

Sustainability Report 2020

Sustainability Report
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ESG Management



SUSTAINABLE DEVELOPMENT GOALS



ESG Management Priority Themes (Materiality)



Stakeholder Engagement

ESG activity report FY 2019



Environment



Social



Governance

- ▶ Responses to new coronavirus (COVID-19) (202KB) 

Related Documents

**ESG Data Book
(462KB)**



**GRI Standards
Comparison Table
(544KB)**



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Sustainability Report 2020

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 improve continuously its corporate value and to contribute to society's sustainable development through its business activities. We publish the Integrated Report and the Sustainability Report annually as a communication channel with our 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 sustainability.

| | |
|---|--|
| Report Scope | <p>Fuji Oil Group</p> <ul style="list-style-type: none"> ▶ All Group companies |
| Period Covered | <p>ESG Management</p> <p>The contents of this report are based on information as of June 2020.</p> <p>Report on FY 2019 activities</p> <p>Fuji Oil Holdings Inc. and Group companies in Japan: April 1, 2019 – March 31, 2020); Group companies outside Japan: January 1, 2019 – December 31, 2019.</p> <p>Regarding important topics for stakeholders, some activities conducted during a period other than the above-mentioned periods are presented.</p> |
| Date of Publication | <p>July 2020 (Japanese version) September 2020 (English and Chinese versions)</p> |
| Guidelines for Reference | <p>GRI Standards</p> <p>This report conforms to the GRI Standards Core option.</p> |
| How to determine disclosure information based on GRI | <p>The Sustainability Report 2020 presents the themes to which we are expected to contribute to the realization of a sustainable society, based on the following basic approaches.</p> <ol style="list-style-type: none"> ① Priority themes (materiality*) for the Fuji Oil Group are those evaluated as a high interest level for stakeholders on the materiality map, a medium interest level for stakeholders, and a high importance level for the business strategy. We examine these themes at the Group level and disclose information. ② Regarding themes evaluated as other than ①, we examine them at related companies and divisions and disclose information that may influence the decision making of stakeholders. <p>* For materiality details, refer to the URL below. ▶ https://www.fujioilholdings.com/en/csr/materiality/</p> |
| Third Party Guarantee | <p>More than 70% of Scope 1 and Scope 2 CO₂ emissions are verified by a third party to guarantee the validity of the information.</p> |

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Integrated Report2020



Sustainability

Message from the C“ESG”O

We would like to express our deepest sympathies and condolences to those who died of the new coronavirus (COVID-19) and to all those affected. We also would like to extend our respect and gratitude to everyone who has been making efforts at the forefront of the pandemic, including in medical settings and at the production and sales sites of daily necessities.

The values and behaviors of society have changed dramatically due to this pandemic. Companies are expected, not to only pursue economic value, but also to place importance on human health and employment as the basis for this pursuit. Companies will not be able to survive unless they change their conventional business behavior and practices in response to the dramatic changes facing society. We are confident that, after this pandemic, the world will further work toward sustainability, therefore we further recognize the importance of promoting ESG management.

Historically, epidemics are said to have occurred as humans entered the natural world, including raising livestock and developing forests. Searching for coexistence with the global environment and ecosystems is a proposition for the achievement of human sustainability. The Fuji Oil Group will provide society with solutions to this great theme, taking advantage of the power of plant-based food ingredients. Global health is a prerequisite for contributing to human health. I am convinced that "Plant-Based Food Solutions (PBFS)," which we set as the value that we want to provide through ESG management, is the value required by the "new normal" after the COVID-19 pandemic. Our Group's ESG management is based on the values of "Work for people" as set in the Fuji Oil Group Management Philosophy. Now that we confront an unprecedented pandemic, we believe that we should demonstrate our "Work for people" values and contribute to society's sustainability through the food business, which is essential to people's lives.

In FY 2019, as the first year in which we established the position of Chief "ESG" Officer (C“ESG”O), we promoted ESG management through our business activities centering on the ESG management priority themes and on the concept of backcasting from the future. For instance, as a solution to food resources shortage, we promoted the development, improvement, and proposal to the market of plant-base protein ingredients, such as soy meat, which can replace animal protein sources. In September 2019, at Daimaru

Shinsaibashi Department Store in Osaka City, we opened "UPGRADE Plant based kitchen," a delicatessen store that sells hamburger, deep-fried chicken, lasagna, dessert, and other foods made only from plant-based food ingredients, such as soy meat and cheese-like soy milk. Although our Group's business is B-to-B, we position the store as a place to directly propose the value of plant-based food ingredients to consumers and to obtain their feedback.

In the field of human rights, in line with the human rights due diligence prescribed by the UN Guiding Principles on Business and Human Rights, we promote sustainable procurement, the operation of a grievance (complaint handling) mechanism, and the provision of human-rights education through the establishment of "Human Rights Week." Regarding the sustainable procurement of palm oil and cacao, which were identified as one of the human rights risks priorities for Fuji Oil Group, we set targets for 2030 and 2025 in June 2020. With the aim of achieving these targets, we will proceed with procurement that take more account of the environment and human rights, placing emphasis on engagement.

In the field of environment, we formulated the Environmental Vision 2030, to be achieved in 2030. Regarding global warming and the reduction of CO₂ emissions, we received the Science Based Target (SBT) certification in March 2020. We set a target of a 40% reduction in total volume for Scopes 1 and 2 and a target of a 18% reduction in total volume for Scope 3. These ambitious targets for CO₂ emissions reduction are based on the new SBT standards. Achieving these targets is not an easy journey. However, based on our values of "Work for people," we would like to accelerate innovation to reach this vision. In addition, we conducted a scenario analysis following the proposals of the Task Force on Climate-related Financial Disclosures (TCFD), to identify opportunities and risks against accelerating climate change. The analysis results are used to develop a business strategy and communicate with our stakeholders. The analysis results are presented in this Sustainability Report.

[Related pages]

- ▶ Providing solutions to food resources shortage
https://www.fujioilholdings.com/en/csr/social/food_resources/
- ▶ Sustainable Procurement of Palm Oil
https://www.fujioilholdings.com/en/csr/environment/palm_oil/
- ▶ Sustainable Procurement of Cacao
<https://www.fujioilholdings.com/en/csr/environment/cacao/>
- ▶ Business and Human Rights
https://www.fujioilholdings.com/en/csr/social/human_rights/

- Environmental Vision 2030

<https://www.fujioilholdings.com/en/csr/environment/management/>

- Climate change risks and opportunities

<https://www.fujioilholdings.com/en/csr/governance/risk/>

The Sustainability Report 2020 includes our progress and basic approach to sustainability, focusing on the ESG management priority themes (materiality). Moreover, in order to facilitate the understanding of this report, we made reports based on the GRI Standards for the first time and published the ESG Data Book and the GRI Standards Comparison Table.

Effective communication with stakeholders is the foundation and the driver for successful ESG management. I believe that engaging in a dialogue with sincerity and transparency will help promoting our learning and activities; and lead to an 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.

FUJI OIL HOLDING INC
Chief "ESG" Officer (C"ESG"O)

A handwritten signature in black ink, appearing to read 'S. Kadota', with a stylized flourish underneath.

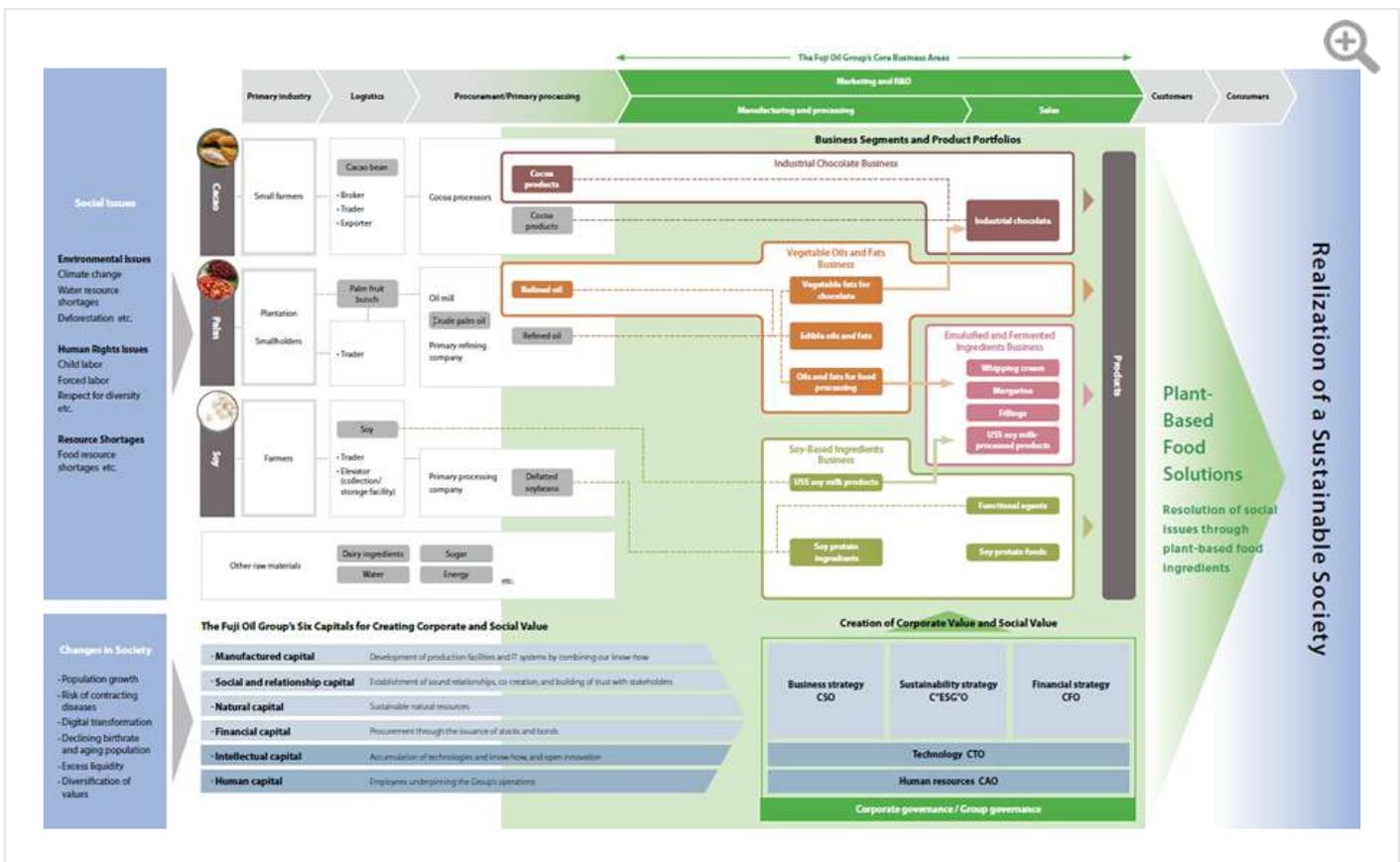
Sustainability

Fuji Oil Group and ESG Management Overview

Fuji Oil in society

Fuji Oil Group's value chain

The Fuji Oil Group is a B-to-B food ingredient manufacturer that has four businesses: Vegetable Oils and Fats Business, Industrial Chocolate Business, Emulsified and Fermented Ingredients Business, and Soy-Based Ingredients Business. We develop, manufacture, and sell various food ingredients, including hard butters for chocolate, industrial chocolate, whipping cream, margarine, and soy protein ingredients, mainly made from agricultural products, such as palm, cacao, and soybeans. Our customers range widely from B-to-C food manufacturers to restaurants, convenience stores and retail stores.



