD.
WOODLANDS SUNNY FOODS PTE. LTD. (SINGAPORE)
PALMAJU EDIBLE OIL SDN. BHD. (MALAYSIA)
PT. FREYABADI INDOTAMA (INDONESIA)
FUJI OIL (ZHANG JIA GANG) CO., LTD. (CHINA)
TIANJIN FUJI PROTEIN (CHINA)
FUJI VEGETABLE OIL, INC. (USA)
HARALD (BRAZIL)
FUJI OIL EUROPE (BELGIUM)

Companies offering halal-certified products

PT. MUSIM MAS-FUJI (INDONESIA)

FUJI OIL (THAILAND) CO., LTD. (THAILAND)

FREYABADI (THAILAND) CO., LTD. (THAILAND)

GCB SPECIALTY CHOCOLATES SDN. BHD. (MALAYSIA)

INDUSTRIAL FOOD SERVICES PTY. LTD.

Acquisition of kosher certification (As of March 2019)

Companies offering kosher-certified products

FUJI VEGETABLE OIL, INC.

FUJI OIL EUROPE (BELGIUM)

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

PALMAJU EDIBLE OIL SDN. BHD. (MALAYSIA)

PT. FREYABADI INDOTAMA (INDONESIA)

PT. MUSIM MAS-FUJI (INDONESIA)

INDUSTRIAL FOOD SERVICES PTY. LTD.

Response to GFSI* and acquisition of FSSC 22000 certification

The Fuji Oil Group is promoting the acquisition of FSSC 22000 food safety management system certification, one of the GFSI (Global Food Safety Initiative) recognized standards among our group companies. In FY 2018, three plants newly acquired FSSC 22000 certification, bringing the total number of FSSC-certified facilities to four business sites and six plants in Japan and 13 plants outside Japan.

Since FY 2016 and in response to the Japanese government's plan to make HACCP implementation mandatory in 2020, our plants producing chocolates, cream, or soybean ingredients are working to obtain FSSC 22000 or ISO 22000 certification. All plants in

Japan are scheduled to be certified with FSSC 22000 or ISO 22000 certification by the end of FY 2019.

See the following website for the latest acquisition status of FSSC 22000 certification.

▶ <https://www.fujioilholdings.com/en/about/authen/iso22000/>

	Progress made during FY 2018	Acquisition status as of the end of FY 2018
GFSI-recognized certifications (FSSC, SQF)	<ul style="list-style-type: none"> • Unit 1, Section 1, Emulsified & Fermented Foods Production Department of the Hannan Business Operations Complex of Fuji Oil Co., Ltd. newly obtained FSSC 22000 certification. • PT. Musim Mas-Fuji (Indonesia) newly obtained FSSC 22000 certification. • GCB Specialty Chocolates SDN. BHD. (Malaysia) newly obtained FSSC 22000 certification. 	<p>Outside Japan: 13 Group companies In Japan: 4 business sites and 6 plants of Fuji Oil Co., Ltd.</p>

*GFSI: A nonprofit organization established in 2000. With purpose of ensuring and improving food safety worldwide, GFSI harmonizes international food safety standards by establishing and publishing a set of criteria and recognizing prominent food safety management system standards around the world that fulfill these criteria.

GFSI-recognized certifications (As of Sep 2013)

Name	Outline
(1) BRC GLOBAL STANDARD FOR FOOD SAFETY ISSUE6	Standard for food safety developed and run by the British Retail Consortium. The requirements include ones relating to legal compliance.
(2) Canada GAP	Management criteria for guaranteeing agricultural product safety that has received full Canadian Government recognition
(3) FSSC22000	A management system developed by The Foundation for Food Safety Certification in the Netherlands that integrates hygiene control standards for food production with the requirements for ISO 2000, an international standard for food safety management systems.

Name	Outline
(4) Global Aquaculture Alliance	The Global Aquaculture Alliance certifies aquaculture companies that are implementing their businesses in a sustainable manner.
(5) Global G.A.P	Standards for safety management of agricultural production developed by Euro-Retailer Produce Working Group (EUREP)
(6) Global Red Meat Standard	An international standard on managing the safety of meat
(7) International Food Standard Version6	A standard for the production control of suppliers that provide retailers in France and Germany with food products. It verifies that a supplier's production control meets related safety standards, quality standards and legal standards
(8) SQF	An international standard for food safety and quality management systems in line with HACCP fundamentals
(9) Primus GFS	An international standard for food safety and quality management systems in line with HACCP fundamentals

Acquisition of HACCP, ISO 22000 and ISO 9001 certifications

To prevent foreign matter contamination and provide safe and reliable foods to customers, we are promoting the acquisition of HACCP, ISO 22000 and ISO 9001 certifications. The latest acquisition status of each certification is available at the following websites:

- HACCP
 - <https://www.fujioilholdings.com/en/about/authen/haccp/>
- ISO22000
 - <https://www.fujioilholdings.com/en/about/authen/iso22000/>
- ISO9001
 - <https://www.fujioilholdings.com/en/about/authen/iso9001/>

	Progress made during FY 2018	Acquisition status as of end of FY 2018
HACCP or ISO 22000 certification	<ul style="list-style-type: none"> • Products Unit, Oils & Fats Production Section, Oils & Fats Fractionation Production Department of the Hannan Business Operations Complex of Fuji Oil Co., Ltd. newly obtained ISO 22000 certification. • Unit 3, Fractionation Production Section, Oils & Fats Fractionation Production Department of the Hannan Business Operations Complex of Fuji Oil Co., Ltd. newly obtained ISO 22000 certification. • Unit 1, Production Section, Chocolate Production Department of the Hannan Business Operations Complex of Fuji Oil Co., Ltd. newly obtained ISO 22000 certification. • Unit 2, Production Section, Chocolate Production Department of the Hannan Business Operations Complex of Fuji Oil Co., Ltd. newly obtained ISO 22000 certification. • Unit 3, Production Section, Chocolate Production Department of the Hannan Business Operations Complex of Fuji Oil Co., Ltd. newly obtained ISO 22000 certification. • Unit 1, Section 1, Emulsified & Fermented Foods Production Department of the Hannan Business Operations Complex of Fuji Oil Co., Ltd. newly obtained ISO 22000 certification. • Unit 2, Section 1, Emulsified & Fermented Foods Production Department of the Hannan Business Operations Complex of Fuji Oil Co., Ltd. newly obtained ISO 22000 certification. • Unit 1, Section 2, Emulsified & Fermented Foods Production Department of the Hannan Business Operations Complex of Fuji Oil Co., Ltd. newly obtained ISO 22000 certification. • Unit 1, Section 1, Soy Ingredients Production Department of the Hannan 	<p>Outside Japan: 17 Group companies</p> <p>In Japan: 5 business sites and 19 plants of Fuji Oil Co., Ltd. Omu Milk Products Co., Ltd. (The Ministry of Health, Labour and Welfare version)</p>

	Progress made during FY 2018	Acquisition status as of end of FY 2018
	<p>Business Operations Complex of Fuji Oil Co., Ltd. newly obtained ISO 22000 certification.</p> <ul style="list-style-type: none"> • Unit 2, Section 1, Soy Ingredients Production Department of the Hannan Business Operations Complex of Fuji Oil Co., Ltd. newly obtained ISO 22000 certification. • 3F Fuji Foods Private Limited (India) newly obtained ISO 22000 certification. 	
ISO 9001 certification	<ul style="list-style-type: none"> • In conjunction with its acquisition of FSSC 22000 certification, GCB Specialty Chocolates SDN. BHD. (Malaysia) surrendered its ISO 9001 certification. 	<p>Outside Japan: 11 Group companies In Japan: 5 Group companies</p>

Data

Recalls and Other Incidents

In March 2018, we conducted a recall after it was found that some oil & fat and chocolate products produced by Fuji Oil Europe (Belgium) contained glycidol esters* that exceeded the maximum limits established by EU regulations. We confirmed that all applicable products were collected before they were sold to consumers.

We identified the cause of this problem as insufficient removal of minor components due to human errors in the oil and fat production process, and the analysis control system. To prevent the recurrence of similar incidents, we strengthened the management system for the processes in which human errors occurred and reviewed the posted notices. For the analysis control system, by the end of FY 2019 we will establish a system that enables in-house analysis.

We will also work to strengthen internal safety, quality and environmental audits, to allow customers to use our Group's products with peace of mind.

*Glycidol ester: A substance formed in the process of refining oils/fats. From the standpoint of adverse effects on human health due to its carcinogenetic properties, the maximum content of glycidol esters is already regulated by EU legislation, and the CODEX is discussing the safety of glycidol esters.

Sustainability

Sustainable Procurement

SDGs of particular focus for achievement



Activity report FY2018

Sustainable Procurement of Main Raw Materials Priority theme

Contents

Basic approach/Objectives/Progress/Promotion system/Palm Oil/Cacao/Soybeans/Shea Nuts

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Sustainability

Sustainable Procurement of Main Raw Materials

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Basic approach

Social issues related to the environment and human rights may arise at production sites for crops such as palm oil and cacao, which are key raw materials for the Fuji Oil Group. In addition, we consider stable procurement of high-quality and safe raw materials that have been produced in a sustainable manner to be important for fulfilling our responsibility to supply products. As a social entity, the Fuji Oil Group conducts environmentally, socially and economically sustainable procurement.

Objectives

Achieve "No Deforestation, No Peatland development,* No Exploitation" (NDPE) in the Fuji Oil Group's palm oil supply chain.

100% traceability to mills by 2020

*Peatland: A layer of land that fixes a large amount of carbon in the ground. Development on peat releases a large volume of greenhouse gas into the atmosphere.

Progress

Regarding the sustainable procurement of palm oil, based on the Responsible Palm Oil Sourcing Policy, we announced the establishment of a grievance mechanism (a complaint handling mechanism), and commenced its operation in May 2018. In addition, to ensure

transparency in our supply chain and effectively operate the grievance mechanism, in June 2018, we published a list of oil mills in our supply chain.

In March 2019, we created and launched the website section "Dash Board" to provide stakeholders with concise and timely information on the progress of the Responsible Palm Oil Sourcing Policy implementation. Our traceability from plantation to palm oil mill was 99% in the second half of FY 2018.

Furthermore, in August 2018 we formulated and announced the Responsible Cacao Sourcing Policy to promote the sustainable procurement of cacao. Based on this policy, we launched activities to support cacao farmers in Ecuador.

Our future plans for each key raw material are: For palm oil, we plan to respond to complaints received through the grievance mechanism and examine supply chain improvement activities. For cacao, we will expand our support for farmers. Regarding soybeans, we will start by re-clarifying our approach and promote efforts to reduce and correct human rights and environmental risks in the supply chain.

You can access the Dash Board using the following URL.

▶ https://www.fujioilholdings.com/en/csr/supplychain_database/

Promotion system

Promotion system

Fuji Oil Holdings established the ESG Committee as an advisory body to the Board of Directors to promote ESG management. The ESG Committee meets regularly to discuss important matters relating to ESG including sustainable procurement, and make reports and proposals to the Board of Directors.

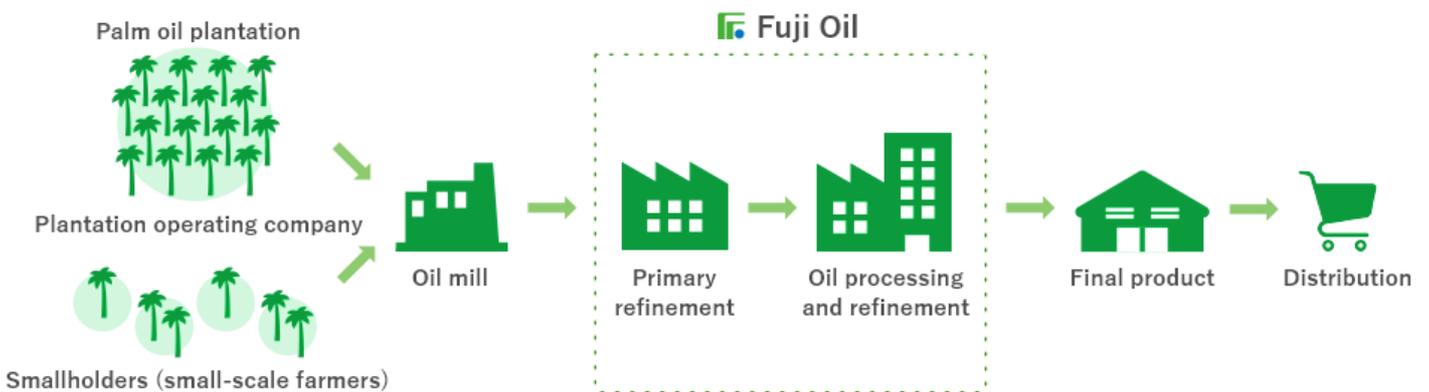
The Chief Strategy Officer (CSO) takes the lead in promoting the entire Group's initiatives for the sustainable procurement of major raw materials.

Incentives for Employees

As of 2016, we established a CSR category in our management awards program as a prize to recognize departments and group companies that have made excellent efforts to contribute to society through their business activities. In this category, we presented awards to the divisions in charge that have promoted measures for sustainable sourcing of palm oil and shea nuts.

Palm Oil

The palm oil supply chain and the position of the Fuji Oil Group



Basic approach

Palm oil and the Fuji Oil Group

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 has a higher yield per unit area 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 vegetable oil materials in the world.

However, as the scale of the market continues to expand, there are concerns about environmental problems caused by plantation development and human rights issues such as child labor and forced labor in areas where palm plantations are located. The Fuji Oil Group has created new food cultures by pursuing palm oil's potential as a key raw material. We consider aiming for sustainable procurement of palm oil to be our responsibility to society.

Responsible Palm Oil Sourcing Policy

In March 2016, we formulated and announced the Responsible Palm Oil Sourcing Policy for the Fuji Oil Group. In this Policy, we commit ourselves to procuring palm oil produced in a responsible manner from suppliers who respect people and the global environment. We strive to conduct procurement in line with this Policy, in cooperation with our stakeholders. We will continue to promote responsible palm oil procurement to ensure that palm oil is accepted around the world as a sustainable raw material.

▶ [The Responsible Palm Oil Sourcing Policy PDF \(1.62MB\)](#) 

Specific initiatives

Overview of initiatives to achieve the policy

Initiatives	Aim
1.Traceability improvement	Understanding the supply chain
2.Supply chain improvement activities	Reducing risks within the supply chain, in cooperation with suppliers
3.Grievance mechanism	Early discovery and improvement of problems within the supply chain
4.Supply of RSPO-certified oil	Spread of palm oil produced in a sustainable manner
5.UNIFUJI	Strengthening the capability to supply sustainable palm oil
6.Cooperation with academia and industry	Effective improvement of human rights and environmental problems through collaboration with stakeholders

1. Understanding of the supply chain through improved traceability

To improve the supply chain, we consider it important to identify the region of production of palm oil purchased and used by the Fuji Oil Group. We are working with the non-profit organization Earthworm Foundation (The former name is The Forest Trust) and our suppliers to improve traceability* with an initial target of achieving full traceability from plantation to palm oil mill by 2020.

For the Group companies in China, where traceability was difficult due to the characteristics of commercial distribution in the region, we reviewed their supply chains as well as their engagement with suppliers. Due to these efforts, the Group's traceability from plantation to palm oil mill improved to 99% in the second half of FY 2018.

*Traceability: The act of, and framework for making apparent (i.e. traceable) the production history and distribution routes of food products to ensure their safety.

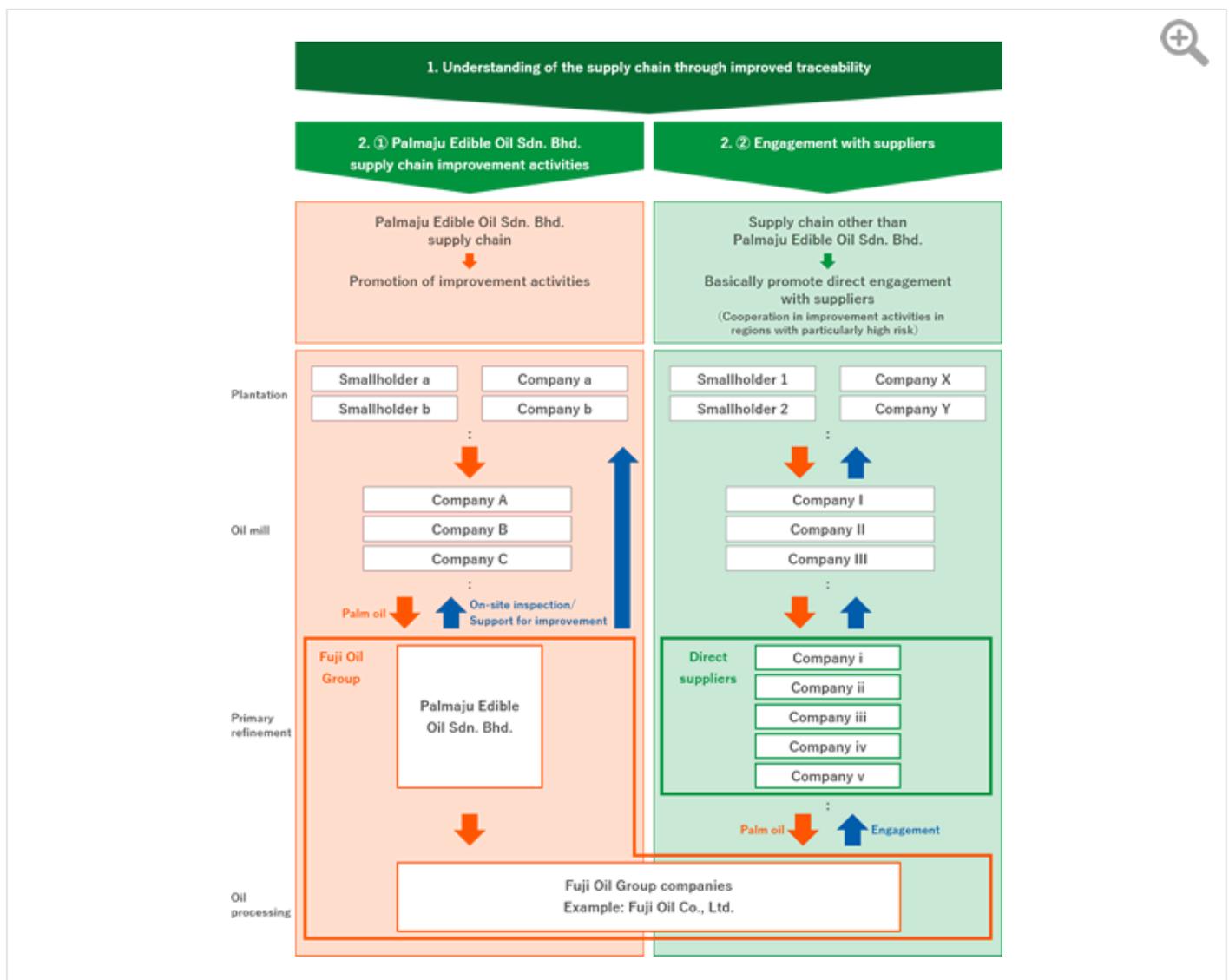
2. Supply chain improvement activities

Based on our Sourcing Policy, we are conducting supply chain improvement activities to resolve environmental and human rights issues at palm oil production sites (plantations).

- ① For our primary refining company (Palmaju Edible Oil Sdn. Bhd.), which is located closer in the supply chain to the palm oil production sites, we are rolling out supply chain improvement activities in cooperation with oil mills.
- ② For the supply chain other than Palmaju Edible Oil Sdn. Bhd., we will pursue improvements by promoting direct engagement with suppliers. In part of the supply chain, we started improvement activities in cooperation with suppliers. In FY 2018, we began improvement activities for plantation areas in Indonesia with a high level of environmental risk and started participating in the Ethical Recruitment Forum to protect the rights of migrant workers in Malaysia.

* Ethical Recruitment Forum: A project organized by the NPO Earthworm, aiming to end the exploitation of workers and communities in the Malaysian palm oil industry. Various activities have been implemented including development of human rights due diligence tools.