ESG management Overview

Overall picture of ESG management

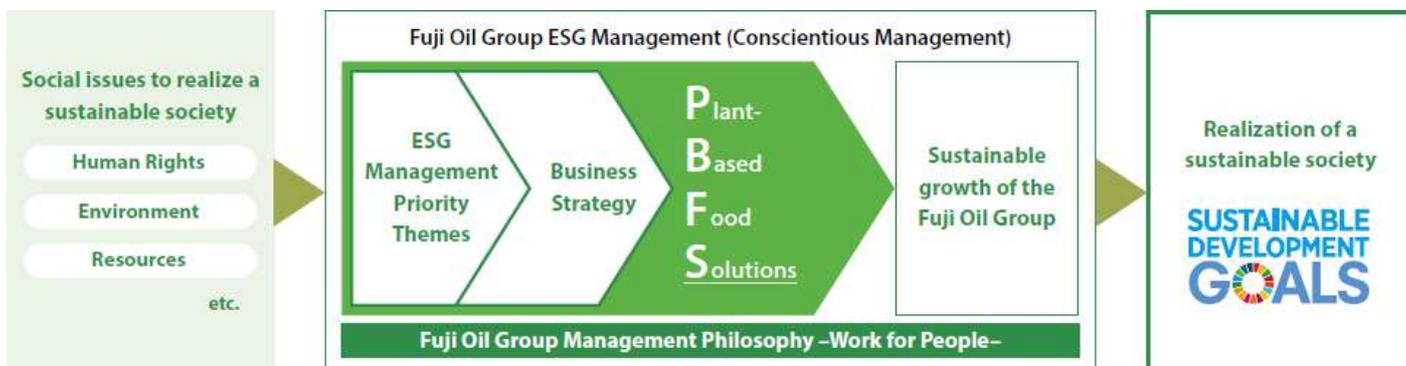
Based on the Fuji Oil Group Management Philosophy*, the Group promotes ESG management to achieve sustainable growth while contributing to realizing a sustainable society through the creation and offer of Plant-Based Food Solutions. In the situation where companies are expected to contribute to a sustainable society through their business activities, we believe that our Group can fulfill its CSR (Corporate Social Responsibility) by promoting ESG management.

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. We will conduct our business activities as a responsible member of society to remain a company needed by society. This is symbolized by the phrase "Work for people" in the Values. This commitment lies at the core of the Group's Philosophy.

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

As specific themes to realize PBFS, we identified ESG management priority themes (materiality) and established the Medium-term Management Plan "Towards a Further Leap 2020."

Overview of the Fuji Oil Group's Management



* Refer to the URL below for details of the Fuji Oil Group Management Philosophy.

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

Four activity areas to promote ESG management*

The Fuji Oil Group classified the activities contributing to the promotion of ESG management into the following four areas. Activity guidelines were set for each area.

* Although these activities had previously been organized as "four categories of CSR activities," they were reorganized as "four activity areas for the promotion of ESG management" in May 2020.

| Activity areas | Activity guidelines |
|------------------------------------|--|
| 1. Creation of positive impact | Contribute to resolving social issues through business activities. |
| 2. Reduction of negative impact | Reduce and rectify adverse impacts on society from our business activities. |
| 3. Social contribution activities | Contribute to the development of local communities as a good corporate citizen. |
| 4. Communication with stakeholders | Regarding the activities described in 1) to 3), communicate with stakeholders in a transparent manner and in good faith to understand their concerns and expectations. |

Promote ESG management through business activities.

(Identify themes on which special emphasis should be provided as ESG management priority themes.)

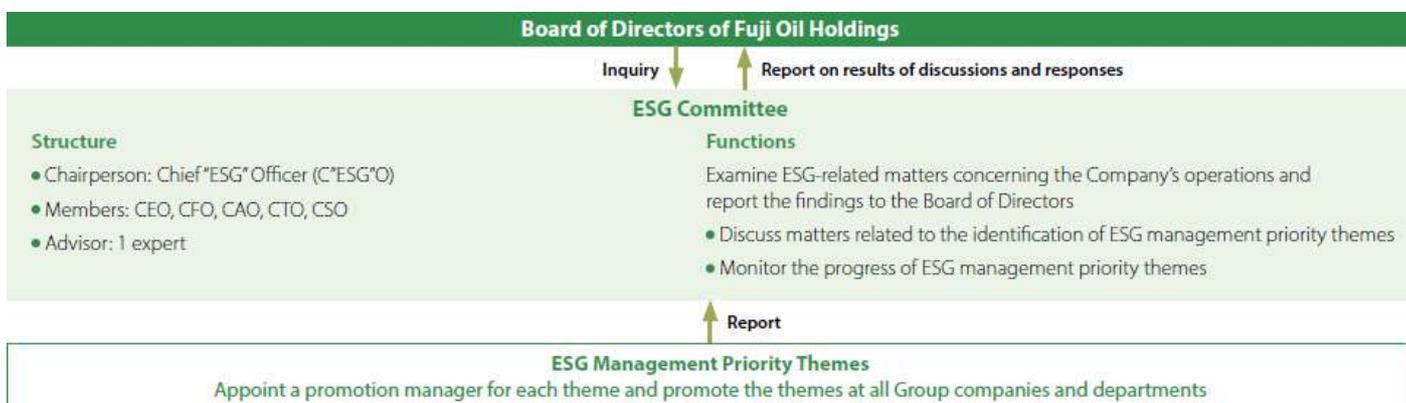
ESG Management Promotion System

Promotion system

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

With the purpose of strengthening ESG management to meet the expectations of stakeholders, the ESG Committee has been established as an advisory body to the Board of Directors of FUJI HOLDINGS INC. The ESG Committee meets at least twice a year to discuss issues, targets, and strategies relevant to the Fuji Oil Group's corporate social responsibilities and to review the progress of ESG management priority themes. We invite experts as advisors to the Committee to adopt a social perspective. After each meeting, the Committee submits the results to the Board of Directors for review. The C"ESG"O serves as the chairperson of the Committee.

In April 2019, FUJI OIL HOLDINGS INC. established the position of Chief "ESG" Officer (C"ESG"O) to reinforce the promotion of the Group's ESG management. The role of C"ESG"O, who concurrently serves as a director, 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 achieve the sustainable improvement of corporate value and the sustainable development of society. In addition, the ESG Management Group was established under the C"ESG"O as a dedicated unit to promote ESG management. It engages in communication with members of society at large to understand stakeholders' expectations and concerns; and helps to reflect these in the Group's business activities. Feedback from stakeholders is reported by the ESG Management Group to the ESG Committee, which is an advisory body to the Board of Directors. This feedback is used to review and deliberate ESG management priority themes.



Education

We conduct educational and awareness-raising activities for the Fuji Oil Group employees to inform them of the Group's basic approach and activities of ESG management. Also society's expectations on the Fuji Oil Group are included in these activities. The goal is that each employee practices ESG management through his or her work. We work to improve employees' understanding of ESG management through various activities, like publishing serial articles on ESG management in in-house newsletters (Japanese, English, and Chinese), conducting training on ESG management at Group companies in Japan, and explaining the Fuji Group Management Philosophy and ESG management to overseas Group companies. We also invite external experts to provide training and lectures on themes and social trends related to ESG for officers, directors who concurrently serve as executives, and related departments.

Incentives

The Fuji Oil Group established the ESG Management Award as an award program to annually praise Group companies and departments that have contributed to the promotion of ESG activities.

Topics: Open Call for SDGs Ideas

In July 2019, the Fuji Oil Group held an Open Call for SDGs Ideas under the sponsorship of the CEO and the C“ESG”O. The aim of this call was to provide employees with an opportunity to think about a sustainable society. A total of 218 ideas were submitted regarding the theme "How will the Fuji Oil Group contribute to the SDGs?" Their content ranged widely, including activities aimed at raising awareness within the company, activities outside the company (donations and group participation) process improvements (equipment, packaging materials, and the supply chain) and proposals for new businesses. All ideas submitted were reviewed by the CEO and the C“ESG”O, ten of which were awarded. We received comments from applicants such as the following: "This gave me the opportunity to deepen my thoughts on how I should approach customers in front of me while following the direction that the company and society are aiming for."



Screening meeting by the CEO and the C“ESG”O



Winners of the Open Call for SDGs Ideas

Sustainability

ESG Management Priority Themes (Materiality)

Identification of ESG management priority themes (materiality)

Basic approach

The Fuji Oil Group established ESG management priority themes (materiality) to contribute, through its business activities, to the sustainable development of society, its own sustainable growth and the creation of value for society. ESG management priority themes (materiality) contribute to two of the four activity areas for promoting ESG management*: "1. Creation of positive impact" and "2. Reduction of negative impact."

* Refer to the URL below for details of the four activity areas for promoting ESG management.

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

FY 2020 ESG management priority themes (materiality)

The FY 2020 ESG management priority themes (materiality) are listed below. Please refer to the details on our basic approach, objectives and the status of initiatives concerning each ESG management priority theme.

| Category | Priority Area | ESG Management Priority Themes* | CxO in Charge | Detailed Page |
|--|----------------|--|---------------|---|
| Areas to create initiatives leading the industry, taking advantage of the business characteristics of the Fuji Oil Group | Foods Creation | Providing Solutions to Food Resources Shortage | CTO | https://www.fujioilholdings.com/en/csr/social/food_resources/ |
| | | Response to Excessive Sugar Intake Concerns | | https://www.fujioilholdings.com/en/csr/social/carbohydrate/ |
| | | Reduction of Trans Fatty Acid Contents | | https://www.fujioilholdings.com/en/csr/social/trans_fats/ |

| Category | Priority Area | ESG Management Priority Themes* | CxO in Charge | Detailed Page | |
|---|--|--|---|---|---|
| | Sustainable Procurement (Main Raw Materials) | Sustainable Procurement of Palm Oil | CSO | https://www.fujioilholdings.com/en/csr/environment/palm_oil/ | |
| | | Sustainable Procurement of Cacao | | https://www.fujioilholdings.com/en/csr/environment/cacao/ | |
| | | Sustainable Procurement of Soybeans (including GMO issues) | | https://www.fujioilholdings.com/en/csr/environment/soy/ | |
| Areas to be addressed as the basis of business activities | Assurance of Product Quality and Safety | Ensuring Thoroughgoing Food Safety and Quality | C"ESG"O | https://www.fujioilholdings.com/en/csr/social/food_quality/ | |
| | Occupational Safety and Health | Promoting Occupational Safety and Health | | https://www.fujioilholdings.com/en/csr/social/safety/ | |
| | Climate Change | CO ₂ Emissions Reduction | | https://www.fujioilholdings.com/en/csr/environment/co2/ | |
| | Conservation of Water Resources | Water Usage Reduction | | https://www.fujioilholdings.com/en/csr/environment/water/ | |
| | Resource Efficiency and Waste Reduction | Waste Reduction | | https://www.fujioilholdings.com/en/csr/environment/waste/ | |
| | | Packaging Materials Reduction (including plastic trash issues) | | https://www.fujioilholdings.com/en/csr/environment/packaging_materials/ | |
| | Food Loss Reduction | Food Loss Reduction | | https://www.fujioilholdings.com/en/csr/environment/food_loss/ | |
| | Environmentally Friendly Manufacturing | Development of Manufacturing Methods with Low Environmental Impact | | CTO | https://www.fujioilholdings.com/en/csr/environment/research_and_development/ |
| | Diversity | Practice of Diversity Management | | CAO | https://www.fujioilholdings.com/en/csr/social/diversity/ |
| | Risk Management | Effective Risk Management | | C"ESG"O | https://www.fujioilholdings.com/en/csr/governance/risk/ |
| Information Security Management | | CFO | https://www.fujioilholdings.com/en/csr/governance/risk/#information | | |
| Governance | Group Governance | CSO | https://www.fujioilholdings.com/en/csr/governance/group_governance/ | | |

| Category | Priority Area | ESG Management Priority Themes* | CxO in Charge | Detailed Page |
|----------|---------------|-------------------------------------|---------------|---|
| | | Improvement of Corporate Governance | CAO | https://www.fujioilholdings.com/en/csr/governance/corporate_governance/ |

* The differences between the FY 2020 and FY 2019 priority themes are: .

- Four new themes are identified as FY 2020 priority themes: "Response to excessive sugar intake concerns," "Reduction of trans fatty acid contents," "Packaging materials reduction (including plastic trash issues)," and "Food loss reduction." The other 15 themes continue from FY 2019.
- No theme identified as priority in FY 2019 was excluded from the FY 2020 priority themes.

Identification process of FY 2020 ESG management priority themes (materiality)

The Fuji Oil Group performs a materiality assessment once a year. We identified ESG management priority themes to be tackled in FY 2020 based on the input received during our dialogue with stakeholders. This included suggestions on new social issues. The ESG Committee selected the themes based on the materiality map and presented them to the Board of Directors for approval. In the materiality map, similar issues are evaluated as a group to make it easier for stakeholders to understand it. All issues plotted in FY2019 are included in the FY 2020 materiality map.

Identification process of FY 2020 ESG management priority themes (materiality)



Materiality map

| | | | | |
|---------------------------------|---------------|---|---|--|
| Stakeholder interest level | High | Priority areas (handled by the ESG Committee and managed at the Group level) | <ul style="list-style-type: none"> - Food loss reduction - Environmentally friendly manufacturing | <ul style="list-style-type: none"> - Foods creation - Sustainable procurement (main raw materials)* - Assurance of product quality and safety - Occupational safety and health - Climate change - Conservation of water resources - Resource efficiency and waste reduction - Diversity - Risk management - Governance |
| | Medium | - Labor Human rights (in-house) | | |
| | Low | <ul style="list-style-type: none"> - Sustainable procurement (materials other than main raw materials) - Coexistence with communities | Basic areas (handled by relevant companies and divisions) | - Human resource development |
| | | Low | Medium | High |
| Importance to business strategy | | | | |

* Biodiversity is included in the important perspectives for sustainable procurement.

Sustainability

Stakeholder Engagement

The Fuji Oil Group's stakeholders

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

| Main stakeholders | Communication (frequency) |
|--------------------------------------|---|
| Employees | <ul style="list-style-type: none"> • Employee training (as needed) • Compliance hotline (as needed) • Employee satisfaction survey (every two years) • Intranet posts and company newsletters (as needed), etc. |
| Shareholders and investors | <ul style="list-style-type: none"> • General Meeting of Shareholders (every year) • Results briefings/teleconferences (as needed) • Small meetings (as needed) • Individual meetings (as needed), etc. |
| Customers | <ul style="list-style-type: none"> • Daily sales activities (as needed), etc. |
| Consumers | <ul style="list-style-type: none"> • Dissemination of information through mass media (as needed), etc. |
| Business partners and subcontractors | <ul style="list-style-type: none"> • Daily purchasing activities and transactions (as needed) • Supplier engagement (as needed) • Individual briefings on Sourcing Policies (as needed), etc. |
| Local communities | <ul style="list-style-type: none"> • Participation in and support of regional events (as needed) • Support activities for local communities (food education project) (as needed) • Support in the event of natural disasters (as needed) |

| Main stakeholders | Communication (frequency) |
|------------------------|--|
| NGOs/NPOs and experts | <ul style="list-style-type: none"> • Expert panel dialogues (as needed) • Grievance mechanism (as needed) • Promotion of joint projects (as needed), etc. |
| Academic organizations | <ul style="list-style-type: none"> • Joint research (as needed) • Lectures (as needed), etc. |

Dialogue with stakeholders

As a member of society, the Fuji Oil Group believes that understanding stakeholders' concerns and expectations about the Group through dialogue with them is an essential activity, which provides the basis for 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. We also use the results of dialogue with stakeholders to identify priority themes and produce the Sustainability Report, among other activities.

| Opinions and suggestions 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: Formulated the Human Rights Policy and introduced human rights due diligence |
| September 2017: Need to visualize the process of identifying priority themes | January to April 2018: Revised 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 about the supply chain in operating the palm oil grievance mechanism | June 2018: Published a list of oil mills |
| 2019: Need to take the following measures in operating the palm oil grievance mechanism <ul style="list-style-type: none"> • Improve the Grievance Procedure in conformity with the United Nations Guiding Principles on Business and Human Rights • Address Group-level grievances | April 2020: Disclosed updated Grievance Procedure following the advice |

| Opinions and suggestions from stakeholders (examples) | Actions taken by the Fuji Oil Group |
|---|---|
| September 2019: Need to express the Fuji Oil Group's stance toward excessive sugar intake, which has been a focus of growing social concern | FY 2020: Identified response to excessive sugar intake concerns as a priority theme for the fiscal year and began to disclose information about the progress in the Sustainability Report |

We hold expert panel dialogues on business and human rights as opportunities for dialogue with stakeholders. The suggestion listed here was given during the expert panel dialogues.

* Refer to the URL below for details of the expert panel dialogues.

▶ https://www.fujioilholdings.com/en/csr/social/human_rights/

Participation in external initiatives

We participate in external initiatives to help resolve social issues in cooperation with stakeholders.

[Major external initiatives the Fuji Oil Group participates in or supports]

- UN Global Compact
- The Consumer Goods Forum
- Roundtable on Sustainable Palm Oil (RSPO)
- Global Shea Alliance
- World Cocoa Foundation
- Science Based Targets initiative
- Task Force on Climate-related Financial Disclosures (TCFD)
- Japan Sustainable Palm Oil Network (JaSPON)
- Platform for Sustainable Cocoa in Developing Countries
- Round Table on Responsible Soy (RTRS)



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 2019, we received the following evaluations.

| Field | Evaluation from society (examples) |
|-----------------------------------|---|
| Communication with society | <p>February 2020: Included among companies that have published a significantly improved integrated report in the Government Pension Investment Fund (GPIF)'s report</p> <p>February 2020: Received an Award for Excellence at the Nikkei Annual Report Awards</p> |
| Overall ESG | <p>December 2019: Became a component of the MSCI Japan ESG Select Leaders Index</p> |
| Environment | <div data-bbox="927 1025 1114 1211" data-label="Image"> <p>The image is a red rectangular logo with a white border. At the top, it features the CDP logo (a stylized four-pointed star) and the text 'CDP' in white. Below this, in smaller white text, is 'CHALLENGE URGENT ACTION'. The main body of the logo is red with the words 'A LIST' and '2019' in white. At the bottom, there is a white horizontal bar with the word 'FORESTS' in red capital letters.</p> </div> <p>February 2020: Rated A as a result of the CDP Forests Questionnaire</p> <p>January 2020: Rated A- as a result of the CDP Climate Change Questionnaire</p> <p>February 2020: Rated A- as a result of the CDP Water Security Questionnaire</p> |
| Women's empowerment | <p>August 2017: Obtained "Platinum Kurumin" certification from the Japanese Ministry of Health, Labour and Welfare</p> <p>December 2019: Became a component of the MSCI Japan Empowering Women Select Index</p> |
| Health management | <p>March 2020: Selected among Excellent Enterprises of Health and Productivity Management (White 500)</p> |

Sustainability

Environment

Initiatives for the Environment in Numbers



Traceability of palm oil to oil mills
(FY 2019)

CO₂ emission reduction ratio
(Scope 1 and 2; total amount)
(FY 2019 compared to FY 2016)

Water usage reduction ratio
(per unit of production)
(FY 2019 compared to FY 2016)

Management

- Environmental Management**
- ▶ Relation between themes and business activities
 - ▶ Basic approach
 - ▶ Promotion system
 - ▶ Objectives / Results
 - ▶ Environmental Audits
 - ▶ Acquisition of Management Certifications
 - ▶ Training
 - ▶ Incentives
 - ▶ Serious environment-related violations and measures
 - ▶ External Evaluation