Overview of supply chain improvement activities



① Palmaju Edible Oil Sdn. Bhd. supply chain improvement activities

In October 2016, the Fuji Oil Group started supply chain improvement activities at the Group company Palmaju Edible Oil Sdn. Bhd. (Malaysia). First, we shared the Fuji Oil Group's Sourcing Policy with the company's suppliers (oil mills). Next, together with one of the suppliers, we conducted on-site inspections of the dealers and plantations related to our oil mill. The objective was to assess compliance with the Sourcing Policy and to provide support for improvement or corrections. Because of this support, in December 2017, passports were returned to more than 200 migrant workers and 300 migrant workers were able to conclude employment contracts in a language they could understand.

We held two seminars for all direct suppliers of Palmaju to communicate the Fuji Oil Group's approach and to provide self-assessment tools and know-how to resolve issues. In FY 2018, we received the completed self-assessment tools from seven oil mills and were able to understand their risks. In FY 2019, based on the results of the self-assessments, we will plan and implement specific improvement activities in cooperation with the suppliers to further improve our supply chain. Another plan for FY 2019 is to check the forest conservation status using satellite photographs.

Note: Our improvement activities have been covered in a video. See the following URL.

▶ <https://www.youtube.com/watch?v=sUWBgu07Tp8&feature=youtu.be> 

② Engagement with suppliers

We believe that to improve the Fuji Oil Group's entire palm oil supply chain, it is essential to engage with suppliers with whom the Group has direct business dealings. As part of such efforts, we promote suppliers' understanding of our Sourcing Policy and discuss with suppliers about supply chain risks and the grievance mechanism through which concerns can be raised and addressed in the event of problems.

In FY 2018, we received self-assessments from all of the Group's direct palm oil suppliers (22 refiners) and checked the progress of each supplier's efforts toward the No Deforestation, No Peat, No Exploitation (NDPE) Policy. We will continue to engage with direct suppliers and encourage them to cooperate in risk reduction.

In supply chains with high risks, we are implementing improvement activities with direct suppliers. As of the end of March 2019, we participate, together with direct suppliers, in the two programs of the APT Landscape Initiative in Indonesia and the Smallholders Support Project in Malaysia.

③ Landscape Approach

The tracking back to the oil mills revealed in Sumatra, Indonesia, important areas in terms of environment and biodiversity are exposed to deforestation risks. The Fuji Oil Group participates, since FY 2018, in the Areal Prioritas Transformasi (APT) Landscape Initiative to reduce and repair these risks.

The APT Landscape Initiative is a multi-stakeholder initiative in which local governments, NGOs, companies and farms work together to tackle deforestation issues in the three precious tropical rain forest regions exposed to the threat of farm development in Indonesia (Aceh Tamiang, southern Aceh, and eastern Riau). In these target areas, multi-stakeholders such as NGOs, communities and local governments are implementing activities to achieve the goals listed below, taking the landscape approach, which seeks to improve the entire community, not limited to palm farms.

- Involve local governments as program leaders.
- Create conditions for stopping deforestation within palm oil farm areas.
- Prevent deforestation due to farm development outside oil palm plantation areas, by providing alternative sources of income to smallholders and strengthening community-based forest conservation.
- Strengthen oil mills' and farms' current activities in promoting NDPE policy.

Our activities in FY 2018 include holding multi-stakeholder workshops, engaging with local governments, and conducting assessment of land use status.

④ **Activities to support smallholders in Borneo, Malaysia**

Inefficient palm plantation operation by some smallholders has been identified as one of the factors causing environmental and human rights problems. In January 2016 the Fuji Oil Group joined a smallholders support project called the Wild Asia Group Scheme (WAGS) to help these farmers gain expertise in environmentally, socially and economically sustainable plantation management, . This project, which was implemented by Wild Asia (an NGO) and our supplier, has provided educational support for four years with the aim of improving the productivity and working environment of smallholders in the supply chain of our group.

In addition, as one smallholder commented, by receiving instruction in the proper pesticides use, "the amount of pesticide used decreased, leading to lower costs." We will continue to emphasize dialogue with and support for local residents.

In FY 2018, 32 additional smallholders receiving our support acquired the RSPO certification. Since the Fuji Oil Group participated in the WAGS in January 2016, a total of 196 farmers acquired the RSPO certification and a total of 17,041 tons of RSPO-certified oil were produced.

The acquisition of RSPO certifications by smallholders means that they have become able to produce palm oil with consideration of human rights and the environment.

In FY 2019, we will continue to implement supporting activities, while maintaining close dialogue with local stakeholders.

3. Establishment of a grievance mechanism

In May 2018, we established and announced a grievance mechanism for processing complaints in order to put our Responsible Palm Oil Sourcing Policy into practice. Our grievance mechanism enables our stakeholders to inform us of any human rights and environmental concerns in the supply chain. This allows us to engage directly with suppliers and take appropriate corrective action in accordance with our Responsible Palm Oil Sourcing Policy.

For transparency in handling grievances, we have set up the Fuji Oil Group Grievance Web Page (English) on the Group website. We strive to update the status of progress at least once each quarter and disclose related information to our stakeholders on this web page.

See the Fuji Oil Group Grievance Mechanism webpage at the following URL.

▶ https://www.fujioilholdings.com/en/csr/grievance_mechanism/

4. Handling of RSPO*-certified oil

The Fuji Oil Group endorses the creation of a sustainable production and consumption system and is a member of the RSPO since 2004. Demand for RSPO-certified oil is increasing, mainly in Europe and the United States. In 2018, the sales volume of our group's products that use RSPO-certified oil increased to approximately 120,000 tons. This accounts for approximately 17% of the total volume of palm oil handled by the Group.

To meet the increasing demand for RSPO-certified oil, we are proactively implementing various measures among Group companies, including improvement of the supply chain and the acquisition of supply chain certification at business sites.

*RSPO: RSPO stands for the Round Table on Sustainable Palm Oil.

Check the status of our progress at:

▶ <https://www.rspo.org/> 



5. Establishment of UNIFUJI

Promoting sustainable palm oil sourcing and responsible product supply to customers and consumers are important themes of the Fuji Oil Group's business strategy. UNIFUJI SDN. BHD. is a joint venture with UNITED PLANTATIONS BHD., a partner that shares our intentions regarding sustainable palm oil. UNITED PLANTATIONS conducts sustainable plantation management in consideration with the human rights of its workers and the

environment.

Our joint venture partner UNITED PLANTATIONS is the world's first producer of RSPO-certified oil, and conducts sustainable plantation management in consideration of the human rights of its workers and the environment. UNIFUJI, whose plant was put into operation in FY 2018, secures high-quality, sustainable palm oil from UNITED PLANTATIONS plantation, and produces high-value-added palm oil products, using fractionation technology, which is a strength of the Fuji Oil Group. UNIFUJI's plant is located in the plantation and uses energy generated from biomass and wastewater.

6. Collaboration with academia, government and industry.

① Productivity improvement through breeding research

As palm oil consumption continues to grow globally, regions suitable for cultivation of the oil palm remain very limited, requiring productivity and quality increase through improvements in oil palm varieties and higher yield per unit area. Since 2011, the Fuji Oil Group has been conducting joint research to improve palm productivity and quality with the Agency for Assessment and Application of Technology (Badan Pengkajian dan Penerapan Teknologi: BPPT), a government research organization in Indonesia, the world's largest palm oil-producing country. This contributed to the development of palm research in Indonesia, including success in major improvements in tissue culture techniques that have led to the production of superior oil palm seedlings and improved varieties. We intend to keep contributing to the development of the palm oil industry and to sustainable palm oil production by helping to solve global environmental problems such as tropical rainforests decrease due to palm plantations expansion.



BPPT Biotechnology Center, where breeding research is carried out



Undertaking tissue culture of palms

② The Palm Oil Working Group, the Japan Sustainability Local Group of the Consumer Goods Forum

The Fuji Oil Group has participated in the Palm Oil Working Group since its inception in FY 2017. The Working Group was set up in the Japan Sustainability Local Group of the Consumer Goods Forum (CGF), an international industry organization for consumer goods.

Members from various business categories such as manufacturers of finished products and retail and wholesale companies participate in the Palm Oil Working Group to collect information and hold discussions aimed at achieving sustainable palm oil procurement in Japanese society.

③ Sustainable Palm Oil Conference

In November 2018, in support of its aim, we co-sponsored the Japan Sustainable Palm Oil Conference, an event intended to encourage Japanese society to consider sustainable palm oil sourcing.

Topics: Education and awareness-raising activities targeted at children

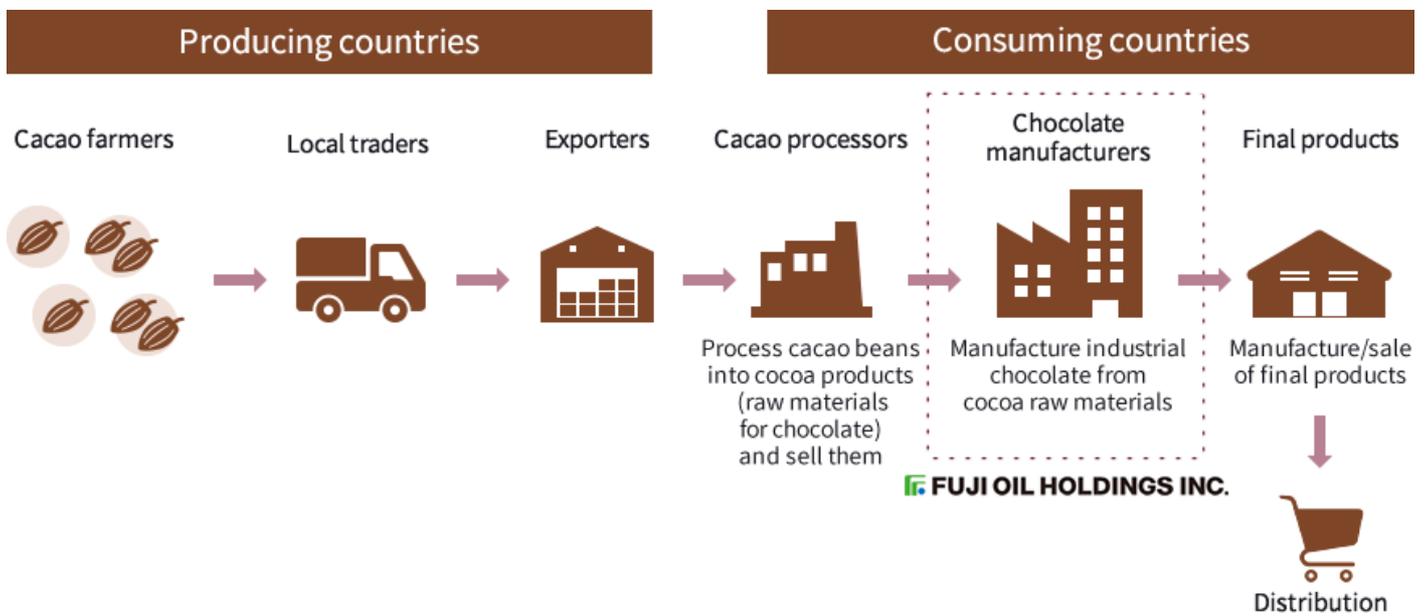
Appealing to consumers and the market is one of the key elements needed to promote sustainable procurement. Under the belief that education for students who will play a leading role in shaping the future is important, we support the "SDGs for School" project of the NPO Think the Earth by providing chocolate used in on-demand lessons implemented under the project. Through these activities, we work to provide students with the opportunity to consider sustainable palm oil and sustainable society.

For more detailed information, see the Social Contribution Activities section.

▶ https://www.fujioilholdings.com/en/csr/management/management_04/

Cacao

The cocoa supply chain and the position of the Fuji Oil Group



Basic approach

While the demand for chocolate is growing globally, there are concerns about the availability of cacao, the raw material of chocolate. A future tightening of the supply-demand balance is expected due to supply-side problems, including the aging of farmers, the abandonment of farming, the aging of cacao trees, the impact of climate change on production areas, and low productivity due to a lack of knowledge and materials. Also, a complex web of human rights and environmental issues including poverty, child labor, forest destruction, and soil contamination have been identified among cacao farmers, who are mostly smallholders.

The industrial chocolate business is one of the Fuji Oil Group's core competences, and cacao-derived materials such as cocoa liquor*, cocoa butter**, and cocoa powder*** are among the key raw materials of the Group.

In August 2018, the Group formulated the Fuji Oil Group Sustainable Cacao Sourcing Policy to continue delivering the joys of food through products using sustainable cacao. We aim to conduct sustainable cacao raw material sourcing based on this policy.

*cocoa liquor: A term used in chocolate/cocoa production factories; cocoa liquor is made by removing the shells of the cacao beans and grinding the nibs (inside the cacao beans) into a smooth, liquid state.

**cocoa butter: Vegetable oil obtained by pressing cacao beans

***cocoa powder: Dry powder made by grinding what is left after the cocoa butter has been removed from the cacao beans

▶ [Responsible Cacao Sourcing Policy \(138KB\)](#) 

Specific initiatives

Activities to support smallholders in Ecuador

Based on the Responsible Cacao Sourcing Policy, in December 2018 we started activities to support smallholders in Ecuador, together with the Group's direct suppliers. We aim to improve the productivity and quality of cacao beans, and raise the living standards of farmers and communities by providing farming support and education. Currently, our direct suppliers provide training for 68 farmers on farm management methods, soil management, and post-harvest processes (fermentation, etc.) The quality of the cacao beans largely depends on such soil management, production practices and post-harvest processes. It is expected that our farming support program will help increasing yields, thereby increasing farmers' incomes. We will also work to improve the quality of cacao beans by conducting flavor research on site.



Local farmers receiving technical guidance to make an organic insect repellent spray with a low burden on the soil and cacao

Support activities in Ghana

Ghana is one of the world's major producers of cacao beans. Since 2014, Fuji Oil Co., Ltd. has been using a portion of the purchase price of cacao beans to provide community support along its supply chain in Ghana. The Company constructed a well in 2014 and since 2016 it conducts research to improve yield for the communities receiving support.



Farming guidance for local farmers

In the yield-improvement research project, we selected a model plantation and measured yields of cacao cultivated under different conditions over the period from 2016 to 2018. The cacao yield at the model plantation from October to December 2017 increased by 18% compared to the same period a year earlier. Also, since February 2018, we provide farming education for local cacao producers in the vicinity of the model plantation. The training covers various topics, including farm management methods, pesticide management methods, and cacao harvesting and post-harvest management methods, farmland selection criteria (when starting a farm), and farm rehabilitation. We communicate to local farmers the know-how not only to improve yield, but also to improve the quality of cacao beans, and fermentation methods to bring out the rich flavor of Ghanaian cacao beans.

We will continue to support cacao producers with the aim of establishing a sustainable cacao production and consumption system.

Participation in the World Cocoa Foundation (WCF)

Fuji Oil Co., Ltd. is a member of the World Cocoa Foundation since 2012. The World Cocoa Foundation is a non-profit international membership organization whose vision is a sustainable and thriving cocoa sector – where farmers prosper, cocoa-growing communities are empowered, human rights are respected, and the environment is conserved.

The Commitment of World Cocoa Foundation



WCF's Commitment

- Profit** Fair and sufficient economic profit for farmers
- People** Empowering farmers to make choices that help develop strong, prosperous cocoa communities
- Planet** Promoting sustainable production practices that maintain and increase biodiversity and crop diversification

Handling of certified cacao raw materials

Fairtrade



FUJI OIL EUROPE(Belgium) obtained the Fairtrade certification, which aims at promoting raw materials and products purchase from developing countries. The company produces and sells products made from Fairtrade-certified raw materials according to customer requests.

UTZ



The Fuji Oil Kanto Plant (Japan), FUJI OIL EUROPE (Belgium), and WOODLANDS SUNNY FOODS PTE. LTD.(Singapore) hold the UTZ certification (an international certification program for sustainable agriculture) The Fuji Oil Group will promote the acquisition of UTZ certification to meet customer demand.

Soybeans

Basic approach

Soybeans are cultivated in a wide range of areas from the cool temperate zone to the tropics, but there are concerns in soybean production areas about issues such as deforestation for farmland cultivation and soil contamination in agricultural areas due to spraying of pesticides. With the conviction that soybeans will relieve the global food-supply crisis, the Fuji Oil Group has been at the forefront of companies pursuing the potential of soybeans as a food ingredient since 1957.

Our soybean processing and ingredients business uses soybean-derived raw materials such as defatted soybeans, whole soybeans and soybean protein. To contribute to building a sustainable society through the soybean processing and ingredients business, we will promote procurement activities that take the global environment and society into consideration.

Specific initiatives

Production area of soybeans procured by the Fuji Oil Group

In our soybean processing and ingredients business, we procure only soybeans produced in North America, China and Japan.

Procurement of non-GM soybeans

The Fuji Oil Group procures only non-genetically modified (non-GM) soybeans. In North America, both GM soybeans* 1 and non-GM soybeans are distributed in large quantities. Therefore, we conduct strict controls on soy bean produced in North America to ensure that non-GM soybeans shipped to us are cultivated, transported and stored separately from GM soybeans.

In China, is a major soybeans supplier for us. Although cultivation of GM soybeans is prohibited in China in recent years, GM soybeans grown outside China have been

imported as raw materials for oil extraction. Therefore, it is increasingly important to manage year by year non-GM soybeans by strictly separating them from GM soybeans. In China, we continue to respond to strict management requirements through close cooperation among Group companies while adopting management know-how from Fuji Oil Co., Ltd.

*Genetically modified (GM) soybeans: Soybeans that have been created through gene recombination to produce more stable yield by adding functions such as herbicide resistance.

Understanding stakeholders' expectations

In FY 2018, for the first time, we answered questions regarding soybeans in the Forests Questionnaire by CDP, an international organization that provides environmental assessments. By answering the questionnaire, we were able to find out what stakeholders expect of companies in the context of the sustainability of soybeans, such as the formulation and disclosure of a soybean procurement policy and the management of deforestation risks in the supply chain.

In FY 2019, we will work to understand stakeholders' expectations more deeply through dialogue with suppliers, customers and experts, and review our approach and specific initiatives regarding soybean procurement.

Shea Nuts*

Basic approach

Cocoa butter equivalents (CBE) are also diversifying too meet the diversifying demand for chocolate and food products that contain it, Shea butter, which is produced in Africa, is an indispensable raw material for making superior CBE. Shea butter has long been used in food products, but its popularity for use in cosmetics and other applications has also risen in recent years.

Shea nuts, from which shea butter is made, grow naturally in the wild. Shea trees are considered sacred in Africa, and shea nuts are harvested mainly by women. Shea butter is positioned as an important industry for local communities in terms of job creation and women's empowerment.

The Fuji Oil Group uses shea nuts, mainly in its vegetable fats and oils business. We hope to contribute through our business activities to the sustainable development of shea nut production areas from economic, social and environmental perspectives.

Group company International Oils and Fats Ltd. in Ghana carries out the nut-sorting process for shea butter in-house, thus adding value to products on-site (Ghana) and contributing to the local economy and the creation of employment opportunities.

*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.

Specific initiatives

Participation in the Global Shea Alliance (GSA)

The shea nut industry would be difficult to sustain without the harvesting work performed by what is claimed to be approximately 16 million women in West Africa. Therefore, achieving gender equality, securing living standards and ensuring worker safety at harvest are important. In addition, tree-cutting by local people for fuelwood is increasingly recognized as an environmental issue needing attention. Since these issues cannot be resolved by one company alone, discussions are being conducted in the Global Shea Alliance (GSA), which is made up of stakeholders in the shea nut supply chain. We network with stakeholders and gather information through the GSA. As part of such efforts, the Fuji Oil Group participated in the GSA General Meeting held in Accra, Ghana, in March 2019.



Shea tree

**Participation in a UNDP project
(regional reconstruction, advancement of women and promotion of
environmental protection through shea cultivation in Ghana)**

Fuji Oil Holdings and FUJI OIL EUROPE (Belgium) are considering participation in the Ghana Shea Landscape REDD ++ Project organized by the United Nations Development Programme (UNDP). This project is scheduled to promote multifaceted activities including creation of job opportunities, planting activities and support for community development so that the shea nuts industry can promote community revitalization and women's advancement and reduce negative impact on the environment.