- Sustainable Procurement Management**
- ▶ Relation between themes and business activities
 - ▶ Basic approach
 - ▶ Promotion system
 - ▶ Specific initiatives

Activity Report in Priority Areas

Sustainable Procurement (Main Raw Materials)

Priority theme

Sustainable Procurement of Palm Oil

- Relation between themes and business activities
- Basic approach
- Promotion system
- Objectives / Results
- Next Step
- Specific initiatives

Priority theme

Sustainable procurement of cacao

- Relation between themes and business activities
- Basic approach
- Promotion system
- Objectives / Results
- Next Step
- Specific initiatives

Priority theme

Sustainable Procurement of Soybeans

- Relation between themes and business activities
- Basic approach
- Promotion system
- Objectives / Results
- Next Step
- Specific initiatives

Environmentally Friendly Manufacturing

Climate Change

Conservation of Water Resources

Priority theme

Development of manufacturing methods with low environmental impact

- Relation between themes and business activities
- Basic approach
- Promotion system
- Objectives / Results
- Next Step

Priority theme

CO₂ Emissions Reduction

- Relation between themes and business activities
- Basic approach
- Promotion system
- Objectives / Results
- Next Step
- Specific initiatives

Priority theme

Water Usage Reduction

- Relation between themes and business activities
- Basic approach
- Promotion system
- Objectives / Results
- Next Step
- Specific initiatives

Food Loss Reduction

Priority theme

Food Loss Reduction

- ▶ Relation between themes and business activities
- ▶ Basic approach
- ▶ Promotion system
- ▶ Next Step
- ▶ Specific initiatives

Resource Efficiency and Waste Reduction

Priority theme

Waste Reduction

- ▶ Relation between themes and business activities
- ▶ Basic approach
- ▶ Promotion system
- ▶ Objectives / Results
- ▶ Next Step
- ▶ Specific initiatives

Priority theme

Packaging Materials Reduction

- ▶ Relation between themes and business activities
- ▶ Basic approach
- ▶ Promotion system
- ▶ Next Step

Foods Creation

Priority theme

Providing solutions to food resources shortage

- ▶ Relation between themes and business activities
- ▶ Basic approach
- ▶ Promotion system
- ▶ Objectives / Results
- ▶ Next Step
- ▶ Specific initiatives

Activity Report in Basic Areas

Sustainable Procurement of Shea Nuts

- ▶ Relation between themes and business activities
- ▶ Basic approach
- ▶ Specific initiatives

Data Book

ESG Data Book
(462KB)



Sustainability

Environmental Management

Management information

Relation between themes and business activities

As a food ingredient manufacturer, the Fuji Oil Group recognizes that its own operations and the operations in its supply chains can have an impact on environment-related themes, including CO₂ emissions, water use and waste generation. The relation between each environmental theme and the Group's business activities is detailed on each theme's web page.

* Refer to the URL below for the list of environmental theme's web pages.

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

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, the Fuji Oil Group hopes to contribute to a sustainable society as advocated by the United Nations through the SDGs. We believe that we should not only create economic value but also engage in environmentally friendly business activities.

The Fuji Oil Group established the Basic Policy of Environmental Integrity, which comprises four items listed below. In addition, the Group has declared its Group-wide commitment to reduce CO₂ emissions, water usage and waste in its Environmental Vision 2030, which it aims to fulfill by 2030, in order to promote its environmental initiatives. Moreover, we recognize the importance of monitoring the impact of climate change on our business activities and appropriately disclosing related information to our stakeholders. With this in mind, we announced our support for the Task Force on Climate-related Financial Disclosure (TCFD).

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

Promotion system

To promote ESG management, Fuji Oil Holdings established the ESG Committee as an advisory body to the Board of Directors. Under the supervision of the ESG Committee, the company conducts ESG activities, including activities in the environmental field, and confirms their progress and results. The confirmed results are regularly submitted and reported to the Board of Directors for discussions toward further development of ESG management.

Furthermore, priority themes of ESG management were identified in environmental and other fields, and an officer was assigned to supervise each of the themes.

* Refer to the URL below for the supervising officer for each theme.

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

Objectives / Results

2030 targets

In FY 2018, we formulated the Environmental Vision 2030 with 2030 as target year. In response to heightened social expectations for the reduction of CO₂ emissions, in April 2020 we revised our targets for CO₂ emissions reduction.

Progress on our 2030 targets

| | Targets | FY 2019 results | Achievement rate*2 |
|---|--|-----------------------------|--------------------|
| CO₂ emissions reduction (All Group companies) | Scopes 1 & 2: 40% reduction in total CO ₂ emissions by 2030 (vs. base year*) Scope 3 (Category 1): 18% reduction in total CO ₂ emissions by 2030 (vs. base year*) | Scopes 1 & 2: 16% reduction | 40% |

| | Targets | FY 2019 results | Achievement rate*2 |
|--|---|-----------------|--------------------|
| Water usage reduction (All Group companies) | 20% reduction in base-unit water usage*3 by 2030 (vs. base year*) | 24% reduction | 100% |
| Waste reduction (All Group companies) | 10% reduction in base-unit waste*4 by 2030 (vs. base year*) | 3% increase | 0% |
| Resource recycling (In Japan) | Maintain a recycling rate of at least 99.8% until 2030 | 99.33% | 0% |

* Base year: 2016

*2 In April 2020, we revised our environmental targets. The CO₂ emissions reduction target, was changed from 24% to 40%. The achievement rates shown here are calculated based on the new targets.

*3 Base-unit water usage: Water usage per unit of production

*4 Base-unit waste: Amount of waste per unit of production

Environmental Audits

Fuji Oil Group companies in Japan are not only subject to external audits in accordance with ISO 14001 but also conduct internal audits on safety, quality and the environment. The aim of this is to improve production control at the Group companies. In FY 2019, 95 departments with ISO 14001 certification underwent both external and internal audits. One nonconformity was found in the external audit, while one nonconformity was found in the internal audit. The causes of nonconformity were investigated, and appropriate countermeasures were adopted. The improvement processes have already been completed.

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. Moreover, seven Group companies outside Japan performed internal audits. Just as with Group companies in Japan, we conduct the environmental audits outside Japan to examine and evaluate each Group company's environmental efforts, and to give advice on areas needing improvement, thereby promoting and improving the Group's environmental protection activities.

Acquisition of Management Certifications

The Fuji Oil Group promotes the acquisition of ISO 14001:2015* certification, an international standard for environmental management systems, in order to advance legal compliance and environmental conservation activities.

Out of the five Group companies in Japan with production sites, two companies have obtained ISO 14001 certification, including Fuji Oil Co., Ltd., which produces the largest volume among the Group companies in Japan. These two companies account for about 98% of the Group's production volume in Japan. Out of the 17 Group companies outside Japan with production sites, five companies are certified. These five companies account for about 42% of the Group's production volume outside Japan.

* Refer to the URL below for details of Group companies' latest ISO 14001 certification statuses.

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

Training

Fuji Oil Holdings established the Production Productivity Management Group, as a strategy development unit with specialized knowledge in the fields of safety, quality and the environment. The Production Productivity Management Group visits Fuji Oil Group companies regularly to provide training and to raise awareness on these topics. In FY 2019, training activities were conducted at 40% of Group companies.

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

Incentives

We established ESG management awards as a system for rewarding departments and Group companies for their good ESG practices.

Serious environment-related violations and measures

In FY 2019, there were no serious violations against environmental laws and regulations in the Fuji Oil Group.

External Evaluation

- Included in the CDP Forest A List 2019
- Rated A- as a result of the CDP Climate Change Questionnaire 2019
- Rated A- as a result of the CDP Water Security Questionnaire 2019
- Concluded a Positive Impact Finance contract with Sumitomo Mitsui Trust Bank (the world's first)
- Received a top-level ranking in the Development Bank of Japan (DBJ)'s Environmental Rating Loan
- Rated as Class S (excellent energy-saving business operator) in terms of regular reports on energy-saving efforts at factories/business establishments (for four consecutive years)

Sustainability

Sustainable Procurement Management

Management information

Relationships between themes and business activities

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.

Basic approach

As a social entity, the Fuji Oil Group conducts environmentally, socially and economically sustainable procurement. There are many social concerns about environmental and human issues in the production of our main raw materials. We focus our efforts on the sustainable procurement of the main raw materials, palm oil, cacao, and soybeans.

Various policies related to sustainable procurement and their scope

| Policy name | Scope | For more details |
|---|---|---|
| Responsible Palm Oil Sourcing Policy | All suppliers of palm oil, palm kernel oil, and palm-derived materials purchased, traded, processed, and sold by the Fuji Oil Group | https://www.fujioilholdings.com/pdf/en/csr/sustainable/160310.pdf  |
| Responsible Cacao Sourcing Policy | All suppliers of cacao beans and cacao products purchased, traded, processed, and sold by the Fuji Oil Group | https://www.fujioilholdings.com/en/news/2018/_icsFiles/afieldfile/2018/08/07/180808_2.pdf  |

| Policy name | Scope | For more details |
|---|---|---|
| CSR Procurement Guidelines (2nd Edition) | Business partners of Fuji Oil Co., Ltd., FUJI FRESH FOODS CO., LTD., Omu Milk Products Co., Ltd., and TORAKU FOODS CO., LTD*. | https://www.fujioilholdings.com/pdf/en/csr/sustainable/160405.pdf  |

* As of July 1, 2020, we have transferred all shares of TORAKU FOODS CO., LTD.

Promotion system

We promote initiatives under the supervision of the Chief Strategy Officer (CSO) on sustainable procurement of our main raw materials, palm oil, cacao, and soybeans. Moreover, the ESG Committee*, which is an advisory body to the Board of Directors, confirms the progress and results of these initiatives as a priority theme for ESG management.

* Refer to the URL below for details of the ESG Committee.

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

Specific initiatives

Sustainable procurement of main raw materials

Refer to the following URLs for details on the sustainable procurement initiatives of palm oil, cacao, and soybeans, which are the main raw materials for the Fuji Oil Group.

Sustainable Procurement of Palm Oil

▶ https://www.fujioilholdings.com/en/csr/environment/palm_oil/

Sustainable Procurement of Cacao

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

Sustainable Procurement of Soybeans

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

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 drew up and announced our CSR Procurement Guidelines (2nd Edition), which includes a list of matters requested from 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.

* As of July 1, 2020, we have transferred all shares of TORAKU FOODS CO., LTD.

▶ [CSR Procurement Guidelines \(2nd Edition\) PDF \(136KB\)](#) 

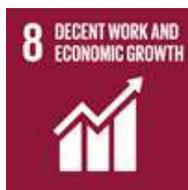
Building partnerships with suppliers toward CSR procurement

The CSR Procurement Guidelines (2nd edition) are explained to our business partners (manufacturers and trading companies) to ensure alignment. Business partners are selected according to the guidelines and information collected through questionnaire surveys.

In FY 2019, we held a study session on environmentally friendly packaging materials with the aim of improving understanding within the company. We also held a briefing session in November 2019 to explain to our major suppliers about our policy on partnership for promoting activities to solve social issues, 101 major business partners participated. At this session, we explained the Fuji Oil Group's ESG Management from three perspectives: "economy" and "technology," which we use conventionally, and "sustainability," which focuses on social sustainability. We believe that the session helped our business partners understand our commitment to contributing to the SDGs, considering the environment, and engaging in fair transactions.

Sustainable Procurement of Palm Oil

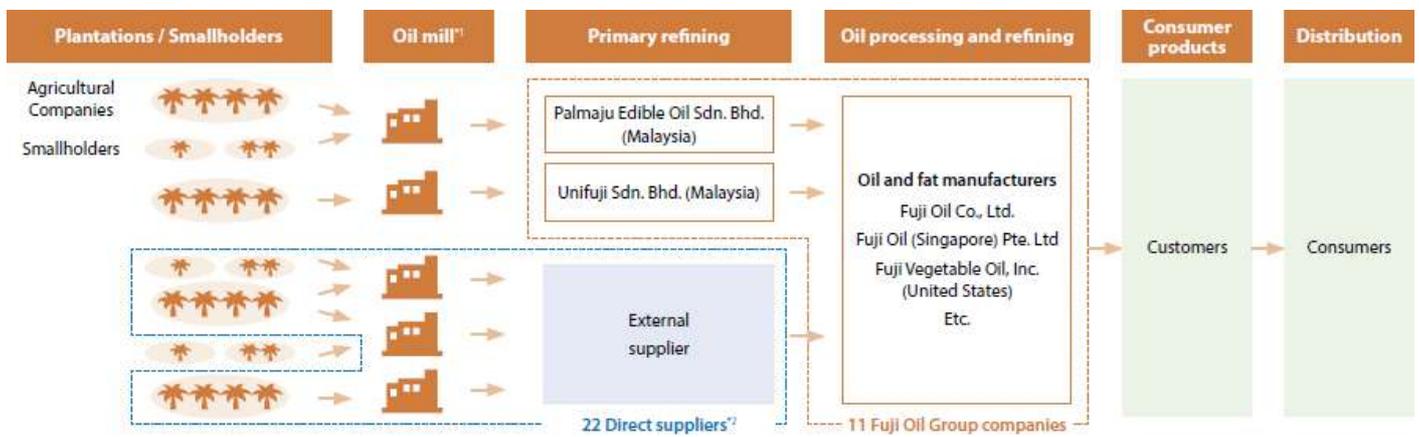
Focus SDGs



Management information

Relation between themes and business activities

Palm oil is oil extracted from the fruit of the oil palm, which grows in tropical regions like 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, and has the largest production volume among vegetable oil materials in the world. However, there are concerns about environmental problems caused by plantation development and human rights issues, such as child labor and forced labor. The Fuji Oil Group procures palm oil, mainly from plantations in Malaysia and Indonesia, as key raw material for businesses like the vegetable fats and oils business. We contribute to the sustainable procurement of palm oil by working with suppliers to reduce and eliminate risks in the supply chain.



*1 More than 1,300 oil mills registered in July–December 2019 oil mill list

*2 As of May 31, 2020

Basic approach

Responsible Palm Oil Sourcing Policy

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

- ▶ The Responsible Palm Oil Sourcing Policy PDF (1.62MB) 

Promotion system

We promote initiatives on sustainable procurement of palm oil under the supervision of the Chief Strategy Officer (CSO). Moreover, the ESG Committee*, which is an advisory body to the Board of Directors, confirms the progress and results of these initiatives as a priority theme for ESG management.

* Refer to the URL below for details of the ESG Committee.

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

Objectives / Results

FY 2019 objectives

- Improve traceability to palm oil mills (100% by 2020)

- Promote supply chain improvement activities for Palmaju Edible Oil Sdn. Bhd. (Malaysia)
- Promote response to problems in the supply chain (grievances)

FY 2019 results

The FY 2019 results against the above objectives are:

- The traceability to palm oil mills reached 100%.
- A workshop was held for suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia) (held once, with 48 companies participating).
- Promotion of engagement with suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia) through company visits (4 companies).
- Response to 101 grievances by the end of March 2020.* (In 73 cases, improvements were confirmed, or transactions were suspended).

* Refer to the "Grievance List" at the following URL for details of the latest responses to grievances.

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

Next Step

We are committed to the sustainable procurement of palm oil. This translates into a continuous promotion of group-wide efforts to improve traceability to palm oil mills and conduct supply chain improvement activities. Our aim is to achieve no deforestation, no peatland development, and no exploitation as stated in our Responsible Palm Oil Sourcing Policy. In June 2020, we established mid- to long-term goals for the procurement of sustainable palm oil. In FY 2020, we aim for 100% traceability to palm oil mills and 60% traceability to plantations (52% achieved by FY 2019) based on these mid- to long-term goals. To this end, we plan to promote the introduction of a "Suspension (transaction suspension) and Engagement Protocol" as part of the supply chain improvement activities and of the grievance mechanism.

Mid- to long-term goals

In March 2016, we introduced the Responsible Palm Oil Sourcing Policy with an initial target of 100% traceability to palm oil mills by 2020. Since then, we have worked to improve traceability and the supply chain and to promote engagement with suppliers. Since traceability to palm oil mills reached 100% in FY 2019, we established new mid- to long-term goals with the aim of further enhancing supply chain management and realizing the Responsible Palm Oil Sourcing Policy.

- Improve traceability to oil palm plantations (100% by 2030)

- Implement the Labor Transformation Program (LTP) at 100 % of the suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia), by 2025. This is the Group's primary refining company.

* Refer to the URL below for details of the mid- to long-term goals.

▶ https://www.fujioilholdings.com/en/news/2020/1198318_2692.html

Specific initiatives

Overview of initiatives to achieve the policy

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

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., which is a partner that shares our intentions regarding sustainable palm oil. Our joint venture partner UNITED PLANTATIONS is the world's first producer of RSPO-certified oil and conducts sustainable plantation management in consideration with the human rights of its workers and the environment. UNIFUJI, whose plant started operations in FY 2018, procures high-quality and sustainable palm oil from UNITED PLANTATIONS and produces high-value-added palm oil products, using fractionation technology, which is a strength of the Fuji Oil Group. In

FY 2019, UNIFUJI handled approximately 70,000 tons of RSPO-certified oil. UNIFUJI's plant is located at the plantation and uses energy generated from biomass and wastewater.

Understanding the supply chain through improved traceability

Identifying the production region of the palm oil purchased and used by the Fuji Oil Group is important to improve the supply chain. By setting an initial target of achieving full traceability* from plantation to palm oil mill by 2020, we became a member of the non-profit organization Earthworm Foundation. Since then, we work with our suppliers to improve traceability.

The Fuji Oil Group monitors the progress on the traceability of the palm oil we procure from oil mills through a traceability score (%). Although the score varies by region, the Group achieved a level of 100% in the second half of FY 2019. This is due to our continuous effort to strengthen the communication with palm oil suppliers. More than 1,300 oil mills in the supply chain were registered on the FUJI OIL GROUP Palm Oil Mill List*² during the second half of FY 2019.

* 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 Refer to the URL below for details of the Palm Oil Mill List.

▶ https://www.fujioilholdings.com/pdf/en/csr/supplychain_database/h2_2019_mill_list.pdf



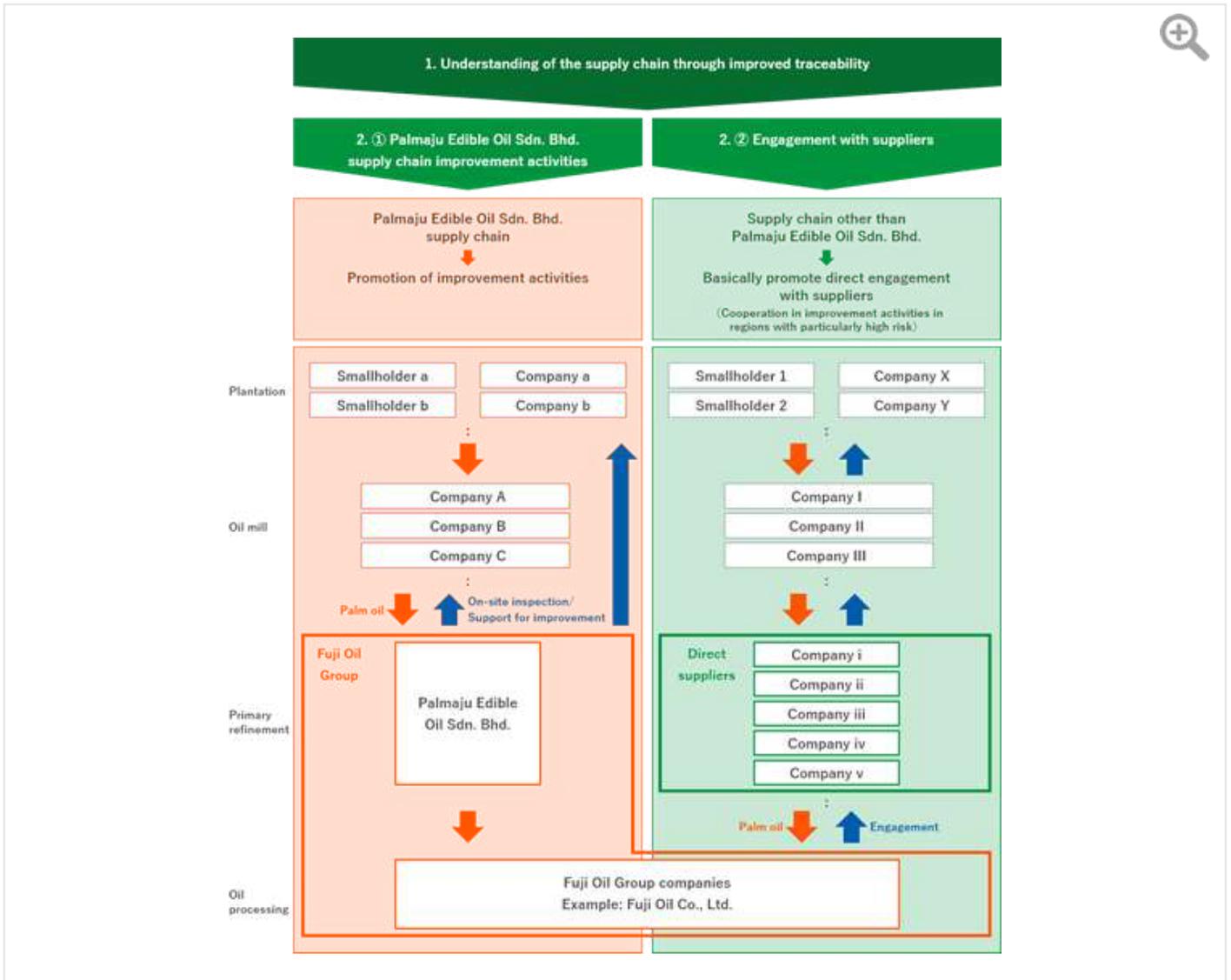
Supply chain improvement activities

Based on our Sourcing Policy, we conduct supply chain improvement activities to resolve environmental and human rights issues at palm oil production sites (plantations). The Fuji Oil Group roughly divides the supply chain into the types, ① and ②, to promote improvement activities. Both types follow different approaches.