Sustainability

Environment

SDGs of particular focus for achievement



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- Fuji Oil Group in Japan total waste discharged and recycling rate
- Total waste discharged and waste discharged per unit of production by Group companies outside Japan

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Reduction of packaging materials

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Biodiversity

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Potential impact of business activities on
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Sustainability

Environmental Management

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Basic approach

In recent years, global issues such as global warming and climate change have become increasingly severe, affecting people's lives and companies' business activities. As a member of society that conducts activities on the Earth, the Fuji Oil Group supports a sustainable society as advocated by the United Nations through the SDGs, and will seek not only to create economic value, but also to engage in business activities while taking the global environment into consideration to the global environment. Being a food manufacturer, we recognize that our business activities can have an impact on the environment through CO₂ emissions, water use and waste generation. Under such recognition, we established our Basic Policy of Environmental Integrity, which comprises the following four items.

Basic Policy of Environmental Integrity

1. We strive to continuously improve our activities on environmental protection
2. We work in full compliance with 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

Objective

Formulation of New Environmental Vision 2030

Recent years have seen the development of international environmental frameworks, such as the Paris Agreement on climate change and global warming, and SDGs. Efforts by the international community for global environmental issues are accelerating. As a member of society, the Fuji Oil Group aspires to contribute to achieving the Paris Agreement, to which the international community is committed. To this end, in FY2018 after analyzing the progress of our Environmental Vision 2020, which was formulated in 2010, and the suitability of its targets we formulated a new environmental vision with a target year of 2030. This new vision will replace the Vision 2020. The Environmental Vision 2030 sets much higher targets to challenge ourselves and contribute more to protecting the global environment. In the future, we will promote environmental activities more vigorously to achieve the Environmental Vision 2030.

Previous targets: Fuji Group Environmental Vision 2020

In Japan
Global warming prevention: 20% reduction in CO ₂ 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)

Reduction at Group Companies Outside Japan
Global warming prevention: 20% reduction in CO ₂ emissions by 2020 (compared to base year*)

*Base year: 2006

New targets Environmental Vision 2030

(1) CO ₂ emissions reduction 24% reduction in total CO ₂ emissions by 2030 (base year: 2016)
(2) Water usage reduction 20% reduction in per unit of production by 2030 (base year: 2016)
(3) Waste reduction 10% reduction per unit of production by 2030 (base year: 2016)

Resource recycling
 Recycling rate of at least 99.8%

*Targets (1)–(3) applied to all Group companies, while (4) applied to Group companies in Japan.

Progress

In Japan

	Targets	FY 2018 results	Achievement rate
Reduction of CO₂ emissions (All Group companies)	24% reduction in total CO ₂ emissions by 2030 (vs. base year*)	14.1% reduction	59%
Reduction of water usage (All Group companies)	20% reduction per unit of production by 2030 (vs. base year*)	14.1% reduction	71%
Reduction of waste (All Group companies)	10% reduction per unit of production by 2030 (vs. base year*)	1% increase	0%
Resource recycling (In Japan)	Maintain a recycling rate of at least 99.8% until 2030	99.33%	Not achieved

*Base year: 2016

Promotion System

Group Environmental Management System

In the Fuji Oil Group Management Philosophy, we have declared "safety, quality, and the environment" as values that inform the actions of all our employees. On that basis, we have established our Basic Policy of Environmental Integrity, and promote its practice throughout the Group in our business activities, as well as initiatives to raise environmental awareness.

To promote ESG management, Fuji Oil Holdings established the ESG Committee as an

advisory body to the Board of Directors. The ESG Committee meets regularly to discuss important matters relating ESG, including environmental issues, and make reports and proposals to the Board of Directors.

In FY 2018, under the leadership of the Chief Quality Officer (CQO), various Group-wide environmental initiatives were undertaken.

Each Group company sets environmental yearly targets and KPIs. Fuji Oil Holdings' Productivity Promotion Group provides expert knowledge to support and guide Group companies to help them achieve their targets.

Educational and Awareness-Raising Activities

Fuji Oil Holdings established the Productivity Promotion Group, as a strategy development unit with specialized knowledge in the fields of safety, quality and the environment. The Productivity Promotion Group visits Fuji Oil Group companies regularly to provide training and awareness-raising on these topics.

The Productivity Promotion Group also provides education on Environmental Vision 2030 and other environmental issues via video conferencing for senior management at Group companies outside Japan.

Incentives for Employees

As of FY 2016, we established a Safety, Quality & Environment category in our management awards program to recognize departments and group companies that have made excellent efforts to contribute to society through their business activities. Once a year, we present awards to companies and departments among the group companies that have achieved outstanding results.

Acquisition of Management Certifications

ISO 14001 Certification

Fuji Oil Group promotes the acquisition of ISO 14001 certification (2015 version), an international standard for environmental management systems. This is done to improve public trust through compliance with applicable laws and regulations and promotion of environmental conservation activities.

Out of the eight consolidated Group companies in Japan with production sites, three companies have obtained ISO 14001 certification, including Fuji Oil Co., Ltd., which produces the largest volume among Group companies in Japan. These three companies account for about 96% of the Group's production volume in Japan. Out of the 15

consolidated Group companies outside Japan with production sites, seven companies are certified.

See the following website for the latest status of ISO 14001 certification.

▶ <https://www.fujioilholdings.com/en/about/authen/iso14001/>

Audits

Environmental Audits

In addition to external audits in accordance with ISO 14001, the Fuji Oil Group conducts internal audits on safety, quality and the environment. The aim of this is to improve production control at Group companies. In FY 2018, 66 departments from Group companies in Japan underwent internal audits and external audits. No nonconformities were found. Outside Japan, internal audits were performed on six Group companies. Our internal audits do not simply check if all relevant environmental laws and regulations are complied with. They also serve as opportunities for auditors to explain important environmental matters. Through environmental audits, we examine and evaluate each Group company's environmental efforts and give advice on areas needing improvement, thereby promoting and improving the Group's environmental protection activities.

Serious environment-related violations and measures

In FY2018, there were no serious environmental violations in the Fuji Oil Group.

External Evaluation

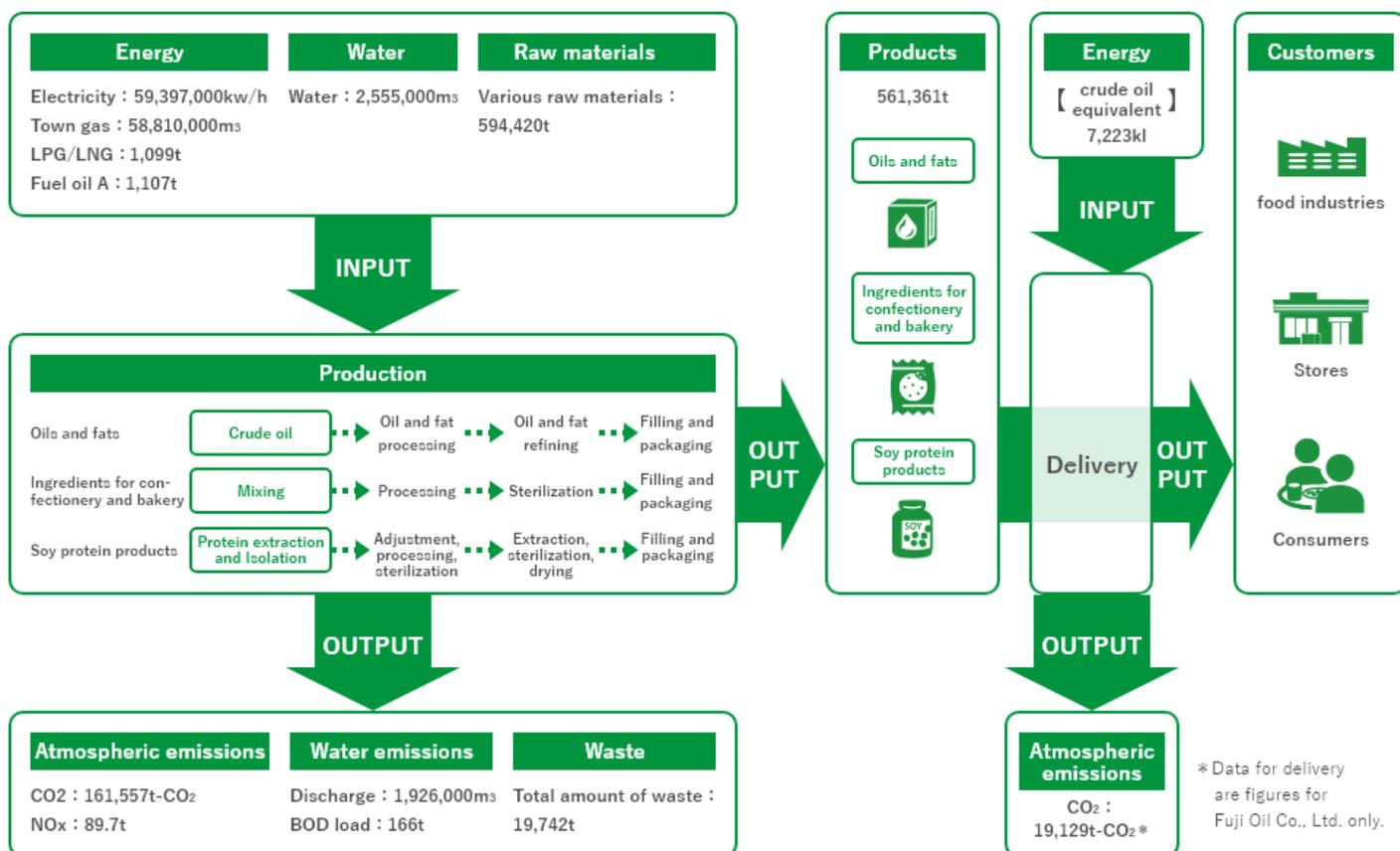
- We were awarded B-List status in CDP (Carbon Disclosure Project) Climate Change Questionnaire 2018.
- We were awarded A-List status in CDP Forest Questionnaire 2018 for the first time in Japan.
- We received a top-level ranking in the Development Bank of Japan (DBJ)'s Environmental Rating Loan.
- We have been rated as Class S (excellent energy-saving business operator) for four consecutive years, in terms of regular reports on energy-saving efforts at factories/business establishments.

Data

Overview of Environmental Impacts (Input/Output)

The Fuji Oil Group records and analyzes the input of materials and energy, and the output of emissions and waste at all stages from raw material procurement to production and logistics. This is done to mitigate the environmental impacts of its business activities.

Overview of Environmental Impacts from Business Activities of Group Companies in Japan



Environmental Audit Results (Internal Environmental Audits and External Audits) (Group Companies in Japan)

(Unit: Department)

		Internal environmental audits	External audits
FY 2014	Nonconformity	0	0
	Monitoring required	79	6
FY 2015	Nonconformity	0	0
	Monitoring required	67	6

		Internal environmental audits	External audits
FY 2016	Nonconformity	0	0
	Monitoring required	54	8
FY 2017	Nonconformity	0	0
	Monitoring required	26	5
FY 2018	Nonconformity	0	0
	Monitoring required	59	7

*In FY 2017, a total of 56 departments were audited. This includes R&D centers located in the Hannan Business Operations Complex and in Tsukuba, with each counted as one department. In FY 2018, audits were conducted in each section of the R&D centers, making the total number of audited departments 66. This was done to allow conducting more detailed audits.

Environmental Accounting

Environmental costs and benefits were calculated in accordance with the Environmental Accounting Guidelines 2005 published by the Ministry of the Environment of Japan.

Scope of tabulation

Fuji Oil Co., Ltd. (non-consolidated)

Period

April 2018 to March 2019

Calculation methods

Investment amount: Where 50% or more of the investment amount was for environmental protection, the entire amount was considered an environmental investment.

Depreciation: The declining-balance method of depreciation was used for all investments in the prior six years for which 50% or more of the amount was for environmental protection. The depreciation period was set at 10 years in all cases.

Costs that were directly known were tabulated in their entirety. Costs that could not be directly known were calculated and tabulated based on the percentage pertaining to the actual application.

Economic benefit realized from environmental protection was recorded only where demonstrated.

Environmental costs

(unit: million yen)

Category	Major activities	FY 2014		FY 2015		FY 2016		FY 2017		FY 2018	
		Investment	Expenses								
Business area cost		108	991	360	908	401	1,202	846	1,313	1,095	1,187
Details	1) Pollution prevention cost	36.6	353	67	351	67	407	352	420	167	461
	2) Global environmental conservation cost	54.2	326	271	223	287	374	486	486	913	434
	3) Resource recycling cost	16.9	312	22	334	47	422	8	407	15	292
Upstream/downstream cost	Introduction of cardboard-free equipment, premiums of green purchases, etc.	118	35	1	27	0	3	0	3	0	1
Administration cost	Development/maintenance of the ISO 14001 management system, employee training, the creation of environmental reports, etc.	—	248	0	238	0	236	0	236	0	252
R&D cost	Research on advanced use of resources, etc.	—	142	0	139	0	142	0	130	0	146

Category	Major activities	FY 2014		FY 2015		FY 2016		FY 2017		FY 2018	
		Investment	Expenses								
Social activity cost	Cleanup activities around plants, support for organizations engaged in environmental conservation, etc.	—	4.07	0	3.65	0	3.51	0	3.51	0	4.26
Environmental remediation cost	Pollution load charges	—	8.13	0	7.27	0	5.93	0	5.93	0	6.73
Total		226	1,429	361	1,323	401	1,593	846	1,691	1,095	1,597

Environmental benefits

Category	Environmental Performance Indicator	Unit	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Benefit related to resources input into business activities	Energy consumption per unit of production	L/t	158.7	153.4	149.1	152	148
	Amount of water usage	1,000m ³	2,759	2,845	2,859	2,713	2,555
	Water usage per unit of production	m ³ /t	5.16	5.16	4.90	4.83	4.46
Benefit related to waste or environmental impact originating from business activities	CO ₂ emissions per unit of production	kg- CO ₂ /t	309	300	291	299	282
	Amount of water discharged	1,000m ³	1,993.00	2,073.00	2,069.00	1,969.00	1,925.66
	Water discharged per unit of production	m ³ /t	3.73	3.60	3.54	3.51	3.36
	Amount of waste discharged	/t	18,456	18,439	19,850	18,529	19,742

Category	Environmental Performance Indicator	Unit	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
	Waste discharged per unit of production	kg/t	21.7	12.4	17.0	33.0	34.5
Benefit related to goods and services produced from business activities	Waste recycling rate	%	99.96	99.97	99.94	99.96	99.33

*Some figures may be different from those published in last year's report due to changes made to the energy conversion coefficient and other data.

Economic benefit associated with

(Unit: million yen)

Category	Details	Amount				
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenue	Profit from sale of valuable materials obtained through waste recycling (soy pulp, waste oil, used cardboard)	18	20	21	14	30
Cost reduction	Cost reduction through waste reduction activities	173	176	156	164	158
Total		191	196	177	177	188

Sustainability

Reduction of CO₂ emissions

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Basic approach

Since the Paris Agreement came into effect, the importance of tackling climate change has been increasingly recognized around the world. Being a food manufacturer, the Fuji Oil Group emits CO₂ as a results of its production processes, plant operations and energy use, and. As a member of society, we are committed to contributing to achieving the Paris Agreement. To this end, we will promote more aggressive efforts to mitigate climate change and prevent global warming. In the Environmental Vision 2030, we set CO₂ reduction targets in line with Science Based Targets (SBT) approach. We aim to acquire the SBT certification in the future. We will further reduce CO₂ emissions through further energy-saving activities on the production sites, and by promoting the introduction of energy-efficient equipment and the use of renewable energy.

Objective

24% reduction in total CO₂ emissions by 2030 (Base year: 2016)

Progress

CO₂ emissions at the Fuji Oil Group in FY 2018

Target	Result	Achievement rate
24% reduction in total CO ₂ emissions by 2030	14.1% reduction	59%

*Data not included from Industrial Food Service (one plant in Australia) and Blommer Chocolate Company (three plants in the U.S., one plant in Canada, and one plant in China), which became our group companies in July 2018 and January 2019, respectively.

In FY 2018, CO₂ emissions at Group companies in Japan were 161,557 t-CO₂, down 3.6% from the previous fiscal year. CO₂ emissions at Group companies outside Japan were 277,097 t-CO₂, down 8.7% from the previous fiscal year. Major contributing factors for these results are as follows:

- Closure of Fuji Oil (Japan)'s Sakai Plant, and divestment of the Ishikawa Plant
- Replacement of some freezers at Fuji Oil (Japan) with energy-efficient models
- Replacement of some oil & fat production equipment at Fuji Oil (Japan) with energy-efficient models
- Termination of production activities at Jirin Fuji Protein Co., Ltd. (China) in August 2018, following the transfer of equity
- Improving the thermal efficiency of air conditioners, strengthening the heat insulation of fryers, and consolidating the steam piping at Shandong Long Teng Fuji Foodstuffs Co. Ltd. (China)
- Integration of air compressors at Fuji Oil (Zhang Jia Gang) Co., Ltd. (China)
- Installation of a solar hot water system at Fuji Oil (Zhaoqing) Co., Ltd., which commenced operation in July 2018

Solar hot water system installed at Fuji Oil (Zhaoqing) Co., Ltd.



Solar hot water system installed at Fuji Oil (Zhaoqing) Co., Ltd.

Since FY 2016 the Fuji Oil Group has responded to the CDP climate change questionnaire. This, recognizing the importance of disclosing information on initiatives to combat climate change.

The Group's response to the FY 2018 questionnaire is available at the following URL.

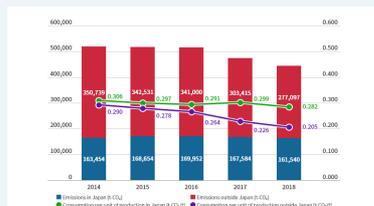
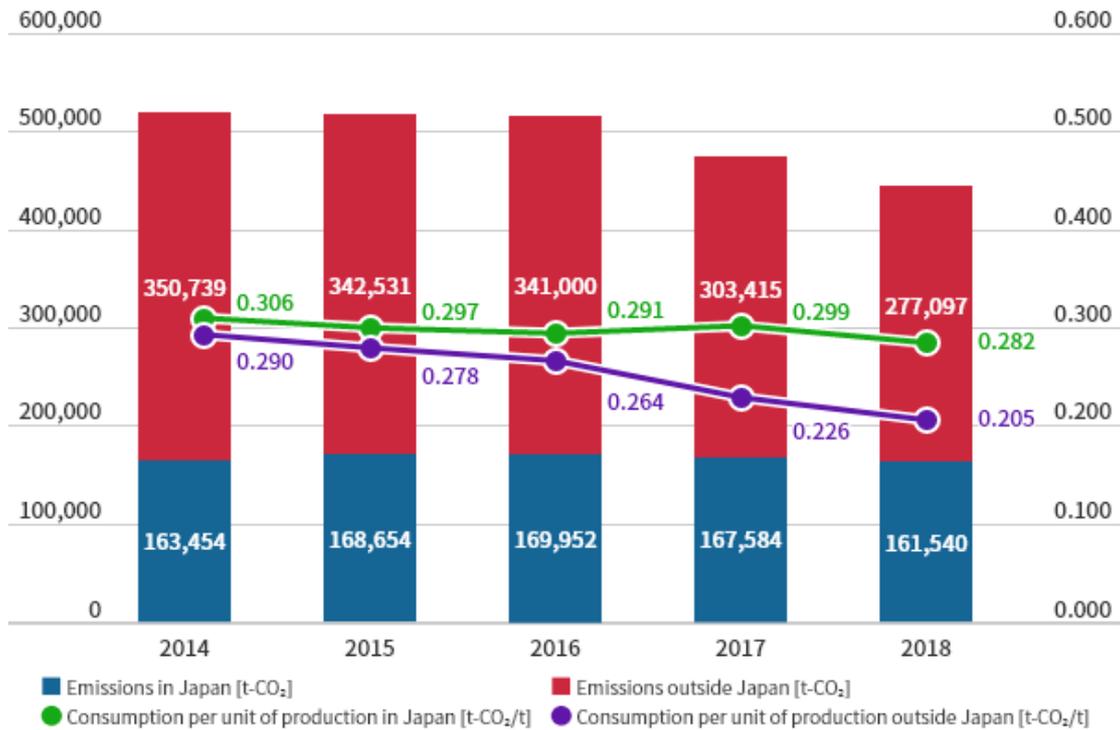
(Japanese only)

▶ <https://www.cdp.net/ja> 

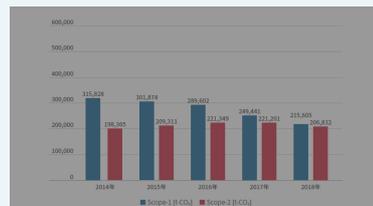
Note: You will need to register for a CDP account to access the questionnaire.

Greenhouse gas emissions

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



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



Fuji Oil Group Scope-1, 2 energy consumption (CO₂ emissions)

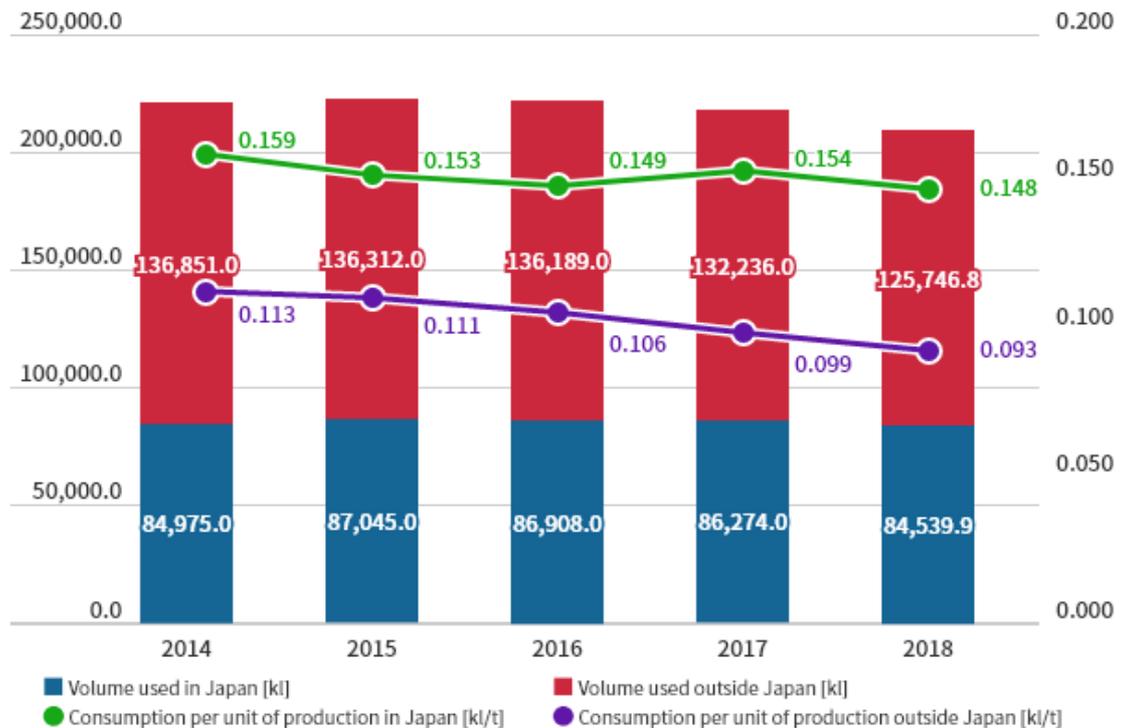
*At least 70% of Scopes 1 and 2 CO₂ emissions data were verified by a third-party.

Sources of CO₂ emission factors

	In Japan	Outside Japan
Fuel	"Manual for Calculating and Reporting Greenhouse Gas Emissions"	"Manual for Calculating and Reporting Greenhouse Gas Emissions" North America: United States Environmental Protection Agency (U.S. EPA)
Electricity	"Manual for Calculating and Reporting Greenhouse Gas Emissions" Factor by supplier	Emission factors by country from the International Energy Agency (IEA)'s "CO ₂ Emissions from Fuel Combustion" North America: U.S. EPA

Energy consumption

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



Fuel consumption

2018

(Unit: kl)

	Light oil	Heavy oil	LPG	LNG	Coal	City gas	Renewable energy
In Japan	0	960	908	573	0	65,343	12
Outside Japan	511	81	896	32,371	11,042	5,006	26
Total	511	1,041	1,804	32,944	11,042	70,349	38

Total power consumption

2018

(MWh)

	Total electric energy	Electric energy produced in-house
In Japan	168,166	108,769
Outside Japan	192,321	0
Total	360,487	108,769

Sustainability

Reduction of water usage

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Basic approach

In the Fuji Oil Group, water is used as a raw material for some products, and to generate the steam used in the production process. Water is also used to grow agricultural crops which are used as raw materials for our products. As a member of society, we promote activities to reduce water usage. This, to use limited water resources in a sustainable manner.

Objective

20% reduction in water usage per unit of production by 2030 (Base year: 2016)

Progress

Reduction of water usage in the Fuji Oil Group in FY 2018

Target	Result	Achievement rate
20% reduction per unit of production by 2030	14.1% reduction	71%

*Data does not include Industrial Food Service (one plant in Australia) and Blommer Chocolate Company (three plants in the US, one plant in Canada, and one plant in China), which became our group companies in July 2018 and January 2019, respectively.

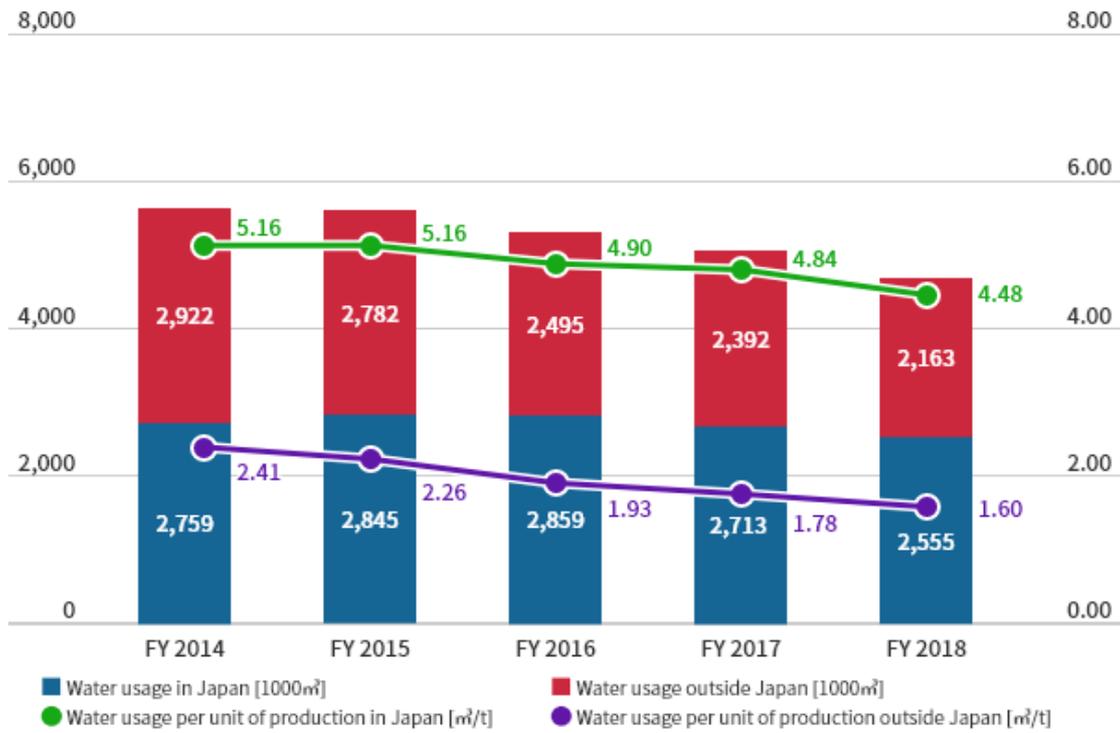
In FY 2018, the total amount of water use at Group companies in Japan was 2,555,000 m³, down 5.8% from the previous fiscal year. This corresponds to a decrease of 7.3% in the water use per unit of production. The total amount of water discharge at Group companies in Japan was 1,926,000 m³, down 2.2% from the previous fiscal year. The total amount of water use at Group companies outside Japan in FY 2018 was 2,163,000 m³, down 9.6% from the previous fiscal year. The amount of water use per unit of production in the year declined by 10.4%. Meanwhile, the total amount of water discharge was 1,037,000 m³, down 7.1% from the previous fiscal year. This was mainly due to the termination of production activities at Jilin Fuji Protein Co., Ltd. (China) in August 2018 following equity transfer.

Specific Initiatives

Efforts in areas with risk of water shortages

The Fuji Oil Group actively promotes efforts to reduce water use in its operating areas with risk of water shortages. For example, some Group companies in China installed tanks to store rainwater,. The rainwater tanks are expected to help reducing water use and improving business continuity in the event of of water depletion.

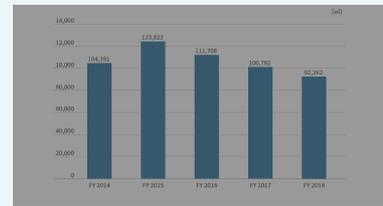
Annual water usage and water usage per unit of production



Annual water usage and water usage per unit of production



Annual wastewater and wastewater per unit of production



Recycled water volume for the Hannan Business Operations Complex of Fuji Oil Co., Ltd.

Sustainability

Waste reduction

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Basic approach

As a manufacturing company, the Fuji Oil Group believes that it should strive to reduce waste generation. Such efforts will lead to efficient use of the materials and energy resources necessary for business activities, in turn lead to lower CO2 emissions, water usage, etc., thus contributing to environmental conservation. We also recognize the importance of working to reduce food waste as a food manufacturing company. In such efforts, we are promoting the extension of best-before dates and food waste recycling.

Objective

10% reduction per unit of production by 2030 (Base year: 2016)

Progress

Waste Reduction at the Fuji Oil Group in FY 2018

Target	Result	Achievement Rate
10% reduction per unit of production by 2030	1% increase	0%

*Data does not include Industrial Food Service (one plant in Australia) and Blommer Chocolate Company (three plants in the US, one plant in Canada, and one plant in China), which became our group companies in July 2018 and

January 2019, respectively.

Recycling Rate at Group Companies in Japan in FY 2018

Target	Result	Evaluation
Maintain 99.8% or higher until 2030	99.33%	Not achieved

In FY 2018, the amount of waste discharged by Group companies in Japan was 19,742 tons, up 6.5% from the previous fiscal year. Waste discharge per unit of production increased by 4.9% from the previous fiscal year. These results are due to the disposal of products damaged by the Northern Osaka Prefecture Earthquake and heat-insulating materials for tanks fallen off during Typhoon No. 21. In FY 2018, the amount of waste discharged at Group companies outside Japan was 23,222 tons, down 15.6% from the previous fiscal year, and the amount of waste discharge per unit of production fell by 16.3% from the previous fiscal year.

Food recycling initiatives

Group companies in Japan are working to reuse food waste pursuant to the Food Recycling Act.

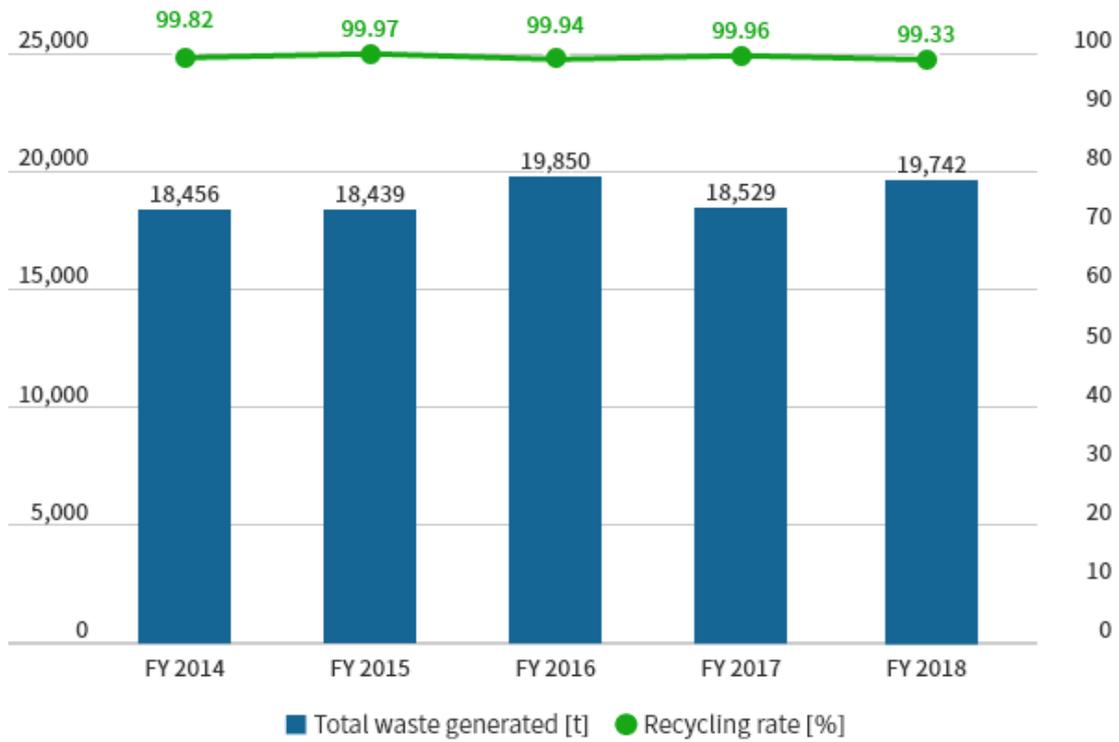
The amount of food waste generated was approximately 32,332 tons in FY 2018, down approximately 605 tons from the previous fiscal year.

The recycling rate decreased by 2 points from the previous year to 97.5%. This is due mainly to the disposal of products damaged in warehouses during the Northern Osaka Earthquake.

For the food Industry, the Act sets a target of 85% reuse or higher of recyclable food resources. The Fuji Oil Group achieved a 97.3% or more since it first set a target in FY 2007 and will continue to maintain it. We will continue our efforts to maintain this level in the future.

Total waste discharged (food and other waste)

Fuji Oil Group in Japan total waste discharged and recycling rate



Fuji Oil Group in Japan total waste discharged and recycling rate



Total waste discharged and waste discharged per unit of production by Group companies outside Japan

Reduction of packaging materials

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Measures to reduce the environmental impact of packaging materials

The container and packaging of a product plays an important role in protecting the product's quality so that it reaches the customer in safe and secure conditions. Most packaging become waste after use by customers.

Fuji Oil Co., Ltd. promotes the "3Rs" (reduce, reuse, recycle) for containers and packages as its basic approach.

Among these three measures, we focus on "reduce."

For example, we are working to make plastic packaging thinner to reduce the use of plastic, for the packaging of some products. We also promote switching from plastic tape to kraft paper tape to seal cardboard boxes.

Other measures we promote include: switching from small containers to large-capacity reusable containers

We will continue working vigorously to reduce the environmental impact in production and transportation processes by reducing and changing packaging materials.

Sustainability

Biodiversity

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Potential impact of business activities on biodiversity

The Fuji Oil Group recognizes that the procurement of raw materials and production processes linked to food manufacturing can have an impact on biodiversity. There may be a decline in biodiversity in areas where our raw materials are produced (agricultural crops) due to farmland reclamation. In our operating areas, water discharged from production activities may affect biodiversity. We strive to reduce the negative impacts on biodiversity in consideration with these potential impacts.

Measures to Conserve Biodiversity

Procurement focusing on biodiversity

The Fuji Oil Group uses agricultural products as key raw materials. For this reason, it believes that it should actively promote efforts to conserve biodiversity. The production of palm oil causes biodiversity loss due to farmland reclamation. We declare our commitment to the goal of sourcing deforestation-free palm oil with our Responsible Palm Oil Sourcing Policy. We work to identify and reduce risks through the pursuit of traceability to mill, and engagement with suppliers. We also participate in an educational support project for smallholders. In this way, we work to improve productivity in the abundantly biodiverse Kinabatangan district of Sabah,

Malaysia. The goal is preventing deforestation from farmland reclamation and chemical pollution of rivers, thereby contributing to the conservation of biodiversity.

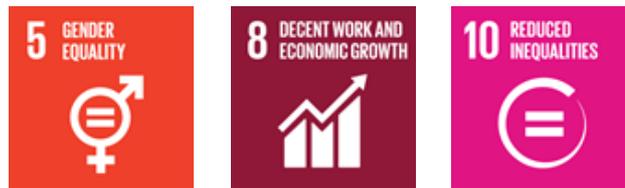
For the Responsible Palm Oil Sourcing Policy and our support activities for small palm oil farmers, refer to the Sustainable Procurement section.

▶ <https://www.fujioilholdings.com/en/csr/sustainable/>

Sustainability

Hitozukuri (Fostering People)

SDGs of particular focus for achievement



Activity report FY2018

Human resource development

Priority theme

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- Training expenses per employee
- Number of new hires
- Total turnover rate for regular employees
- Voluntary turnover rate for regular employees
- Average years of continuous employment

Achievement of Diversity Priority theme

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- Number of program users by gender
 - Percentage of annual paid vacation days taken
- Employee Data
- Number of the Fuji Oil Group employees by region
 - Breakdown of employee (as of March 31, 2019)
 - Number of the Fuji Oil Group managers
 - Fuji Oil Co., Ltd. Ratio of women in managerial positions
 - Number of FUJI OIL HOLDINGS INC. Directors (as of March 31, 2019)
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- Recruitment of disabled people

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Sustainability

Human resource development

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- ⌵ **Specific Initiatives**
 - Development of global human resources
 - Cultivating Managers
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Basic approach

The Fuji Oil Group believes that to continue contributing to society while responding to every change in the business environment, it is important to develop an organization and people capable of responding flexibly to any unforeseen circumstances. Based on this belief, in addition to supporting employees' autonomous learning, we focus our efforts on the fostering of managers, who support global business expansion, to strengthen our organizational capability and the development of global human resources.

The Fuji Oil Group considers its human resources to be the key to creating value for society. We have established our Human Resources Policy based on the idea that a company and its employees support each other's growth.

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.

Objective

By 2020, build the foundation of a global personnel system, and identify and develop human resources with the potential to play an active role globally and in each area.

Progress

As in last fiscal year, in FY 2018 we focused on the development of globally competitive human resources and the fostering of managers. In addition to providing global human resource training to 14 selected employees, Fuji Oil Co., Ltd. provided training for newly appointed managers to develop their management skills.

Promotion System

Promotion System

Establishment of the global personnel framework

In order for the Fuji Oil Group to continue to contributing to society by practicing its Management Philosophy, the action principles that all Group officers and employees must follow, each Group company sets and commits to targets for the implementation of the Philosophy. All Group companies have set their targets for FY 2019.

We also encourage Group companies to hold in-house workshops on the Group Management Philosophy to provide employees with the opportunity to discuss what they can do to achieve the set targets, based on the culture and customs of each region and country. Group companies will decide the future direction, considering the insights gained from such discussions.

Moreover, amid the growing importance of Group-wide human resource development and utilization, we aim to build a global personnel framework for the identification, selection, training and appointment of executive candidates. To this end, we begin by conducting interviews with executive candidates.