① Our primary refining company, Palmaju Edible Oil Sdn. Bhd. (Malaysia), which is located closer to the palm oil production sites in its supply chain, is likely to have influence on plantations and oil mills. Therefore, we are rolling out supply chain improvement activities in a fieldwork style in cooperation with NPOs and oil mills.

② For the supply chain other than that of Palmaju Edible Oil Sdn. Bhd. (Malaysia), we will pursue improvements by promoting direct engagement with suppliers. In part of the supply chain, we perform improvement activities in cooperation with suppliers. These activities include providing support to smallholders.

Overview of supply chain improvement activities

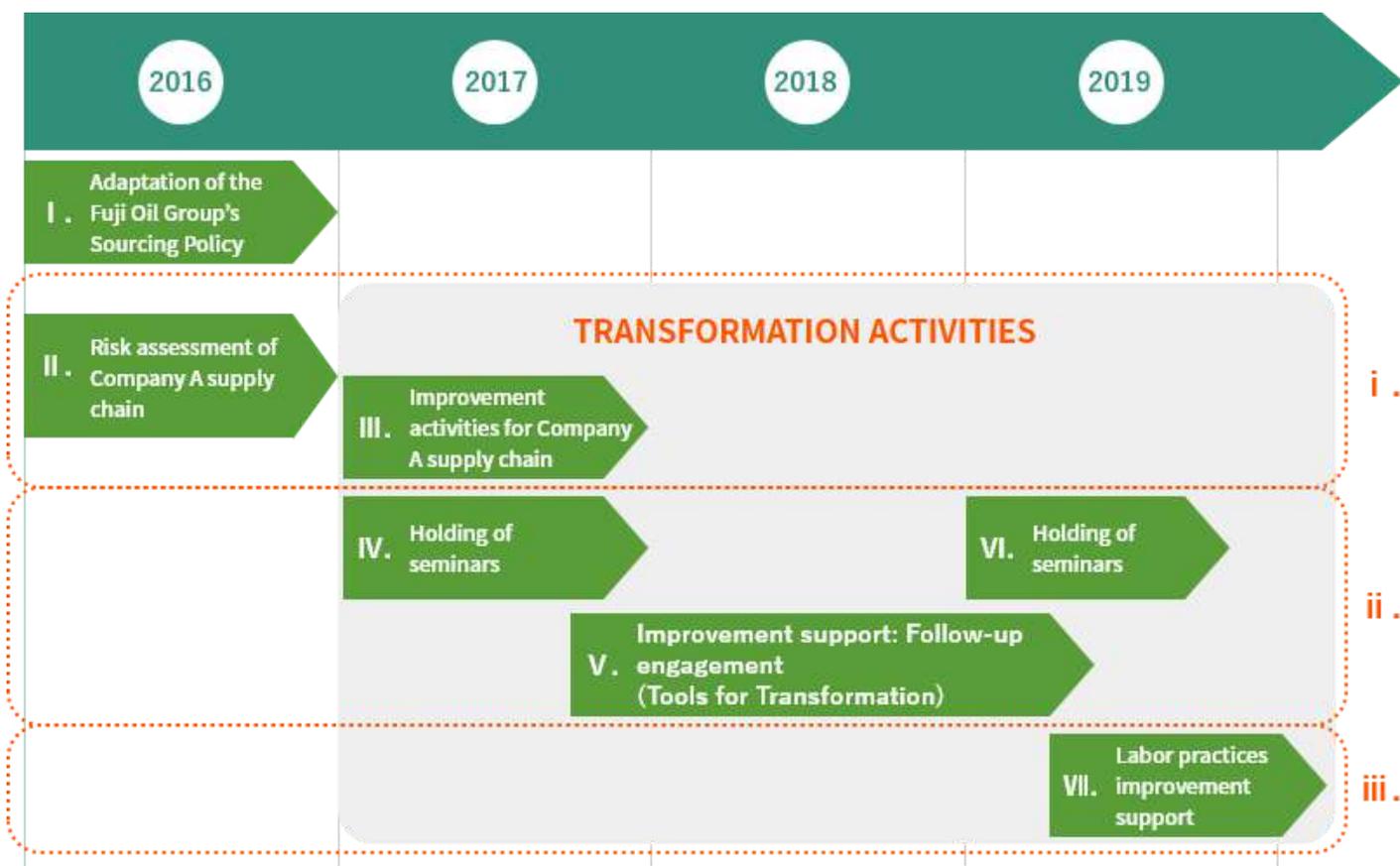


① Palmaju Edible Oil Sdn. Bhd. (Malaysia) supply chain improvement activities

The Fuji Oil Group promotes three types of supply chain improvement activities at the Group company Palmaju Edible Oil Sdn. Bhd. (Malaysia).

- i. Improvement activities with Company A:
- ii. Improvement activities with suppliers other than Company A:
- iii. Other engagement activities:

Overview of Palmaju Edible Oil Sdn. Bhd. (Malaysia) supply chain improvement activities



i. Improvement activities with Company A:

On-site inspections of the dealers and plantations related to oil mills, in collaboration with one of the suppliers. The objective was to assess compliance with our Sourcing Policy and to provide support for improvement or corrections. Thanks to this support, in December 2017, passports were returned to more than 200 migrant workers, and 300 migrant workers were able to sign employment contracts in a language that they could understand. This experience is used for "ii. Improvement activities* with suppliers other than Company A," which will be described later, and is passed on to suppliers other than Company A.

* Refer to the URL below for details of the improvement activities.

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

ii. Improvement activities with suppliers other than Company A:

We also promote cooperation for improvement with suppliers other than Company A. We request the palm oil suppliers (oil mills) of Palmaju Edible Oil Sdn. Bhd. (Malaysia) to do a self-assessment using the Tools for Transformation Self-Assessment developed by the Earthworm Foundation. Through this self-assessment, we help identifying gaps between the NDPE* Policy, which includes the requirements in our Responsible Palm Oil Sourcing Policy, and the business practices of the suppliers.

In 2019, we also held a workshop for suppliers for the following purposes. The workshop was attended by a total of 48 suppliers.

- Review of the 2018 results from the Tools for Transformation Self-Assessment
- Dissemination of the Tools for Transformation Self-Assessment to the suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia)
- Introduction of the Tools for Transformation Self-Assessment to the new suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia) as the second initiative

* NDPE: NDPE stands for No Deforestation, No Peatland development, No Exploitation.

iii. Other engagement activities:

Through the use of the Tools for Transformation Self-Assessment, we recognized the need to strengthen improvement activities, in particular, to improve labor practices and standards. As a result, the Group started supplier engagement visits. We are engaged in the following activities through on-site visits, improvement support, and follow-up visits.

1. Promotion of understanding and capacity building* of the suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia) in the following four areas related to laborers and human rights

- I . Return of passports
- II . Ethical employment
- III . Employment contract
- IV . Grievance mechanism

2. Understanding of good practices and identification of issues in the current operations

3. Provision of support dedicated to each company to improve the identified issues

* Capacity building: Building organizational capacity

② Engagement with suppliers

We believe that engagement with the Group's direct suppliers is essential to improve the Fuji Oil Group's entire palm oil supply chain. Engagement takes place through the promotion of suppliers' understanding of our Sourcing Policy; followed by discussions about supply chain risks and the grievance mechanism through which concerns can be raised and addressed in the event of problems.

In FY 2019, we distributed questionnaires to all the Group's direct palm oil suppliers (22 refiners) and monitored the progress of each supplier's efforts toward the No Deforestation, No Peatland development, No Exploitation (NDPE) Policy. We will continue to engage with direct suppliers and encourage them to cooperate to reduce risks. For supply chains with high risks, we implement improvement activities in cooperation with direct suppliers. In FY 2019, we participated, 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 has participated, since FY 2018, in the Areal Prioritas Transformasi (APT) Landscape Initiative to reduce and repair these risks.

The APT Landscape Initiative*² is a multi-stakeholder initiative in which local governments, NGOs, companies, and farms, work together to tackle deforestation in the two precious tropical rainforest regions (Aceh Tamiang and southern Aceh). These areas are exposed to the threat of farm development in Indonesia. In these target areas, multi-stakeholders, such as NGOs, communities, and local governments, implement activities to achieve the goals listed below, taking the landscape approach. This approach seeks to improve the entire specific community, not limited to palm plantations.

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

Our activities in 2019 include participating in local meetings, conducting field surveys, forming task forces, and formulating action plans with multiple government agencies and local communities.

The APT Landscape Initiative is currently targeted at three regions of Indonesia's precious tropical rainforests, which are under threat from plantation development. Two of these regions, located in Aceh, are said to be the last areas where orangutans, tigers, elephants, and rhinos coexist.

* Landscape Approach: An approach to improve the entire specific region with the participation of multi-stakeholders, such as NGOs, communities, and local governments, not limited to palm plantations.

*² Refer to the URL below for details of the APT Landscape Initiative activities.

▶ <https://www.earthworm.org/our-work/projects/aceh-tamiang-sumatra-indonesia> 

④ Activities to support smallholders in Sabah, 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 smallholder 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, 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.