<Comments from participants in Fuji Oil Group Management Philosophy workshops>

- We have the responsibility not only to follow the Group's safety, quality and environmental policy, but also to communicate the Group's Philosophy to our suppliers and customers. I think that, sales personnel, who interact directly with customers, should play the role of explaining the Philosophy to customers. (Brazil)

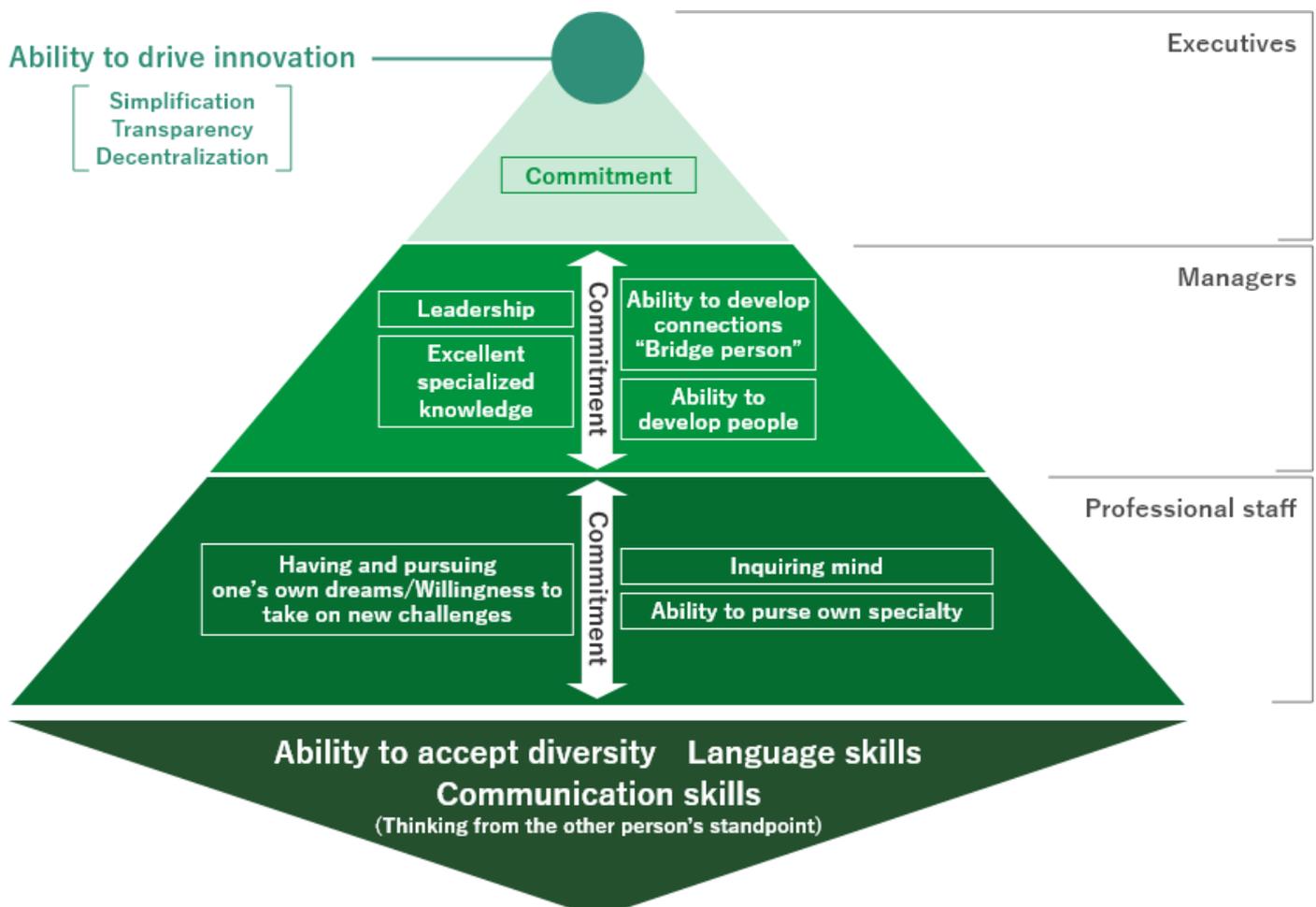
- I think that "Work for people" is a comprehensive idea that encompasses everything. Being safe yourself, making high-quality products, protecting the environment, generating new technologies, and contributing to the local community—I think everything connects to "Working for people."(The U.S.)

Specific Initiatives

Development of global human resources

The Fuji Oil Group advocates the development of global human resources in the personnel strategy of its Mid-Term Management Plan. Based on the idea that the growth of a company arises from the growth of its people, we are conducting initiatives to recruit, promote and develop human resources who can demonstrate their capabilities globally.

Skills and abilities that the Fuji Oil Group expect its employees to have in order to be global human resources



To cultivate global human resources who can consistently demonstrate high levels of performance, whether in Japan or overseas, Fuji Oil Co., Ltd. has conducted global human resources training as a new initiative since FY 2016.

This training program lasts about six months, and involves training on global communication, MBA knowledge, leadership skills and language skills (English), and the delivery of presentations for executives. In FY 2018, a total of 14 people participated in the training, including those with experience working overseas, those assigned to overseas posts, and those working with global business partners. We will develop competent global leaders by combining this training with career path training.



Global human resources training (Japan)

<Comments from a participant in FY 2018 global human resources training>

Global Talent Strategy Group, Fuji Oil Holdings

In this training, I was able to learn the essence of global communication, and practical business skills through hands-on training of actual business activities such as telephone meetings and presentations in English.

In global HR management work, I frequently work with HR department staff at overseas Group companies and conduct interviews with job applicants with foreign backgrounds. I use what I learned from this training in various scenes of work.

I will strive to contribute to the Group-wide development of global human resources by applying the know-how I have gained through the training in my daily work.

Cultivating Managers

To train and develop candidates for future management positions, since FY 2016 we have conducted a training program that incorporates performance assessments.

This training is designed to help trainees understand what a manager should be like, and objectively identify their own strengths and weaknesses. This training program also involves post-training feedback meetings in which trainees receive feedback from their supervisors and HR Development staff members, and on-the-job training (from planning to review). We aim to achieve the steady growth of the trainees by ensuring the close involvement of supervisors and other relevant people in the training.

Human resource development program at Fuji Oil Europe (Belgium)

Fuji Oil Europe, a Fuji Oil Group company, developed a leadership program in FY 2016 to improve team performance.

The objective of the program is to build a strong organization capable of surviving in a complex and rapidly changing world, by supporting and improving employees' resilience (ability to adapt to environmental changes).

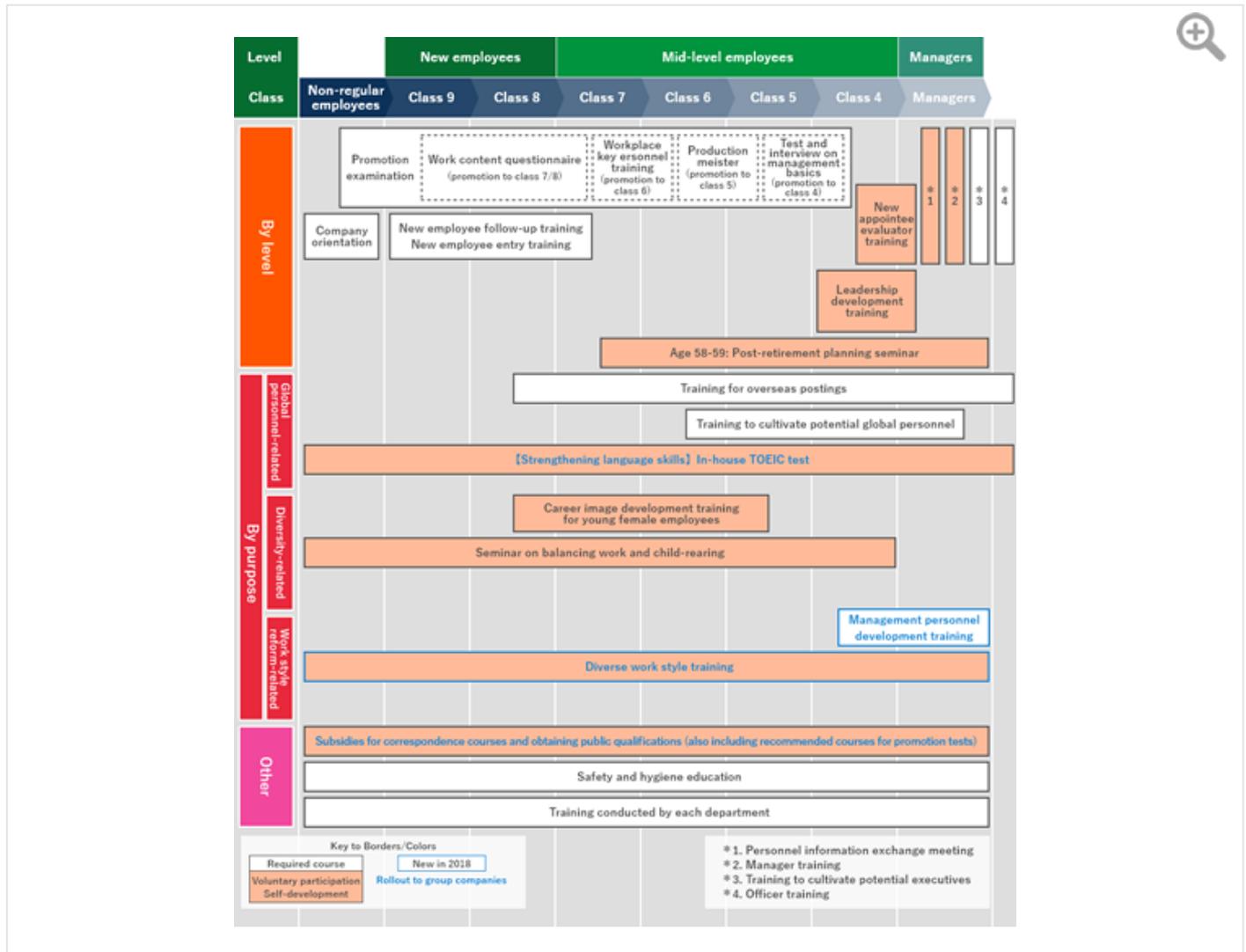
This training program begins by helping employees understand their own preferred style of leadership, using the behavior assessment tool "DISC Model." People will be more motivated to change their behaviors by understanding recognizable and adaptable behavioral characteristics and identifying the environment and method that ensures optimal performance,. Also, understanding your own preferred leadership style and those of your team members and sharing them within your team will help deepen your understanding of yourself and others, and improve communication within the team. Fuji Oil Europe will continue to conduct this program in all departments, to raise employee motivation.

Career Support System

In addition to providing hierarchical training programs for executives, managers, general employees and new hires, Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd. support employees' skill development through various programs, including providing financial assistance to employees taking correspondence courses. In addition, we have introduced the "Career Advancement Communication Sheet" to help employees visualize their career progression. Each employee has a meeting with his/her supervisor once a year to review the progress made toward his/her goals and discuss his/her career aspirations, based on his/her career advancement communication sheet. This system aims to facilitate

employees' career development and promote the appropriate assignment of employees to ensure everyone can work to the best of his/her abilities.

Fuji Oil Co., Ltd. Training System (FY 2018)



Employee attitude surveys

FUJI OIL HOLDINGS INC. and Fuji Oil Co., Ltd. regularly conducts employee attitude surveys to help create a workplace where every employee can work energetically and in good health while demonstrating his/her abilities to the fullest. We solicit feedback through surveys, on a wide range of issues including workplace environment and systems, and use such feedback to improve existing systems/programs and develop new measures.

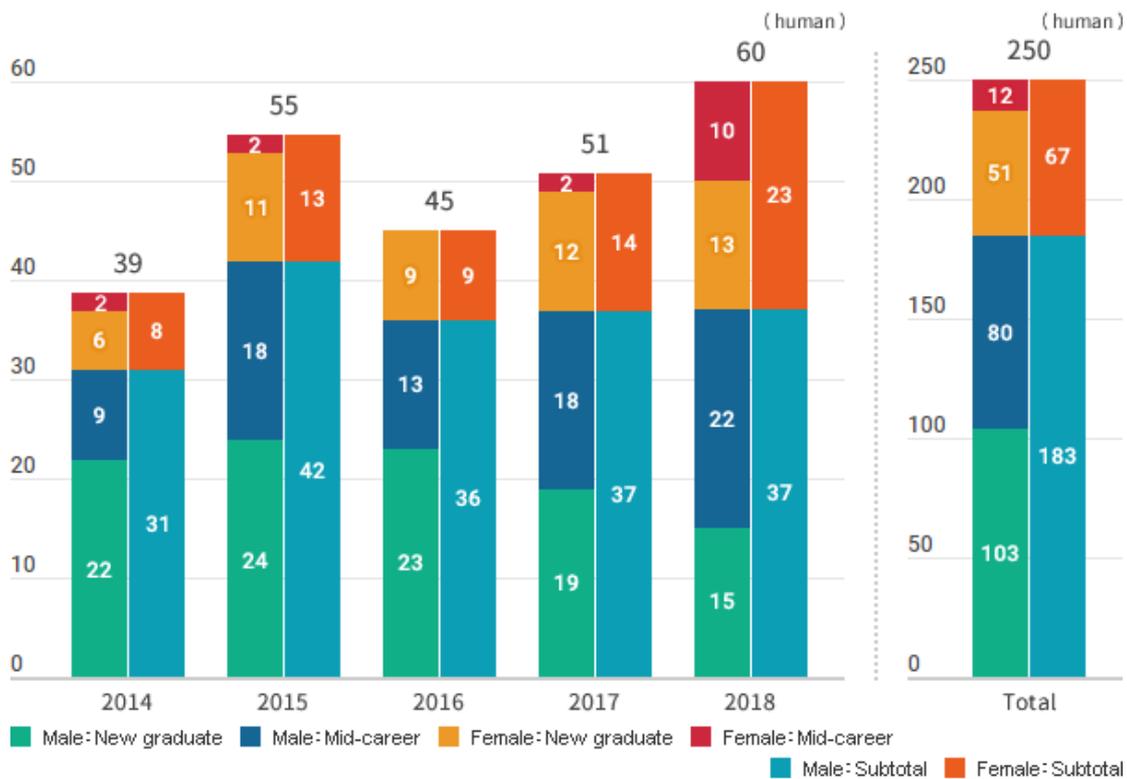
Data

Expenses for development of human resources

Total training expenses in FY 2018 (approximate) (FUJI OIL HOLDINGSINC. and Fuji Oil Co., Ltd.)	Approximately ¥25,858,000
Training expenses per employee (FUJI OIL HOLDINGSINC. and Fuji Oil Co., Ltd.)	Approximately ¥20,170

Recruiting and turnover

Number of new hires



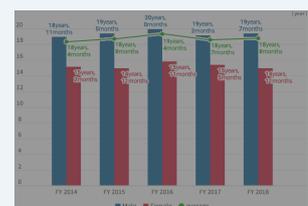
Number of new hires



Total turnover rate for regular employees



Voluntary turnover rate for regular employees



Average years of continuous employment

*Figures for 2015 and thereafter are the total for FUJI OIL HOLDINGSINC. and Fuji Oil Co., Ltd.

*Figures for 2014 is for Fuji Oil Co., Ltd. before the shift to a holding company structure

Sustainability

Achievement of Diversity

CONTENTS LIST

- ⌵ **Basic approach** ⌵ **Objective** ⌵ **Progress** ⌵ **Promotion System**
- ⌵ **Specific Initiatives**
 - Promotion of Diversity in Japan • Working style reform
 - External Evaluation • Dialogue between Labor and Management
- ⌵ **Data**

Basic approach

As a corporate group operating globally, the Fuji Oil Group believes that respecting the diversity of attributes and values of human resources is its social responsibility.

Amid constant changes in the values of society, in order for the Fuji Oil Group to continue to fulfill its corporate social responsibilities as a food ingredient manufacturer, it is essential to accurately understand changes in society and provide value that helps resolve social issues.

Just responding to problems (apparent needs) is not enough. In the future, it will become increasingly important to demonstrate creativity in anticipating the rapid change in social situation, and identifying and tackling issues that need to be addressed (hidden needs).

Homogeneous groups will demonstrate limited creativity. Diverse human resources with different values and individualities are the source of the Fuji Oil Group's competitiveness, enabling it to continue to create value for a sustainable society.

The Fuji Oil Group has expressed the core value of "Work for people" in its Group Management Philosophy, which is the action principle to be followed by all officers and employees of the Group. This means that in doing business, we must always look at things from the other person's point of view. This is the basic principle that guides us in our efforts to provide value to society while embracing diversity.

Fuji Oil Basic Diversity Policy

- We will accelerate the creation and delivery of new value to society by seeking talented individuals from diverse backgrounds and by fostering a corporate culture, where everyone can demonstrate their abilities to the fullest.

1. Pay attention to diversity in personnel composition at all stages of employment, including: recruitment, training and job assignment/promotion.
2. Implement flexible personnel systems so that diverse human resources can fully demonstrate their abilities.
3. Use diverse human resources in a strategic manner, thereby contributing to society and company growth.

Objective

Ratio of women in managerial positions of 20%* by 2020 (Japan)

Establishment by 2020 of an environment in which diverse employees, including older and disabled employees, can work with vigor (Japan)

*We promote, since FY 2016, the active participation of women with the aim of achieving a ratio of women in managerial positions of 20% by FY 2020 (Japan). The ratio of women in managerial positions increased to 10.53% as of April 2019. However, since it seems difficult to achieve the target of 20%, we plan to revise and set a new target by the end of FY 2019. Although employees' mindsets have changed considerably following the setting of the ambitious target of 20%, we have experienced several problems in securing the absolute number of eligible candidates, developing candidates, providing continuous career support for female employees, and promoting understanding in the workplace.

Based on stakeholders' long-term expectations for achieving gender equality, which is one of the SDGs, by the end of FY 2019 we plan to (1) redefine our basic approach to diversity, (2) establish a diversity promotion system that includes the management of Group companies, and (3) identify diversity issues in each area and reformulate a medium-term roadmap and goals.

Progress

In FY 2018, we promoted the establishment of a foundation for promoting diversity in Japan, which we designated as a priority area in terms of diversity promotion. We worked to develop systems to promote diverse working styles, including the trial introduction of the telecommuting system at Fuji Oil Co., Ltd. Furthermore, based on dialogue with the labor union, we are working to develop a personnel system under which diverse human resources can work energetically and are evaluated fairly, according to their abilities and performance. We will continue to review our personnel system to create a workplace environment where individuals with diverse backgrounds can demonstrate their best performance.

Promotion System

Fuji Oil Holdings established the ESG Committee as an advisory body to the Board of Directors to promote ESG management. The ESG Committee meets regularly to discuss important matters relating to ESG, including diversity, and make reports and proposals to

the Board of Directors.

In Japan, the Fuji Active Network (FAN) was established, under the supervision of the HR Department, as a cross-departmental organization to promote diversity. The FAN recommends necessary measures to the HR Department and implements employee awareness-raising activities.

Personnel System to Support Diversity

Since FY 2015, Fuji Oil Co., Ltd. promotes the reforms of its personnel system to promote the active participation of diverse human resources capable of responding flexibly to changes in the business environment and to reflect employees' contribution to business success more appropriately in their treatment.

Progress of personnel system reforms

Fiscal year	Item implemented	Details
FY 2015 - FY 2017	Management Personnel system reform	Salary system reform (introduction of pay based on job classification) Evaluation system reform (clarification of responsibility for results) Human resource development promotion (multifaceted evaluation)
	Expansion of flextime system	Elimination of restrictions on reasons for using flextime
FY 2018	Union members Personnel system reform	Salary system reform (abolition of age-linked wages / allocation according to results / adjustment of allowances to fit individual circumstances)
FY 2019 (Plan)	Reduction of working hours Revision of the holiday and leave system	Work style reform, creation of an environment where employees can take leave more easily, revision of the welfare program

Specific Initiatives

Promotion of Diversity in Japan

Support for the active participation of women

For the Fuji Oil Group to continue contributing to society through business activities as a food ingredient manufacturer, it is important to accurately identify and quickly respond to changes in society. We believe that women's sensibilities, capabilities and creativities are essential to that end. Under this belief, we are focusing our efforts on empowering more women in the workplace, so they can fully demonstrate their unique sensibilities and capabilities.

In Japanese society and in our Group, key themes for diversity promotion are support for career continuation and expansion of work areas for women, as well as support for women's career progression to managerial positions.

Currently, we have been promoting workplace improvements by incorporating women's perspectives. As part of such efforts, we have promoted 5S activities (seiri [sort], seiton [set in order], seiketsu [shine], seiso [standardize], and shitsuke [sustain]). We will accelerate our efforts to create a workplace and work systems that enable female employees to continue working energetically, while at the same time promoting management reforms.