Since the Fuji Oil Group participated in the WAGS in January 2016, the total number of RSPO-certified farms in the supported regions increased to 191. This corresponds to a total of 58,007 tons of RSPO-certified oil produced by the end of December 2019.

The acquisition of RSPO certificates by smallholders means that they have become able to produce palm oil while respecting human rights and the environment. In addition, we received comments from smallholders as "The amount of pesticide purchased decreased, leading to lower costs" and "Productivity increased, and yield per unit area improved significantly." In FY 2020, we will continue to implement supporting activities, and maintaining close dialogue with local stakeholders.



Visit to farmers receiving support in November 2019

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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 issues 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. The Fuji Oil Group Grievance Web Page (English) on the Group website was launched to offer transparency in handling grievances. The status of our response to the received grievances (complaints) is updated at least once each quarter on the Web Page. We also disclose related information to our stakeholders on this web page.

* Refer to the URL below for details of the grievance mechanism.

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

In FY 2019, we tackled the following two points, using the experience gained from operating the grievance mechanism and feedback from NGOs and suppliers.

① Revision of the grievance procedure

To improve the efficiency and effectiveness of dealing with problems in the supply chain, we revised and announced the grievance procedure mainly from the following perspectives.

<Points of revision>

- If grievance target company is member of a "group", according to the RSPO member rules, we will engage with it even if it is not part of our supply chain.
- We will introduce a suspension and engagement protocol (procedure for transaction suspension and active engagement) to strengthen our influence on the supply chain, regardless of whether they are direct or indirect suppliers.
- We clarified the processes in each grievance.

② Participation in establishing the "Engagement" and "Remedy" Guidelines

In December 2019, the "Engagement" and "Remedy" Guidelines for Promotion of Responsible Business Conduct and Responsible Supply Chains were established by the Japan Responsible Supply Chains Committee, led by the UN Global Compact Network Japan and the Business and Human Rights Lawyers Network. The Guidelines aim at promoting constructive dialogues between business and society, strengthening grievance mechanisms, and ensuring access to remedies. The Fuji Oil Group also participated in the establishment of the Guidelines.

* Refer to the URL below for details of the "Engagement" and "Remedy" Guidelines for Promotion of Responsible Business Conduct and Responsible Supply Chains.

▶ <https://www.bhrlawyers.org/erguidelines> 

Handling of RSPO-certified oil

The Fuji Oil Group endorses the creation of a sustainable production and consumption system and is member of the RSPO* since 2004.

Demand for RSPO-certified oil is increasing, mainly in Europe and the United States. In 2019, the sales volume of our group's products that use RSPO-certified oil increased to approximately 190,000 tons. This accounts for approximately 24% 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 the acquisition of supply chain certification at business sites*2.



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

*2 Check our progress at

www.rspo.org/ 

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 oil palms remain very limited, requiring productivity and quality to increase through improvements in oil palm varieties and higher yield per unit area. Since 2011, the Fuji Oil Group has conducted 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 major improvements in tissue culture techniques that 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 the sustainable palm oil production by helping to solve global environmental problems such as tropical rainforest decrease resulting from palm plantations expansion.



BPPT Biotechnology Center, where breeding research is carried out



Researching tissue culture of palms

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

The Fuji Oil Group participates 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.

③ Japan Sustainable Palm Oil Network

Fuji Oil Holdings Inc. has been a full member of the Japan Sustainable Palm Oil Network since FY 2019, in support of its aim of promoting sustainable palm oil procurement and consumption throughout the Japanese industry.

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. Education for students who will play a leading role in shaping the future is essential. For this reason we support the “SDGs for School” project* of the NPO Think the Earth, by providing chocolate for 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.

* Refer to the URL below for details of the “SDGs for School” project.

▸ <https://www.fujioilholdings.com/en/csr/social/community/>

Sustainability

Sustainable Procurement of Cacao

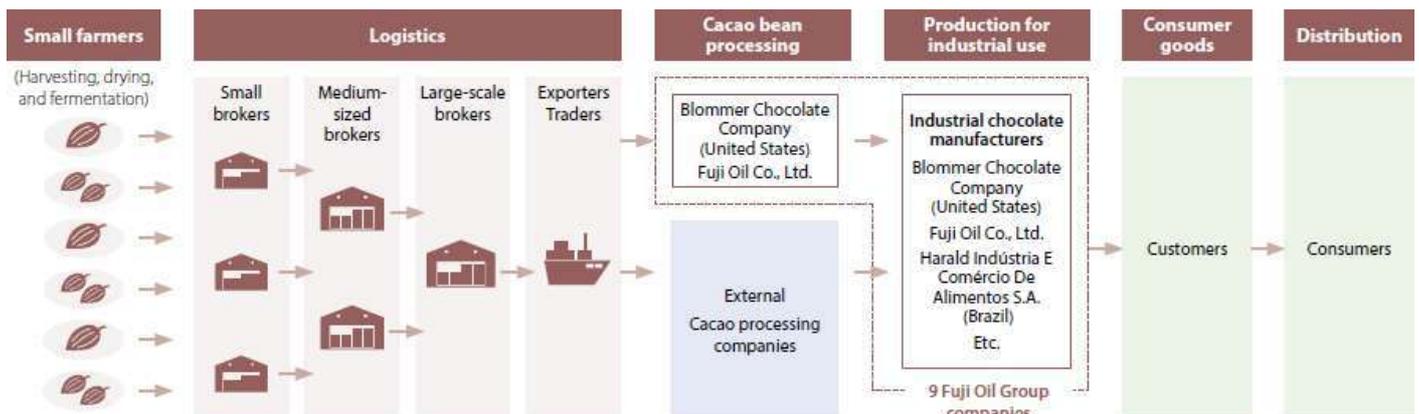
Focus SDGs



Management information

Relation between themes and business activities

The Fuji Oil Group uses cacao as a raw material for industrial chocolate supply. However, a future tightening of the supply-demand balance is expected due to supply-side problems, including farmers aging, farming abandonment, cacao trees aging, climate change impact, and low productivity resulting from lack of knowledge and materials in cacao production areas. 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. Under these circumstances, we recognize that we can contribute to the sustainable procurement of cacao by supporting cacao farmers.



Basic approach

The industrial chocolate business is one of Fuji Oil Group's core competences. Cacao-derived materials such as cocoa liquor*, cocoa butter*², and cocoa powder*³ are among the key raw materials of the Group. In August 2018, the Group formulated the Fuji Oil Group Responsible Cacao Sourcing Policy to continue delivering the joys of food through products using sustainable cacao. The objective is 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 cacao beans and grinding the nibs (inside the cacao beans) into a smooth, liquid state.

*² cocoa butter: Vegetable oil obtained by pressing cacao beans

*³ 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 PDF (138KB) 

Promotion system

We promote initiatives on cacao sustainable procurement under the supervision of the Chief Strategy Officer (CSO). Moreover, the ESG Committee*, which is an advisory body to the Board of Directors, confirms the progress and results of these initiatives as a priority theme for ESG management.

* Refer to the URL below for details of the ESG Committee.

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

Objectives / Results

FY 2019 objectives

- Increase the yield per area unit, for cacao farmers receiving support in Ecuador

FY 2019 results

The FY 2019 results against the above objective are a 5% increase.

This is due to our efforts to support cacao farmers through agricultural technical assistance.

Next Step

In June 2020, we set mid- to long-term goals to realize the Responsible Cacao Sourcing Policy. Based on these mid- to long-term goals, the Fuji Oil Group will work on sustainable cacao procurement through initiatives such as supporting farmers. In FY 2020, we plan to launch a new program for supporting cacao farmers toward the elimination of child labor in Ghana.

Mid- to long-term goals

In August 2018, we established the Responsible Cacao Sourcing Policy and promoted activities to support cacao farmers. In January 2019, Blommer Chocolate Company (United States), a pioneer of sustainable cacao procurement with excellent know-how and experience in this field, joined the Fuji Oil Group. Through this, we were able to establish a strong system for realizing the Responsible Cacao Sourcing Policy in FY 2019. We also established the following new goals to promote sustainable cacao procurement through concerted efforts of the Group in or after FY 2020. When establishing these goals, we adopted the concept of backcasting from the future desired by the international community based on Target 8.7 of the SDGs.

- End the Worst Forms of Child Labor (WFCL) by 2025, as defined by ILO Convention, to eliminate child labor in the supply chain of cacao beans and cacao products by 2030
- Plant one million trees on cacao farms* by 2030

* Refer to the URL below for details of the mid- to long-term goals.

▶ https://www.fujioilholdings.com/en/news/2020/1198318_2692.html

* Planting one million trees: We will plant shade trees and other trees on existing cacao farms to reduce negative impacts on forests and cacao farming practice, while coexisting with ecosystems. The Group will work on this initiative to contribute to the Cocoa & Forest Initiative led by the World Cocoa Foundation.

Specific initiatives

Community support program

Côte d'Ivoire

In Côte d'Ivoire, the world's largest producer of cacao, Blommer Chocolate Company (United States) developed several programs for the sustainable procurement of cacao. Specifically, it carried out the following initiatives targeting 72 agricultural cooperatives, 41,000 farmers, and 1,000 farming villages.

- Initiatives toward the elimination of child labor
- Support for improving the income level of farmers
- Programs for improving the social status of women
- Establishment of traceability
- Deforestation control and tree planting activities
- Support for building infrastructure (schools, hospitals, wells, etc.) in local communities

Since these initiatives contribute to the realization of our Sourcing Policy, we continued to promote them since Blommer Chocolate Company (United States) became a member of the Fuji Oil Group in 2019.

We will make group-wide efforts to further strengthen the initiatives, taking advantage of the experiences and techniques that have been built up by Blommer Chocolate Company (United States) over many years.

For the programs of the World Cocoa Foundation, in which Blommer Chocolate Company (United States) has participated, please see the section “Participation in the World Cocoa Foundation (WCF)” at the bottom of this page.

Ghana

Ghana is one of the world's major producers of cacao beans. Since 2014, Fuji Oil Co., Ltd. uses part of the purchase cost of cacao beans to continuously provide community support along its supply chain in Ghana. In the communities receiving support, the Company constructed a well in 2014, and since 2016, it conducts research to improve yield. In 2018, it provided farming guidance based on the research results on yield improvement. In the yield-improvement research project, we selected a model plantation and measured yields of cacao cultivated under different conditions in the period between 2016 and 2018. The cacao yield at the model plantation from October to December 2017 increased by 18% compared to the same period a year earlier. Since February 2018, we provide farming guidance, including farm management methods and pesticide management methods, to local cacao farmers in the vicinity of the model plantation for the purpose of passing on the research results. In FY 2019, we examined a program for promoting environmental conservation in this community, and in FY 2020, we plan to conduct activities that will help to improve and expand infrastructure in the community.