We have also been working to promote more female employees to managerial positions. Currently, with the aim of achieving the target of a female management ratio of at least*20% by FY 2020, we are working on the provision of opportunities and the training and development of female employees. At first, when we set the target (in April 2016), the ratio of women in managerial positions was 3.78%, but increased to 10.53% in April 2019. However, we concluded that due to issues in the development of next-generation female managers, it is difficult to achieve the target. Therefore, we decided to revise the target by the end of FY 2019. In FY 2019, we also plan to (1) redefine our basic approach to diversity, (2) establish a diversity promotion system that includes the management of Group companies, and (3) identify diversity issues in each area and reformulate a medium-term roadmap and goals. In Japan, the priority area for our diversity efforts, we will develop a vision and specific measures for women's empowerment to ensure female employees can fully demonstrate their abilities.

Furthermore, Hiroshi Shimizu, President and CEO of Fuji Oil Holdings Inc. endorsed the "Declaration on Action" by "A Group of Male Leaders Who Will Create a Society in Which Women Shine,"** which was formed under the initiative of the Cabinet Office, and sends out a message to employees and society, regarding the importance of diversity in management.

*Scope of total: FUJI OIL HOLDINGS INC. + Fuji Oil Co., Ltd. – Employees temporarily transferred overseas

**A Group of Male Leaders Who Will Create a Society in Which Women Shine Following the kick-off meeting for "Supporting Women to Shine" held on March 28, 2014 at the office of the Prime Minister in Japan, there has been a

nationwide movement by leaders in various industries to support women who will and do shine in various fields. Under these circumstances, the "Declaration on Action by a Group of Male Leaders Who Will Create a Society in Which Women Shine" was announced by male leaders of the companies actively engaged in promoting the empowerment of women.



Hiring of regional limited employees and regular employees

From FY 2017, Fuji Oil Co., Ltd. changed the status of its "semi-regular employees," who had fixed-term employment contracts, to "regional limited employees" without a fixed term. Moreover, the Group conducts a test once a year for highly motivated non-regular employees wishing to become regular employees. In FY 2019, six non-regular employees passed the test and were promoted to regular employees. We will continue to actively promote talented and highly motivated individuals to regular employees through this system.

Support for the active participation of older workers

Fuji Oil Co., Ltd. set its retirement age at 60, but has a reemployment system in place for older workers that allows employees to extend their employment to the maximum legislated retirement age of 65. Individual interviews are held one year before retirement and at the time of retirement to offer job assignments according to each person's motivation and abilities. In addition, since FY 2016 we have conducted a "Life Plan Seminar" for employees in their late fifties to consider their post-retirement life plans. The seminar provides an opportunity for participants to design their lives after retirement to help them achieve self-fulfillment and a better work-life balance after retirement.

Strategic employment of foreign nationals

Fuji Oil Co., Ltd. recruits people of various nationalities whose skills and capabilities meet its business needs. Non-Japanese employees are working in various fields such as research and development, planning and administration. There is no difference in treatment on grounds of nationality. We assign employees based on their skills, abilities and how these fit with the job requirements. We also work to create a workplace that

respects different religions and customs. In FY 2018, four new foreign employees joined the company. In FY 2019, several foreign nationals are scheduled to enter the company.

Support for the active participation of disabled people

For many years, Fuji Oil Co., Ltd. has consistently promoted the employment of people with disabilities. We have made steady efforts to raise employee awareness and increase opportunities for employees with disabilities to play active roles in the workplace while considering the characteristics of each individual.

Working style reform

Overview of promotion of working style reform

As one of the important measures Fuji Oil Co., Ltd. promotes a working style reform. In FY 2016, the "Creative Work Project" (current CWORK Promotion Committee) was established as a cross-departmental organization. Four reform initiatives were implemented to reduce the total actual working hours and improve the work-life balance while increasing productivity: awareness reform, operational reform, system reform and workplace reform.

In FY 2017, in conjunction with the expansion of the flex-time system, the telework system (work at home, satellite work, and mobile work) was introduced to the Sales Divisions on a trial basis. In FY 2018, the telework system was expanded to Development and Staff Divisions. In FY 2019, we plan to further expand the telework system to other divisions. The telework system has been well received by employees, with positive comments such as: "The telework system allows us to work flexibly in terms of time and place. It allows me to better balance my work and family life."

To promote telework, it is necessary to realize ways of working that are not bound by time and place. We are now working to improve the efficiency of communication and information sharing, by promoting the paperless initiative (electronization of work flow, etc.) and meeting reforms (introduction of video conferences) using IT. As part of such efforts, in FY 2019, we introduced Office365 company-wide, to improve work efficiency and thereby improve the productivity and work-life balance of employees.

<Comments from a user of short-time work program (Corporate Staff Division)>

Since returning to work after giving birth to my second child, I have used the telework system. I work in the early morning. Because my available time is limited, I have become able to work more efficiently. I feel more confident to take more

difficult and challenging tasks, without hesitating due to short work hours. This has led to increased job satisfaction, helping me gain confidence to step up my career while raising my children.

Support for active career development

Programs	
During pregnancy	<ul style="list-style-type: none"> • Interview prior to childcare leave (with HR staff, supervisor and leave-taker) • Consultation services during pregnancy (poor physical condition, etc.)
During childcare leave	<ul style="list-style-type: none"> • Guaranteed bonus (20%) • Extension of childcare leave (until the end of April in the child's second year) • Information sharing through company-provided iPad • Child-rearing concierge service (including support for finding a nursery school) • Interview prior to returning to work (Confirmation of working style after returning to work, using the communication sheet)
After returning to work	<ul style="list-style-type: none"> • Shortened working hours (until the child enters the first year of elementary school) • Follow-up exchange meeting for employees returning to work after childcare leave, with the participation of supervisors • Subsidy for babysitter and childcare support service expenses • Work-at-home system • Temporary leave for accompanying spouse on overseas assignment • Comeback Entry Program (Rehiring system)

External Evaluation

As an evaluation of the initiatives described above, Fuji Oil Co., Ltd. has been awarded "the Platinum Kurumin Mark", a certification with even higher requirements than the Kurumin Mark.*

*Kurumin Mark: A certification awarded by the Minister of Health, Labour and Welfare to companies complying with childcare support standards



Dialogue between Labor and Management

Fuji Oil Co., Ltd. recognizes the importance of dialogue between labor and management and, as such, focuses on building a relationship of mutual trust.

The management and the labor union actively discuss labor issues, holding an informal central labor-management monthly session where both parties exchange information on the company's business conditions and its business policy. Furthermore, the management and the labor union hold labor-management consultation sessions to discuss the promotion of employees, bonus payments and a review of in-house rules, when necessary; in line with the labor contract. Both parties will enter negotiations and discussions on these matters after fully sharing information on the company's earnings position, business trends, various management-related issues and social trends. With the increasing globalization of business, accelerating population aging, and the growing importance of work-life balance, it is increasingly necessary to promote future diversity . Under these circumstances, we will continue striving to improve our personnel system, through labor-management dialogue.

Data

Use of various programs

Number of program users by gender (Fuji Oil Co., Ltd. + FUJI OIL HOLDINGS INC.)

(Employees)

	Male	Female	Total
Number of employees who took childcare leave in FY 2018 (including pre- and post-partum leave)	28	17	45
Number of employees using the shorter work hour system in FY 2018 (for childcare)	0	25	25
Number of employees who took nursing care leave in FY 2018	0	0	0
Three-year retention rate of employees who took childcare leave in FY 2015*	100.0%	88.9%	92.6%

*FY 2018 retention rate of employees who took childcare leave in FY 2015

Percentage of annual paid vacation days taken (FY 2018: Fuji Oil Co., Ltd. + FUJI OIL HOLDINGS INC.)

Percentage of annual paid vacation days taken	63.0%
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Employee Data

Number of the Fuji Oil Group employees by region

(as of March 31, 2019 for Group companies in Japan and December 31, 2018 for Group companies outside Japan)*)

(Employees)

	Japan	Europe and America	Asia	Total (Consolidated)
Total	1,883	1,849	2,231	5,963
Male	1,510	1,403	1,685	4,598
Female	373	446	546	1,365

*The data for Blommer Chocolate Company are as of January 27, 2019.

FUJI OIL HOLDINGS INC. Breakdown of employee (as of March 31, 2019)

(Employees)

	Male	Female	Total
Regular employees*/temporary employees	101	34	135
Regional limited employees	0	1	1
Contract employees	0	1	1
Average age (of employees)	47 years, 1months	36 years, 5months	44 years, 4months

*Includes executive officers

Fuji Oil Co., Ltd. Breakdown of employees (as of March 31, 2019)

(Employees)

	Male	Female	Total
Regular employees*/temporary employees	950	192	1,142
Regional limited employees	109	53	162
Contract employees	49	33	82
Average age (of employees)	43 years, months	39 years, months	43 years, months

*Includes executive officers

Number of the Fuji Oil Group managers

(as of March 31, 2019 for Group companies in Japan and December 31, 2018 for Group companies outside Japan*)

(Employees)

	Japan	Europe and America	Asia
Male	361	161	174
Female	37	61	60
Total	398	222	234

*The data for Blommer Chocolate Company are as of January 27, 2019.

Fuji Oil Co., Ltd. Ratio of women in managerial positions

(%)

	April 2015	April 2016	April 2017	April 2018	April 2019
Ratio of women in managerial positions	3.15	3.78	5.56	8.24	10.53

*Figures before FY 2017: Fuji Oil Holdings Inc. + Fuji Oil Co., Ltd.; figures after FY 2018: Fuji Oil Holdings Inc. + Fuji Oil Co., Ltd. - employees on loan to overseas Group companies

Number of FUJI OIL HOLDINGS INC. Directors (as of March 31, 2019)

(Employees)

Male	8
Female	1
Female	9

Rehiring (FY 2018 / Fuji Oil Co., Ltd. + FUJI OIL HOLDINGS INC.)

People rehired	29
Rehiring rate	96.7%

Recruitment of disabled people (FY 2018 monthly average / Fuji Oil Co., Ltd. + FUJI OIL HOLDINGS INC.)

Disabled people recruited	35
Recruitment rate for disabled people	2.20%

Sustainability

Health Management

SDGs of particular focus for achievement



Activity report FY2018

Promoting Occupational Safety and Health Priority theme

Contents

Basic approach / Objective / Progress / Promotion System

[Data]

- Number of Lost-Time Injuries per Thousand Employees (4 Days or More)
- Frequency Rate of Labor Accidents
- Severity Rate of Labor Accidents
- Status of acquisition of OHSAS18001 certification (as of March 2019)
- Acquisition status of ISO 45001: 2018 certification (as of March 2019)

Maintenance and Promotion Employee Health Priority theme

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Basic approach / Objective / Progress / Promotion System / Measures to protect employees / Health awareness raising and educational activities / Measures to improve employees' dietary habits and physical fitness / External Recognition

[Data]

- Number of employees eligible to receive health examinations
- Number of examinees
- Number of employees with observed anomalies
- Secondary health examination / Treatment required
- Not examined / Not reported
- Working hours per employee
- Average monthly overtime per employee
- Rate of absence due to illness

For more details



For more details



Sustainability

Promoting Occupational Safety and Health

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- ▾ [Objective](#)
- ▾ [Progress](#)
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Basic approach

The Fuji Oil Group Management Philosophy places "safety, quality and the environment" as the first of its values; and among them, "safety" is the issue we must give the highest priority for our continuing growth. For safety and health, the Fuji Oil Group established its Health Management Declaration in January 2017; setting the following six items as Basic Policy of Safety and Health.

Under the slogan: "Let's create a safe workplace together by observing the rules and sharing our experience", we strive to protect the lives of our employees and all the people working at our business sites, and achieve zero lost-time injuries.

Basic Policy of Safety and Health

1. The base of our thought is the dignity of human life.
2. The base of our safety activities is the participation by all our officers and employees.
3. Every manager has a responsibility for safety.
4. Good physical and mental health makes you a safer worker.
5. Making our workplace safe.
6. Becoming aware of and avoiding safety risks.

Objective

Continue to prevent all serious accidents at all group companies

Progress

The Fuji Oil Group works to reduce labor accidents by collecting and analyzing data on the conditions leading to labor accidents at group companies in Japan and overseas, and by providing feedback to the group companies.

In FY 2018, the number of labor accidents at Group companies in Japan totaled 27, four above the previous fiscal year, while the number of lost-time injuries decreased by three from the previous fiscal year to four. Most labor accidents included cuts, bruises and burns.

The number of labor accidents at Group companies outside Japan in FY 2018 was 43, eleven down from the previous fiscal year. and lost-time injuries decreased by nine from the previous fiscal year to 32. Most labor accidents comprised burns, cuts and falls.

We will continue striving to prevent the occurrence of labor accidents through the proper implementation of safety measures, the observance of specified work procedures, and hazard prediction activities.

Promotion System

Promotion System

To promote ESG management, Fuji Oil Holdings established the ESG Committee as an advisory body to the Board of Directors. The ESG Committee meets regularly to discuss important matters relating ESG, including occupational safety and health, and make reports and proposals to the Board of Directors.

In FY 2018, under the overall control of the Chief Quality Officer (CQO), various Group-wide initiatives for occupational safety and health were undertaken. In line with the Fuji Oil Group Management Philosophy, the Productivity Promotion Group, works in cooperation with each Fuji Oil Group company to eliminate accidents and raise the level of health management. This is done by conducting occupational safety and health audits at each production site to assess risks and addressing identified risks. The Productivity Promotion group was established under the CQO.

We consider labor-management dialogue important for the promotion of occupational safety and health, . For example, in accordance with the labor agreement, a Safety and Health Committee meeting is held at Fuji Oil Co., Ltd., each month to discuss employees' expectations and concerns regarding occupational safety and health.

Educational and awareness-raising activities

Fuji Oil Group implements various measures in recognition that prevention of labor accidents at manufacturing sites as one of its most important responsibilities.

We conduct checks to identify dangerous operations and situations that can lead to accidents and take necessary measures. We also promote the PDCA cycle for risk management, and promote daily hiyari-hatto (near-miss events) activities.

At business sites in Japan, a preventive measure against human errors was implemented; "Yubisashi Kosho [pointing and calling] Promotion Activities" started in March 2016 under the slogans "Call and point" and "Point once for each operation." Gradually, the practice of pointing and calling has taken root at each site. We will continue striving to further establish the practice of "pause and confirm," which is the basis of occupational safety. Group companies outside Japan are implementing safety activities to prevent labor accidents, including establishment of the Safety and Health Committee, safety patrols, safety communication activities, and safety meetings. At a FY 2018 safety conference for Group companies outside Japan, information was shared on the status of occurrence of labor accidents in FY 2017 and the progress of countermeasures.

Furthermore, recognizing the importance of raising employee safety awareness across the Group, we promote measures to increase safety awareness among employees. Such measures include the installation of electronic bulletin boards to remind workers every day to take safety precautions, and the establishment of safety experience rooms to allow workers to experience dangerous situations firsthand.



Safety meeting at a Group company outside Japan
(Indonesia)



Safety Conference for Group companies in the Asian
region, organized by Fuji Oil Asia (Singapore)



Safety Bulletin Board (Japan)



Safety experience room set up in a Group company in China

Assembly at a business site

We established a "Safety/Quality/Environmental Activity" category in our management awards program in FY 2016, to recognize departments and Group companies that have made outstanding efforts in the fields of "food safety, security and quality," "the environment," and "occupational safety and health."

In FY 2018, two sites in Japan received commendations for their achievement of zero labor accidents in the previous fiscal year (FY 2017).

Data

These data show the number per thousand workers, frequency rate, and severity rate of labor accidents for employees of the Fuji Oil Group.

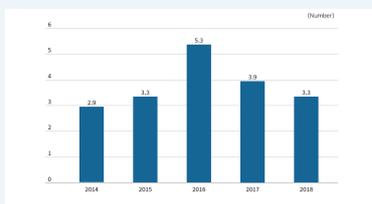
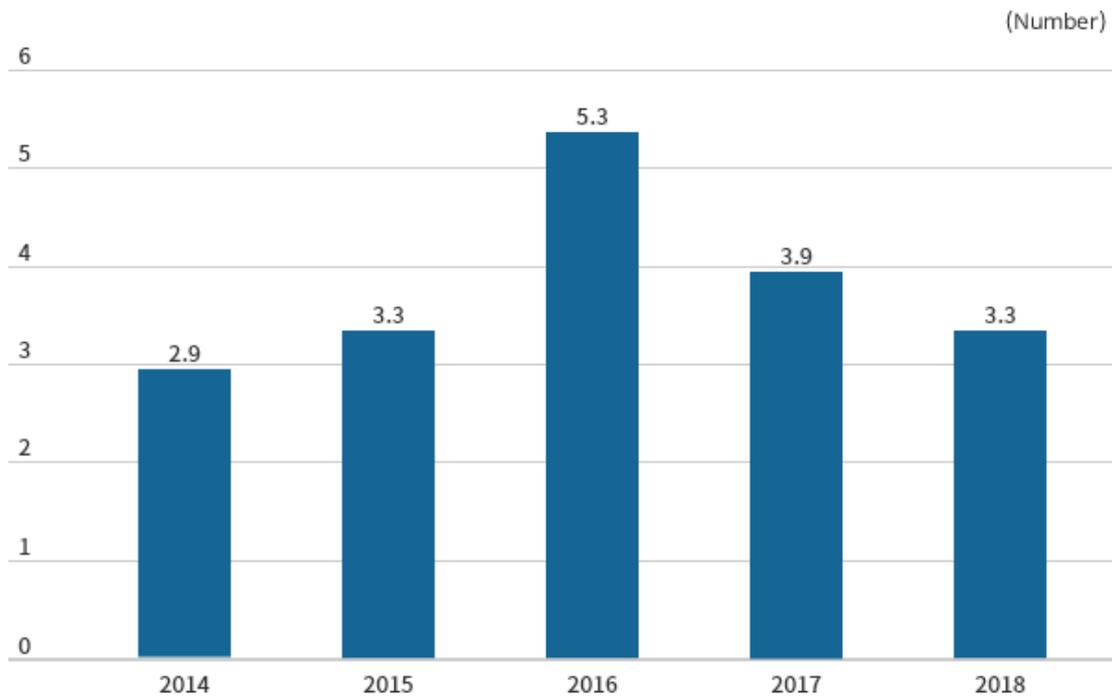
Because the number of labor accidents decreased at Group companies inside and outside Japan, the number of lost-time injuries per thousand workers, and the frequency rate* and severity rate** of labor accidents declined year on year. We will continue to promote safety activities with the aim of achieving zero labor accidents.

*Frequency rate: Number of labor accident victims per million working hours

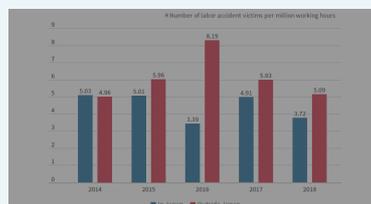
**Severity rate: Accident severity expressed as the number of days lost per 1,000 working hours

Labor accidents

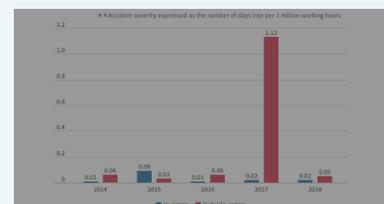
Fuji Oil Group Number of Lost-Time Injuries per Thousand Employees (4 Days or More)



Fuji Oil Group Number of Lost-Time Injuries per Thousand Employees (4 Days or More)



Fuji Oil Group Frequency Rate of Labor Accidents*



Fuji Oil Group Severity Rate of Labor Accidents**

Status of acquisition of management certifications

Status of acquisition of OHSAS18001 certification (as of March 2019)

PT. Musim Mas-Fuji (Indonesia)

Acquisition status of ISO 45001: 2018 certification (as of March 2019)

Woodlands Sunny Foods Pte. Ltd. (Singapore)

Sustainability

Maintenance and Promotion Employee Health

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- ▾ **Promotion System**
- ▾ **Specific initiatives**
 - Measures to protect employees
 - Health awareness raising and educational activities
 - Measures to improve employees' dietary habits and physical fitness
- ▾ **External Recognition**
- ▾ **Data**

Basic approach

In January 2017, we announced the Fuji Oil Group Health Management Declaration, which states that we will proactively engage in health management. Based on this declaration, we set the following Mid-Term Management Plan objectives: “contributing to society by creating the future of delicious and healthy foods” and “ensuring the health and happiness of Fuji Oil Group employees”. We will continue to act to support our employees in maintaining and improving their health in areas as prevention of lifestyle-related illness and mental health problems.

Fuji Oil Group Health Management Declaration

In Fuji Oil Group's Management Philosophy, we set forth our Vision: "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."

Health is important not only for the happiness of our employees and their families, but also to raise the strength of our Group. So here, Fuji Oil Group declares that we proactively engage in Health Management.

The highest priority in Health Management is the health and happiness of our employees. If our

employees can enjoy their lives and work actively, it will lead to the enhancement of our corporate value.

The most important thing for Health Management is individual health awareness. In other words, we need to take care of our own health.

We will keep 'health' in mind, and will work "ethically, righteously, positively and vigorously."

We can then work for people, solve their problems, and drive forward our contribution to society.

As part of Health Management, we take actions to support our employees to sustain and improve their health. Specifically, we shall implement initiatives in areas as prevention of lifestyle-related illness and mental health problems, and also activities to promote physical strength.

1st of January, 2017

FUJI OIL HOLDINGS INC.

President and CEO Hiroshi Shimizu

Objective

We established the following objectives for 2020.

Improve health awareness among employees and actively conduct health promotion measures.

Establish a system to enable visualization of employee health condition.

Reduce the incidence of lifestyle-related diseases among employees and the number of employees with mental health issues.

Roll out measures to group companies in Japan and overseas.

Progress

- Established an employee health promotion system (enhanced health guidance and health management promotion systems).
- 100% of employees received health examinations. Secondary examination rate was 94.3% (down 1.6% from the previous fiscal year).
- Percentage of employees taking stress checks at Fuji Oil Co., Ltd.: 93.9% (up 2.5% from the previous fiscal year)
- Made efforts to raise employees' health awareness (installed health measurement systems at major business sites).
- Introduced delicious and healthy menus (using Fuji Oil's soy products) in company cafeterias.
- Fuji Oil Holdings was certified as an Excellent Enterprise of Health and Productivity Management (White 500) (February 2019).

Promotion System

The Fuji Oil Group promotes Group-wide health management initiatives under the overall control of the Chief Strategy Officer (CSO). The Health Management Promotion Group was established in the HR & Administration Division of Fuji Oil Co., Ltd., to plan measures and make improvements to health-related issues. An employee health support system was also established, comprising occupational physicians, public health nurses, nurses, occupational health counselors and other experts.

Specific initiatives

Measures to protect employees

We conduct regular health examinations. In FY 2018, the percentage of employees receiving health examinations at Fuji Oil Co., Ltd. was 100% (94.3% for secondary examinations).

To help preventing mental health problems, we offer stress checks and we encourage all employees to receive counseling. In FY 2018, 93.9% of employees took stress checks. In the future, we will work to visualize the physical and mental health of our employees by using a health management system. We also plan to conduct surveys with Group companies in and outside Japan to check their health management status and health awareness, and to roll out effective measures across the Group.

Highlights: Results of stress check implementation

Stress checks are useful for improving workplaces. In FY 2018, we created workplace improvement plans and conducted follow-up training for high-risk workplaces based on the results of stress checks.

Health awareness raising and educational activities

In FY 2018, health measurement instruments (for blood pressure, body composition and activity level) were installed at the Hannan Business Operations Complex, Tokyo Regional Office and Osaka Branch Office to help employees manage their own health.

Also, to promote awareness of work style reform throughout the company, we have created the "CWORK Award" program, which includes the health awareness-raising category. The establishment of a mechanism that encourages each department to set a goal that will contribute to better health (such as "switching from bus commuting to bicycle commuting") has led to increased health awareness among employees.

As part of efforts to enhance health guidance, in April 2019, we launched a full scale operation of the health management system to visualize health management. The health management system enables employees to track their own health data (health examination results, etc.), leading to increased employee health awareness. Furthermore, in addition to encouraging our employees to participate in the food education project (providing on-demand lessons for elementary school students) as lecturers, we will plan and implement physical fitness promotion events to inspire employees to promote their own health.

Measures to improve employees' dietary habits and physical fitness

In addition to planning/conducting health-related events such as lectures on dietary habits improvement and training to prevent mental health disorders, we promote the provision of delicious and healthy menus incorporating Fuji Oil's soy and other products, at company cafeterias in Japan.

To promote the physical fitness of employees, each business site will plan and hold events such as walking and yoga classes.



Poster displaying healthy menu items offered at a company cafeteria

External Recognition

Certified as an Excellent Enterprise of Health and Productivity Management (White 500)

In February 2019, Fuji Oil Holdings was certified as an Excellent Enterprise of Health and Productivity Management 2019 in the large enterprise category (White 500) for the second straight year, under the Excellent Enterprise of Health and Productivity Management certification system conducted by Japan's Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi.

Moreover, two Group companies in Japan, Fuji Sunny Foods Co., Ltd. and Omu Milk

Products Co., Ltd., were also certified in the large enterprise category (White 500) and the small to medium-scale enterprise category, respectively.

The Fuji Oil Group will strive to earn high recognition and trust from stakeholders by vigorously promoting Group-wide health management efforts.



Data

Health Examinations

		Total of business sites in Japan (FY2018)	
		(Employees)	(%)
Rates of employees receiving examinations and anomaly observation*	Number of employees eligible to receive health examinations	1,466	
	Number of examinees	1,466	100%

		Total of business sites in Japan (FY2018)	
		(Employees)	(%)
	Number of employees with observed anomalies	971	66.2%
Secondary health examination/Treatment required*	Secondary health examination/Treatment required	473	32.3%
	Not examined /Not reported	27	5.7%

*FUJI OIL HOLDINGSINC. and Fuji Oil Co., Ltd.

Working hours

	Work record data for FY 2018	
Average monthly overtime per employee*	159.1	Hours/month
Average monthly overtime per employee*	17.0	Hours/month

*FUJI OIL HOLDINGSINC. and Fuji Oil Co., Ltd.

Rate of absence due to illness

FY 2018 Rate of absence due to illness*	1.27 %
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*Includes only employees taking time off or leave for injury or illness.

*FUJI OIL HOLDINGSINC. and Fuji Oil Co., Ltd.

Sustainability

Risk Management

SDGs of particular focus for achievement



Activity report FY2018

Effective Risk Management

Priority theme

Contents

Basic approach/ Objectives/ Progress/ Promotion System/
Identification of the Group's Significant Risks/ Climate change and water risks / Business Continuity Plan (BCP)/ Information security/ Protection of Intellectual Property

[For more details](#) →

Stable Procurement of Raw Materials

Priority theme

Contents

Basic approach/ Objectives/ Progress/ Response to procurement risks due to climate change/ Response to the risk of procurement stoppage due to large-scale disasters/ CSR Procurement Guidelines and supplier surveys

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Penetration Awareness of Compliance

Priority theme

Contents

Basic approach/ Objectives/ Progress/ Promotion System/
A framework for thorough compliance/

Creation of a Corporate Governance System

Priority theme

Contents

Basic approach/ Objectives/ Progress/ Holding Company Structure and the Fuji Oil / Corporate Governance

Prevention of corruption / Political contributions / Violation of compliance

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Sustainability

Effective Risk Management

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⌵ **Progress**
⌵ **Promotion System**
- ⌵ **Response to Specific Risks**
 - Identification of the Group's Significant Risks
 - Climate change and water risks
- ⌵ **Business Continuity Plan (BCP)**
⌵ **Information security**
- ⌵ **Protection of Intellectual Property**

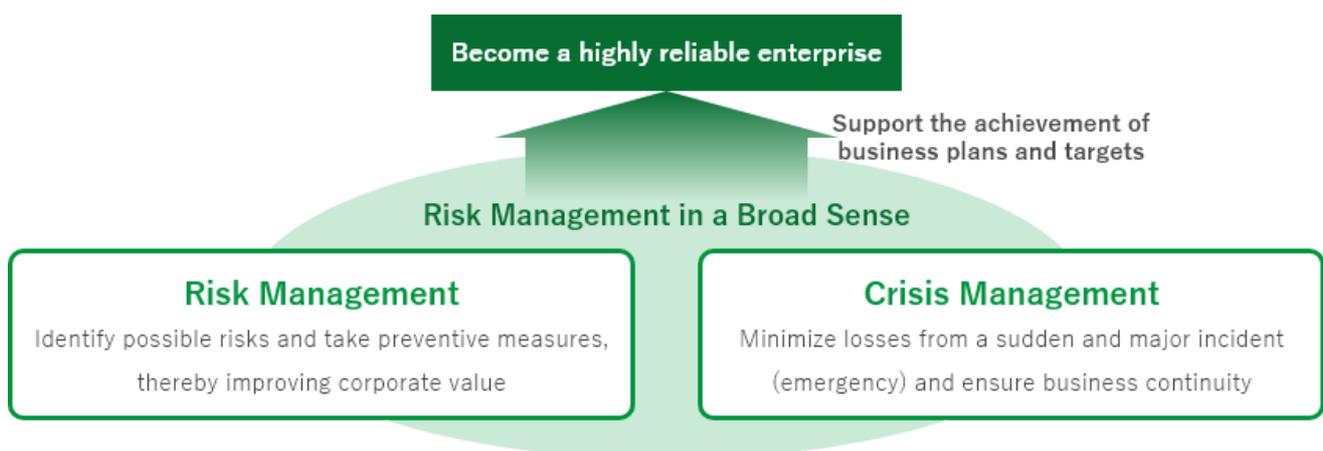
Basic approach

The Fuji Oil Group believes that risk management* is management itself. Risk management is essential for the Group to continue contributing to society through delicious and healthy food, ; from the perspectives of business continuity, legal compliance, and meeting the expectations and demands of society, our shareholders and investors.

By promoting Risk Management, we aim to become a highly reliable enterprise that earns the trust of society.

*Risk Management: Preventing the occurrence of risks related to corporate management and minimizing losses and impact when risks occur, to achieve business plans and targets

Positioning of Risk Management in the Fuji Oil Group



Objectives

- By 2020, each group company should independently and autonomously go through the PDCA cycle for Risk Management and each function of FUJI OIL HOLDINGS INC. should provide comprehensive support for optimal response to risks by each group company, based on the holding company structure.
- By 2020, main group companies should complete the formulation of BCP.

Progress

Fuji Oil Holdings held a risk management meeting with each Group company to understand the implementation status of risk management, propose measures for the Fuji Oil Group's common risks, and share information regarding crises.

Regarding BCP formulation, Fuji Oil Holdings selected major Group companies that should formulate BCP, and explained to them the significance of this.

Also, safety confirmation drills and other emergency drills were conducted at business sites in Japan to strengthen response capabilities in emergency situations (such as large-scale disasters).

Promotion System

Risk Management Promotion System

To promote ESG management, Fuji Oil Holdings established the ESG Committee as an advisory body to the Board of Directors. The ESG Committee meets regularly to discuss important matters relating ESG, including risk management, and make reports and proposals to the Board of Directors.

The Fuji Oil Group promotes Group-wide risk management initiatives under the overall control of the officer in charge of risk management and compliance at Fuji Oil Holdings.

PDCA

The Fuji Oil Group established a global risk management system, as one of the foundations for the holding company structure to which the Group shifted in October 2015.

Fuji Oil Holdings Inc., the regional headquarters (representative companies) and each Group company; and established a Risk Management Committee at each Group company. Each Risk Management Committee plays a leading role in the annual implementation of the PDCA cycle: Plan (identify all possible risks and select major risks) → Do (implement

countermeasures) → Check (conduct checks) → Act (take improvement action toward the next fiscal year). The Fuji Oil Group promotes risk management through close collaboration among Fuji Oil Holdings, regional headquarters (representative companies) and each Group company.

In the event of an emergency, an 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.

The Fuji Oil Group's Risk Management



Each group company leads the execution of Risk Management



PDCA Cycle for Risk Management

Risk assessment method

The Risk Management Committee of each Group company takes the central role in identifying as many of its own company's risks as possible and assessing them by plotting them on a risk map (vertical axis: degree of damage to/impact on the company; horizontal axis: possibility of occurrence). As a result of the assessment, the Committee specifies risks that would cause a significant degree of damage to/impact on its company as "significant risks," and decides how to respond to all "significant risks" to mitigate the potential impact. Through this process, each company conducts risk management that makes clear which risks it should manage on a priority basis and works to prevent risks, minimize loss when risks occur, and maintain business continuity.

Topics: Effects of Risk Management

A Group company in the United States, which introduced a risk management system, identified hurricane-related damage (injuries to employees, damage to plant and production equipment, etc.) as significant risk; and formulated procedures for employee evacuation and plant operation suspension to mitigate risks.

Although this Group company was hit by two large hurricanes in FY 2018, thanks to the

formulated procedures, they were able to respond efficiently and effectively to emergency situations, and minimize negative impact on stakeholders.

Education and awareness-raising activities

We conduct risk management education and awareness-raising activities for our group companies through regular visits, video conferences and other measures, to firmly establish the PDCA cycle for risk management and improve the quality of risk management at each group company. In addition, we educate employees being newly posted abroad on the fundamentals of risk management and the risk management system of the Fuji Oil Group in their pre-assignment training.

Incentives

In 2016, we established a CSR category in our management awards program to recognize departments and Group companies that have made outstanding efforts to contribute to society through their business activities. In this category, we present awards to Group companies and departments that have fulfilled their social responsibilities by effectively conducting risk management.

Response to Specific Risks

Identification of the Group's Significant Risks

Based on the results of annual risk assessments of Group companies, we identify significant risks common to the Fuji Oil Group as "common Group risks." For the significant risks identified as common Group risks, the person in charge of each risk at Fuji Oil Holdings manages the relevant risk as a management theme, and supports Group companies in taking measures to address risks.

For example, for information security risk, one of the common Group risks, the responsible department is the ICT Group of Fuji Oil Holdings. The ICT Group provides regular e-learning courses and visits Group companies to increase employee understanding and awareness of information security.

[Fuji Oil Group's Significant Risks]

- Fluctuations in raw material prices
- Fluctuations in currency market
- Risks inherent to engaging in overseas markets

- Capital expenditure recovery risks
- Risks related to food safety
- Supply chain environmental and social risks
- Risks related to disasters and accidents
- Risks related to information systems and information security
- Risks related to human resource hiring and development

Climate change and water risks

Fuji Oil Holdings, which is responsible for formulating the Group's overall management strategy, manages the risks and opportunities associated with climate change and water. The C"ESG"O is responsible for climate change issues and the use of water resources. Under the leadership of the C"ESG"O, through their expert perspectives, relevant divisions, including the CSR/risk management division and the environmental division, collect information on climate change and water from publicly disclosed data and through dialogue with industry groups and stakeholders.

The Group's climate change and water strategies are developed based on the collected information. These strategies are reported at meetings of the ESG Committee, which is an advisory body to the Board of Directors, and proposed to the Board of Directors. Climate change- and water-related risks are managed through the Group-wide risk management system.

Regarding climate change risks, the Fuji Oil Group declared its support for the Task Force on Climate-related Financial Disclosures (TCFD) on May 2019. In the future, we will work to visualize the degree of impact of climate change risks on our business, through participation in the TCFD Consortium and dialogues with stakeholders.

Climate change-related risks (FY 2018)

Regulatory risk	Risk of decreased production at some group companies in China because of operational restrictions from the local administrative authorities
Physical risk	Risk of injury to employees, damage to equipment and suspension of production if a hurricane directly hits the operating area of a group company in the United States

Climate change-related opportunities (FY 2018)

Regulations	Local governments in some parts of the West Opportunity to increase demand for Fuji Oil soy protein ingredients due to promotion of "Meatless Mondays" by some local governments in
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	Europe and the United States and expansion of plant-based protein market
Physical impact	Opportunity for increased demand for the Fuji Oil Group's soy protein products such as soy meat if beef cattle production declines due to a livestock feed shortage caused by drought or other factors

Major water-related risks (FY 2018)

The risk of Group companies in China receiving production suspension orders due to discharging wastewater that fails to meet the effluent quality standards stipulated in the effluent regulations in China

Major water-related opportunities (FY 2018)

Opportunity for increased demand for the Fuji Oil Group's soy protein products such as soy meat if beef cattle production declines due to livestock feed shortages caused by drought or other factors

Business Continuity Plan (BCP)

Basic approach

The Fuji Oil Group Management Philosophy sets forth its Vision to "contribute to society by creating the future of delicious and healthy foods." We believe that business continuity is a prerequisite to achieving our vision, and that a business continuity plan (BCP) is vital to ensure the continuity of operations.

We will promote our BCP under the following basic policies to ensure employee safety and minimize damage to business assets in order to enable the continuation or early restoration of core businesses.

Basic BCP Policy

1. Give priority to the lives of employees and visitors.
2. Prevent secondary disasters and do not disturb local communities.
3. Fulfill our responsibility as a company to supply products.

Initiatives

Revision of BCP based on a major disaster scenario

Fuji Oil Co., Ltd. is working to revise and restructure existing BCPs to make them more effective. The revisions are scheduled to be completed by the end of FY 2019. Major Group companies outside Japan are promoting the formulation of BCPs. The formulation of BCPs at major overseas Group companies is scheduled to be completed by the end of 2020.

Ensuring information system continuity in the event of a natural disaster (ICT-BCP)

In the event of a natural disaster or other incident, information systems are the foundation of business continuity.

The Fuji Oil Group has established a robust data center to operate core systems and other important operational systems.

In addition, assuming a scenario of damage to the data center, we have secured operating system continuity with the construction of a DR site* at a remote location. As a result, even if the data center is affected, operations can resume at the DR site within a few hours to half a day. Moreover, we are preparing for prompt response in the event of a disaster by conducting DR site switchover exercises once a year.

See "Sustainable Procurement" for our response to procurement risks due to climate change or large-scale disasters.

▶ <https://www.fujioilholdings.com/en/csr/sustainable/>

*DR site: Disaster Recovery site

Information security

Basic approach

The Fuji Oil Group is working to improve its security level to safeguard against threats surrounding information systems, and protect and maintain the confidentiality, integrity and availability of information assets. We have formulated Information Management Regulations, Information Security Regulations, and Information Security Guidelines, and provided employee education on a continual basis to ensure that all employees understand and follow these regulations.

Technically, we are taking multilayered measures including mechanisms to prevent unauthorized access from outside the Group's information systems and to protect against computer viruses. We will further raise our information security level through a process of review, verification and improvement.

Information security management system

To address threats to information assets, the Fuji Oil Group established an information security management system under the Risk Management Committee. We appointed a Chief Information Management Officer and CSIRT (Computer Security Incident Response Team) at Fuji Oil Holdings. We also appointed a person in charge of information management and a person in charge of information security at each Group company to ensure quick response in the event of an emergency and promote employee awareness-raising activities in ordinary times.

Information security education for employees

In FY 2018, the Fuji Oil Group designated October and November as Group Governance and Information Security Reinforcement Months, and conducted e-learning training for all Fuji Oil Group members. Furthermore, we held briefing sessions for managers on information management regulations at each Group company. We will continue working to improve employee information security literacy through education, training and other measures.

Protection of Intellectual Property

Obtaining intellectual property rights and setting a system to prevent the Fuji Oil Group's infringement of such rights owned by other companies

Based on the Fuji Oil Group Management Philosophy, the Group set forth rules on handling of intellectual property rights associated with inventions and other creative works made by its employees while on duty. These rules are set in the Regulations on the Handling of Employee Inventions and the Fuji Oil Group Regulations on Intellectual Property Management. We protect intellectual property by obtaining patents and other intellectual property rights for employee inventions and other creative works and by strictly managing our technological know-how to ensure its confidentiality. We also routinely keep a close watch on information regarding patents and other intellectual property rights of other companies to avoid infringing on them.

Educational and awareness-raising activities

Fuji Oil Co., Ltd. holds study sessions whenever necessary as part of its efforts to spread correct understanding of intellectual property.

During FY 2018, a training seminar on intellectual property was held in February 2019 for new research and development employees who had joined the company six months earlier. The intention was to spread basic knowledge regarding intellectual property. The participants were briefed about intellectual property rights and their significance, as well as rules applied to in-house inventions.

Moreover, intellectual property training was held in October 2018 for general managers and group leaders in the development divisions to deepen their understanding of the regulations regarding the certification of and compensation for inventors.

Sustainability

Stable Procurement of Raw Materials

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- [Response to the risk of procurement stoppage due to large-scale disasters](#)
- [CSR Procurement Guidelines and supplier surveys](#)

Basic approach

Crop failure due to climate change and disruption of the supply chain due to natural disasters have a major impact on stable procurement of sustainably produced raw materials. As a response to these procurement risks, we strive to build a structure for stable procurement of raw materials under normal conditions.

Basic Purchasing Policy

In 2010, Fuji Oil Co., Ltd. formulated the Basic Purchasing Policy, in accordance with which we conduct all procurement activities.

1. We stably procure high-quality raw materials from a wide variety of business partners at reasonable prices through fair and equitable deals while strictly complying with applicable laws and social norms. (Fairness, legal compliance and ethics)
2. In order to accomplish the above objectives, we achieve coexistence and co-prosperity with our business partners by deepening collaboration through joint creative activities. (Partnerships)
3. We consider the global environment, labor, human rights, etc., in our procurement. (Social responsibility), in order to contribute to the realization of a society that can develop sustainably.

Objective

Fulfill the responsibility to supply products to stakeholders by strengthening resilience to risks such as climate change and ensuring stable procurement.

Progress

The following are ongoing measures.

- Increase in the number of production areas
- Purchase from multiple suppliers

Specific initiatives

Response to procurement risks due to climate change

Global warming will bring higher temperatures, 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.

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

Response to the risk of procurement stoppage due to large-scale disasters

It is important to ensure business continuity for the entire supply chain in the event of a large earthquake or other natural disaster. As countermeasure to the risk of delays in raw material supply due to disasters, Fuji Oil Group companies in Japan confirm the response systems of their suppliers through questionnaire-based surveys.

In FY 2018, based on the results of questionnaire surveys, we worked in cooperation with suppliers to ensure business continuity in the supply chain, by taking BCP*-related measures (securing multiple production sites, storing goods in multiple locations, etc.).

*BCP : Business Continuity Planning

CSR Procurement Guidelines and supplier surveys

CSR Procurement Guidelines

We believe that cooperation with business partners is essential to achieve sustainable procurement. For this reason, we drawn up and announced our CSR Procurement Guidelines (2nd Edition), which includes a list of matters requested of suppliers by four group companies in Japan – Fuji Oil Co., Ltd., TORAKU FOODS CO., LTD., FUJI FRESH FOODS CO., LTD., , and OMU MILK PRODUCTS CO., LTD.

For information on responding to procurement risks due to climate change and large-scale disasters, refer to the ["Effective Risk Management"](#) section.

▶ [CSR Procurement Guidelines \(2nd Edition\) PDF \(140KB\)](#) 

Conducting supplier surveys to promote stable procurement

To ensure that procurement is undertaken in accordance with the CSR Procurement Guidelines (second edition), we explain the Guidelines to our business partners (manufacturers and trading companies) and conduct questionnaire surveys. In FY 2018, we held briefing sessions to explain our procurement policies to our suppliers, we evaluated suppliers based on the questionnaire results, and visited them to perform on-site audits and provide support for improvement.

We will maintain close communication with suppliers to achieve the stable procurement of safe, reliable and sustainable raw materials.

Penetration Awareness of Compliance

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- ⌵ **Specific initiatives**
 - A framework for thorough compliance
 - Prevention of corruption
 - Political contributions
 - Violation of compliance

Basic approach

The Fuji Oil Group complies with laws and regulations, as well as internal policies and rules, as a matter of course, and sees; acting with a strong sense of ethics in daily business operations as crucial to meeting society's expectations and needs of (i.e. stakeholders).

This basic concept of compliance is included in the Fuji Oil Group Management Philosophy, which we formulated when the Group shifted to a holding company structure in October 2015.

Furthermore, we defined the Fuji Oil Group Three Principles of Code of Conduct to clarify specific behaviors that all Group members are expected to follow in order to embody the basic concept of compliance.

Fuji Oil Group Three Principles of Code of Conduct

1. Comply with the rules

We will comply with all applicable laws and regulations in each country and region where we operate.

We will act in accordance with the Company rules and regulations.

We will observe social norms and meet social expectations and trust.

2. Act with integrity

We will act in accordance with our conscience.

We will not hide any mistakes or failures.

We will make reporting and explanations based on the facts, in a timely and appropriate manner.

3. Conduct fair business

We will conduct fair and appropriate business transactions.

We will distinguish between work and private life and will not commit any dishonest acts.

We will respect the human rights of people involved in our business activities and consider diversity of

race, gender and religion.

We will not engage in any form of extortion or bribery.

We will not allow intervention by antisocial forces.

Objectives

By 2020, we aim for the commitment to this values and principles of the Fuji Oil Group Management Philosophy throughout the entire Group.

Progress

In FY 2018, in addition to implementing existing training programs such as on-site training at Group companies in and outside Japan, and hierarchical training (new employees, employees assigned to overseas sites, etc.), we designated the month of October as "Compliance and Information Security Reinforcement Month," during which, various activities were carried out at major Group companies in and outside Japan. This activities included e-learning and compliance awareness surveys. We will analyze the results of e-learning and awareness surveys to identify weak areas, response tendencies, etc. and develop future compliance measures based on the analysis results.

Promotion System

Promotion System

The officer in charge of risk management and compliance has been appointed at Fuji Oil Holdings, under whose leadership compliance initiatives for the entire Group are implemented.

Establishment of a hotline system

The Fuji Oil Group Whistleblower Hotline is in place at Group companies in Japan. In FY 2018, as part of efforts to promote fair transactions, we set up a fair trade helpline for cooperating companies in specified fields. Overseas, a hotline system (the Fuji Oil Group's Compliance Helpline) is also available for employees at Group companies outside Japan. To create an environment that facilitates reporting, in addition to an internal whistleblowing hotline, we established an external whistleblowing hotline. The external hotline is operated by an outside law firm to ensure the confidentiality and anonymity of informants. Over the last few years, the number of reports received annually throughout the entire Group has remained in the range of five to 10. Upon receipt of a whistleblowing

report, we promptly investigate the details of the report, make necessary corrective measures, and provide feedback to the informant. We strive to make our hotline system more widely known throughout the entire Group.

Monitoring

We monitor the status of compliance implementation including at overseas group companies, in cooperation with Audit & Supervisory Board members and departments responsible for internal audits.

Since FY 2018, we have visited Group companies outside Japan to conduct on-site inspections using the compliance checklist (prepared in consideration of laws, regulations and risks specific to the region).

Specific initiatives

A framework for thorough compliance

Business Conduct Guidelines

We revised the Fuji Oil Group Business Conduct Guidelines, which explain our principles of action in the Fuji Oil Group Management Philosophy using representative case studies encountered in various daily duties. The guidelines are available in seven languages, including Japanese, and are successively distributed to all employees in booklet and PDF form.

Compliance training

We visit business bases in and outside Japan to investigate their compliance status and needs, and to help raise employee awareness in areas requiring priority attention. In addition, the Legal Affairs Department and the HR Department collaboratively provide compliance training to employees at career milestones, such as when they enter the company and when they are assigned to overseas posts. In FY 2018, we designated the month of October as "Compliance and Information Security Reinforcement Month" and conducted e-learning training (in Japanese, English and Chinese) for employees in and outside Japan.

Prevention of corruption

In addition to compliance with the Antimonopoly Law, the prevention of bribery and corruption is one of our priority compliance areas related to fair transactions. We have established anti-bribery and corruption rules that can be globally applied, and make particular efforts to raise awareness of anti-bribery and corruption among employees. Overseas, in FY 2018 we conducted awareness-raising activities at Group companies in China. Through dialogue with local staff, we work to communicate the importance of anti-bribery and corruption compliance and the magnitude of losses in the event of a violation.

Political contributions

The Fuji Oil Group does not make political donations.

Violation of compliance

There were no serious compliance violations relating to the Fuji Oil Group's operations in FY 2018.

Sustainability

Creation of a Corporate Governance System

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Basic approach

Through the realization of effective corporate governance, FUJI OIL HOLDINGS INC. aims to prevent situations that would harm corporate value, such as violation of laws and regulations, fraud or misconduct, and to strive for sustainable growth and improvement of corporate value over the medium to long term. We positioned corporate governance as an important mechanism for decision-making that is transparent, fair, prompt and resolute, in order to meet the expectations of stakeholders such as shareholders, customers, other business partners, our officers and employees, and society.

To ensure the confidence of shareholders, we consider it important to conduct flexible and rational decision-making and business execution and to enhance the functions for monitoring and supervising management.

With this in mind, we appoint multiple outside directors and outside Audit & Supervisory Board members, take care of the independence of the Audit & Supervisory Board and the effectiveness of audits by the members.

To expedite decision-making, the Fuji Oil Group shifted its management structure to a pure holding company structure through an incorporation-type company split, separating management from execution, thereby promoting delegation of authority to its regional headquarters, which are operating companies. Meanwhile, as the global headquarters, FUJI OIL HOLDINGS INC. is engaged in formulating strategies for group management and for managing group subsidiaries.

▶ [Fuji Oil Holdings Corporate Governance Guidelines PDF \(76KB\)](#) 

Objectives

By 2020, internal control processes should be established in each group company and frameworks for increasing business process efficiency and reducing the occurrence of losses should be created and upgraded.

Progress

We promoted improvement activities at Group companies in and outside Japan, by distributing a check sheet created by Fuji Oil Holdings to them. Also, after identifying areas needing improvement at each Group company through internal audits, the manager in charge of each identified area at Fuji Oil Holdings provided guidance for improvement to each Group company. These activities led to improved operational efficiency and progress in efforts toward common Group targets.

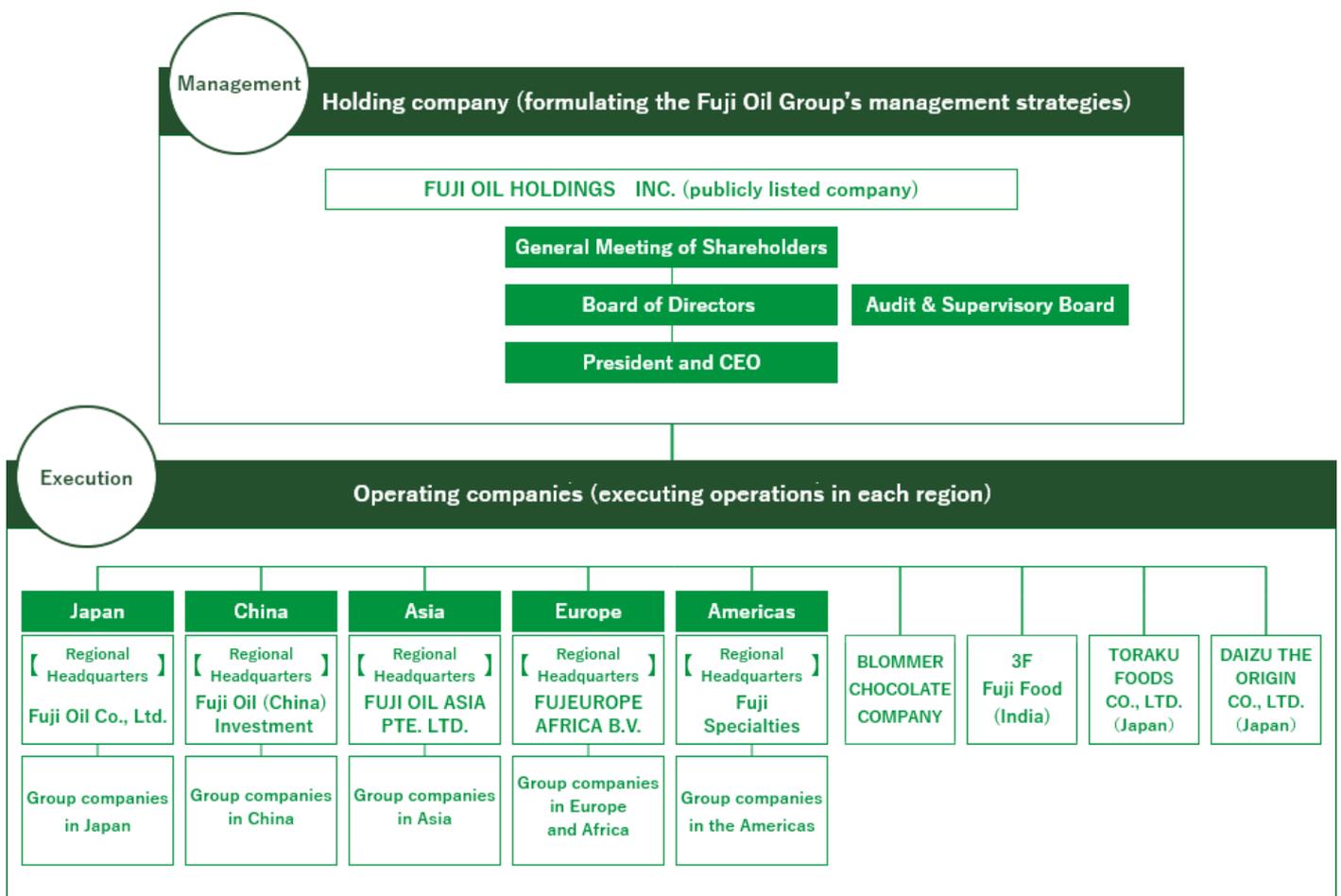
Specific initiatives

Holding Company Structure and the Fuji Oil

Group Management Philosophy

On October 1, 2015, the Fuji Oil Group shifted its management structure to a holding 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.

Fuji Oil Group Management Structure (as of March 2019)



Purposes of the holding company structure

1. Strengthening governance

As centralized oversight becomes more important due to the increasing diversity in employee nationalities and other factors, we will strengthen governance functions, primarily in FUJI OIL HOLDINGS INC.

2. Enhancing the Group's strategic functionality

We will implement, especially global strategies that enable the entire Group to achieve sustainable growth, with FUJI OIL HOLDINGS INC. as the core.

3. Hitozukuri (fostering people)

People devise strategies and implement governance. We will change the way we evaluate people and the way we work because we believe that it is to recruit people on a global basis and develop them optimally based on Group-wide allocation.

4. Creating new businesses

To realize our desired vision for "How we want to be in 2030", we will implement a business expansion strategy, including M&A, and a growth strategy to create new

businesses by making technological innovations.

Establishment of the Fuji Oil Group Management Philosophy

The Fuji Oil Group Management Philosophy states action principles that should be observed worldwide by all group managers and employees in order for our group to achieve sustainable growth, inheriting our foundation's DNA and fulfilling our social responsibilities. Established together with the shift to a holding company structure on October 1, 2015, the Management Philosophy is a unifying force for Group management.

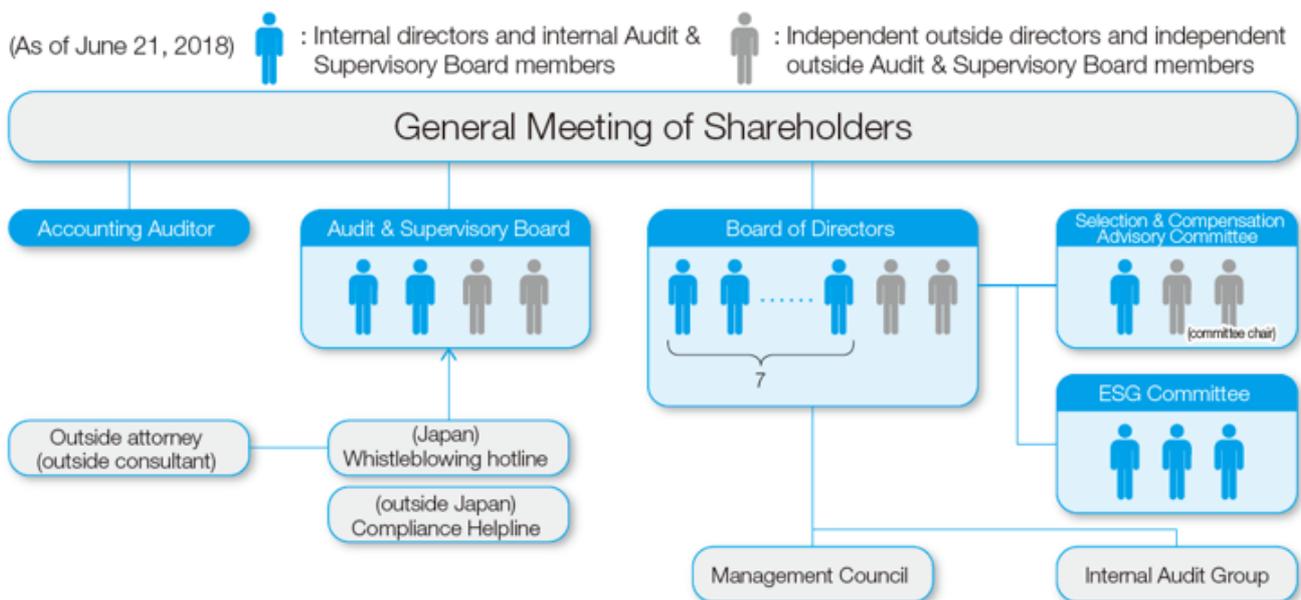
See the following web page for more details on the Fuji Oil Group Management Philosophy.

▶ <https://www.fujioilholdings.com/en/about/constitution/>

Corporate Governance

Corporate Governance Structure

Corporate Governance Functions



Board of Directors

Based on the rules of the Board of Directors, meetings of the Board of Directors are held once a month. Extraordinary meetings are held from time to time as necessary. Matters stipulated by laws and regulations and other important matters are deliberated and resolved, and the status of the directors' execution of duties is reported.

Results of the Analysis and Evaluation of the Effectiveness of the Board of Directors

In FY 2018, we mainly checked the progress of the measures taken to address the issues identified in the FY 2017 effectiveness evaluation of the Board of Directors.

1. Overview of evaluation (targets, evaluation process, question items)

Targets: Five directors and two auditors

Progress check of the identified issues: President and CEO, outside directors, two standing Audit & Supervisory Board members

Overall questions for new directors: three newly appointed directors (including one outside director)

Evaluation process: Interviews by a third-party organization and result analysis that guarantees anonymity

2. Question items:

- I. Composition and structure of the Board of Directors
- II. Management and duties of the Board of Directors
- III. Items for deliberation by the Board of Directors
- IV. Supervisory function of the Board of Directors
- V. Supervision function of the Board of Directors by Audit & Supervisory Board members
- VI. Participation at Board of Directors Meetings
- VII. Respecting the opinions of shareholders

3. Results of evaluation

Through the Board of Directors effectiveness evaluation which involved a third-party institution, it was confirmed that improvements were made since the previous fiscal year. Specifically, due to an increase of one outside director and organizational revision (review of CxOs), the diversity of the Board of Directors was strengthened, and the role of the Board of Directors was further clarified.

Regarding future tasks that need to be carried out by the Board of Directors, the strengthening of the Group's governance was identified as a priority, as a large-scale acquisition is scheduled this year. Also, the following items were identified as needing improvement: discussions regarding medium- to long-term strategies, appropriate supervision of the execution of those strategies, and the clarification of the role and function of the Nomination and Compensation Advisory Committee.

The Board of Directors discussed future policies based on the report from the third-party institution on the Board effectiveness evaluation. As a result, it was decided to begin formulating an action plan for the issues listed in the evaluation results.

Based on the evaluation results and activities stated above, the Board of Directors plans to continue to evaluate its effectiveness in order to further upgrade its functions, and

strengthen corporate governance, thereby promoting the continuous improvement of corporate value.

Audit & Supervisory Board

The Audit & Supervisory Board discusses and decides on audit policies and audit plans, and reports, resolves and decides on other important matters related to auditing. A total of 13 meetings were held during the 91st term (April 1, 2018 to March 31, 2019).

Nomination and Compensation Advisory Committee

In October 2015, we established the Nomination and Compensation Advisory Committee as an advisory body to the Board of Directors for transparency in the processes of officer appointments and executive compensation decisions. A total of 11 Meetings were held during the 91st term (April 1, 2018 to March 31, 2019).

ESG Committee

The ESG Committee was established in October 2015 as an advisory body to the Board of Directors to accelerate and promote activities related to ESG (Environment, Social, and Governance). It contains the following subcommittees: Safety, Quality and Environment, Human Resources Development, Sustainable Procurement, Governance and Solutions through Creation of Foods. The ESG committee discuss and make reports to the Board of Directors regarding these areas.