In FY 2019, we began purchasing traceable cacao beans from Ghana in another community. Part of the purchase cost is returned to the community of cacao farmers that produced these cacao beans and is used to increase the income of farmers.



Farming guidance for local farmers

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

Ecuador

Based on the Responsible Cacao Sourcing Policy, in December 2018 we started activities to support smallholders in Ecuador, in collaboration with the Group's direct suppliers. Our objective is 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 to 68 farmers on farm management methods, soil management, and post-harvest processes (fermentation, etc.). The quality of the cacao beans largely depends on soil management, production practices and post-harvest processes. In FY 2019, our farming program helped to increase the yield per area unit by 5%, at farmers receiving support. This is expected to increase farmers' income. 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 on cacao

Collaboration with academia, government and industry

Participation in the World Cocoa Foundation (WCF)

Fuji Oil Group 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.

Blommer Chocolate is a founding member of the World Cocoa Foundation and currently holds a seat on the WCF Board. Blommer has demonstrated a leadership role through participation in the WCF flagship programs, African Cocoa Initiative, Cocoa Livelihoods Program, Cocoa Action and the Cocoa and Forests Initiative. In response to the challenge of COVID-19, Blommer joined other industry members in financially contributing to a WCF fund that will provide needed education and supplies to cocoa growing communities in their fight against the virus.

* Refer to the URL below for details of the World Cocoa Foundation.

▶ <https://www.worldcocoafoundation.org/> 

The Commitment of World Cocoa Foundation



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

Responses to certified cacao products

Handling of certified cacao raw materials

Fair Trade



INDUSTRIAL FOOD SERVICES (Australia), FUJI OIL EUROPE (Belgium) and Blommer (United States) obtained the Fairtrade certification, which aims at promoting sustainable development of small producers and workers in developing countries. The company produces and sells products made from Fairtrade-certified raw materials according to customer requests.

UTZ



The Fuji Oil Hannan Business Operations Complex and Kanto Plant (Japan), INDUSTRIAL FOOD SERVICES (Australia), WOODLANDS SUNNY FOODS (Singapore), FREYABADI INDOTAMA (Indonesia), FUJI OIL EUROPE (Belgium) and Blommer (United States) 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.

Sustainability

Sustainable Procurement of Soybeans

Focus SDGs



Management information

Relation between themes and business activities

Soybeans are cultivated in a wide range of areas. From cool temperate zones to the tropics. There are concerns in soybean production areas about issues such as deforestation for farmland cultivation and soil contamination due to spraying of pesticides. Fuji Oil Group has been at the forefront of companies pursuing the potential of soybeans as a food ingredient since 1957, with the conviction that soybeans will relieve the global food supply crisis. Our soybean processing and ingredients business uses soybean-derived raw materials such as defatted soybeans, whole soybeans, and soybean protein. In our vegetable fats and oils business, we use about several percent of soybean oil on a weight basis. We see the importance of promoting soybean procurement with attention of environmental and social impacts.

Basic approach

We will work to collect information and organize our basic approach, toward the sustainable procurement of soybeans.

Promotion system

We promote sustainable soybeans procurement initiatives under the supervision of the Chief Strategy Officer (CSO). Moreover, the ESG Committee*, which is an advisory body to the Board of Directors, confirms the progress and results of these initiatives as a priority theme for ESG management.

* Refer to the URL below for details of the ESG Committee.

▸ <https://www.fujioilholdings.com/en/csr/approach/>

Objectives / Results

FY 2019 objectives

- Grasp social trends and formulate our basic approach.

FY 2019 results

We had interviews with related organizations, such as the Round Table on Responsible Soy (RTRS), and our suppliers. In Brazil the objective is to avoid using soybeans from deforested areas expressed in the announcement of the Soy Moratorium declaration by the Brazilian Oilseed Processors Association. We collected information needed that will be the basis of our basic approach. Since the survey and current supply chain assessment was more time consuming than initially expected, the basic approach could not be finalized this year.

Next Step

The Fuji Oil Group will continue to work on the sustainable procurement of soybeans through initiatives such as dialogue with suppliers. The objective for FY 2020 is to establish the outline for our policy on the sustainable procurement of soybeans. In May 2020, we joined the Round Table on Responsible Soy (RTRS) as a member. We will continue to collect information to formulate the policy.

Specific initiatives

Procurement of non-genetically modified soybeans

The Fuji Oil Group's soybean processing and ingredients business procures only soybean raw materials from North America, China, and Japan, all of which are non-genetically modified soybeans. In North America, both GM soybeans* and non-GM soybeans are distributed in large quantities. Therefore, we conduct strict controls on soybeans produced in North America to ensure that non-GM soybeans shipped to us are cultivated, transported and stored separately from GM soybeans.

In China, which is a major source of soybeans for us, the cultivation of GM soybeans is prohibited. In recent years, however, GM soybeans grown outside China have been imported as raw materials for oil extraction. Therefore, it becomes increasingly important to manage non-GM soybeans through the strict separation from GM soybeans. Regarding the procurement of soybeans from 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 engineered through gene recombination to produce a more stable yield by adding functions such as herbicide resistance.

Sustainability

Development of manufacturing methods with low environmental impact

Focus SDGs



Management information

Relation between themes and business activities

The Fuji Oil Group uses chemical substances and organic solvents in the manufacturing of some products. The use of these materials does not threaten the safety or quality of the products. However, they are associated to environmental impacts like water requirements for their treatment or the emissions of CO₂. We need to identify the environmental impact in the manufacturing process and reduce it as much as possible. We are also aware that the use of organic solvents may lead to occupational safety and health accidents. A manufacturing method that does not use organic solvents can contribute not only to the reduction of environmental impact but also to the safety of employees.

Basic approach

To achieve the targets for CO₂ emissions reduction, water usage reduction, and waste reduction set in the Environmental Vision 2030, we will promote technological innovation, aiming to establish processing technologies that do not use chemicals and organic solvent treatment with high environmental impact.

Promotion system

We promote our initiatives to develop manufacturing methods with low environmental impact under the supervision of the Chief Technology Officer (CTO). Moreover, the ESG Committee*, which is an advisory body to the Board of Directors, confirms the progress and results of these initiatives as a priority theme for ESG management.

* Refer to the URL below for details of the ESG Committee.

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

Objectives / Results

FY 2019 objectives

- Development of oils and fats, and protein processing technologies that do not use chemical catalysts and organic solvents

FY 2019 results

We worked on the development of oils and fats processing technologies that use enzyme catalysts with low environmental impact, instead of chemical catalysts, and succeeded in establishing a new manufacturing method at the laboratory level. If this manufacturing method can be put to practical use, it is expected to reduce CO₂ emissions by 0.12 tons per one ton of oils and fats products, compared to the oils and fats processing method that uses chemical catalysts. However, there are still issues, such as scale up and cost reduction, to achieve the practical use of this manufacturing method.

Next Step

The Fuji Oil Group will continue to develop manufacturing methods with low environmental impact for example eliminating the use of chemicals and organic solvent treatment. Aiming to develop processing technologies that contribute to the Environmental Vision 2030*, we will continue to promote the development of technologies for processing oils and fats without using chemical catalysts and organic solvents. Regarding the manufacturing of soy protein isolate products*², which causes the emission of an exceptionally large amount of CO₂ in the Fuji Oil Group's businesses, we plan to develop technologies that significantly reduce CO₂ emissions.

* Refer to the URL below for details of the Environmental Vision 2030.

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

*2 Soybean protein isolate: Soybean protein isolate is used in various nutritional healthy foods as an excellent protein source with an amino acid score (an index that expresses the nutritional value of protein; the closer to 100, the better) of 100. It is also widely used as a functional food ingredient for improving the quality of processed meat products and processed marine products, taking advantage of its excellent gelling power, emulsifying power, and water retention power.

Sustainability

CO₂ Emissions Reduction

Focus SDGs



Management information

Relation between themes and business activities

In recent years, global issues such as climate change have become increasingly severe, affecting people's lives and companies' business activities. As a food material manufacturer, the Fuji Oil Group uses energy not only for plant operations but also in all its value chain processes, including the procurement and transportation of raw materials.

Basic approach

As a member of society, 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. Based on our Basic Policy of Environmental Integrity,* the Environmental Vision 2030*² shows our commitment to the reduction of CO₂ emissions. As specific emission reduction targets, we have set Science Based Targets (hereinafter, "SBT"*³). We will further reduce CO₂ emissions through further energy-saving activities at the production sites, by the introduction of energy-efficient equipment and by the use of renewable energy.

* Refer to the URL below for details on the Basic Policy of Environmental Integrity.

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

*2 Refer to the URL below for details on the Environmental Vision 2030.

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

*3 SBT: 5-to-15-year GHG emission reduction targets that a company sets in line with the standards defined by the Paris Agreement (holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels)

Promotion system

We promote our initiatives to reduce CO₂ emissions under the supervision of the Chief “ESG” Officer (C“ESG”O). Moreover, the ESG Committee*, which is an advisory body to the Board of Directors, confirms the progress and results of these initiatives as a priority theme for ESG management.

* Refer to the URL below for details of the ESG Committee.

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

Objectives / Results

2030 targets

Our target is to reduce Scope 1 and Scope 2 emissions* by 40% and Scope 3 (Category 1) emissions* by 18% by 2030. (Base year: 2016)

*Scope 1 emissions: Direct emissions from owned or controlled sources

*Scope 2 emissions: Indirect emissions from the generation of acquired and consumed electricity, steam, heat and cooling

*Scope 3 emissions: Indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company (Categories 1 to 15)

*Category 1: Emissions from purchased goods and services

Progress toward 2030 targets

In FY 2019, the Fuji Oil Group’s overall production increased significantly because of the addition of Blommer Chocolate Company (U.S.) to the Group. Nevertheless, Group companies’ energy-saving activities, introduction of renewable energy and other efforts enabled the Group to reduce its total CO₂ emissions to 429,606 t-CO₂ in FY 2019, down by 2% (9,048 t-CO₂) year on year and by 16% (81,345 t-CO₂) from the base year.

FY 2019 objectives

- Setting revised targets that meet new requirements for SBT approval

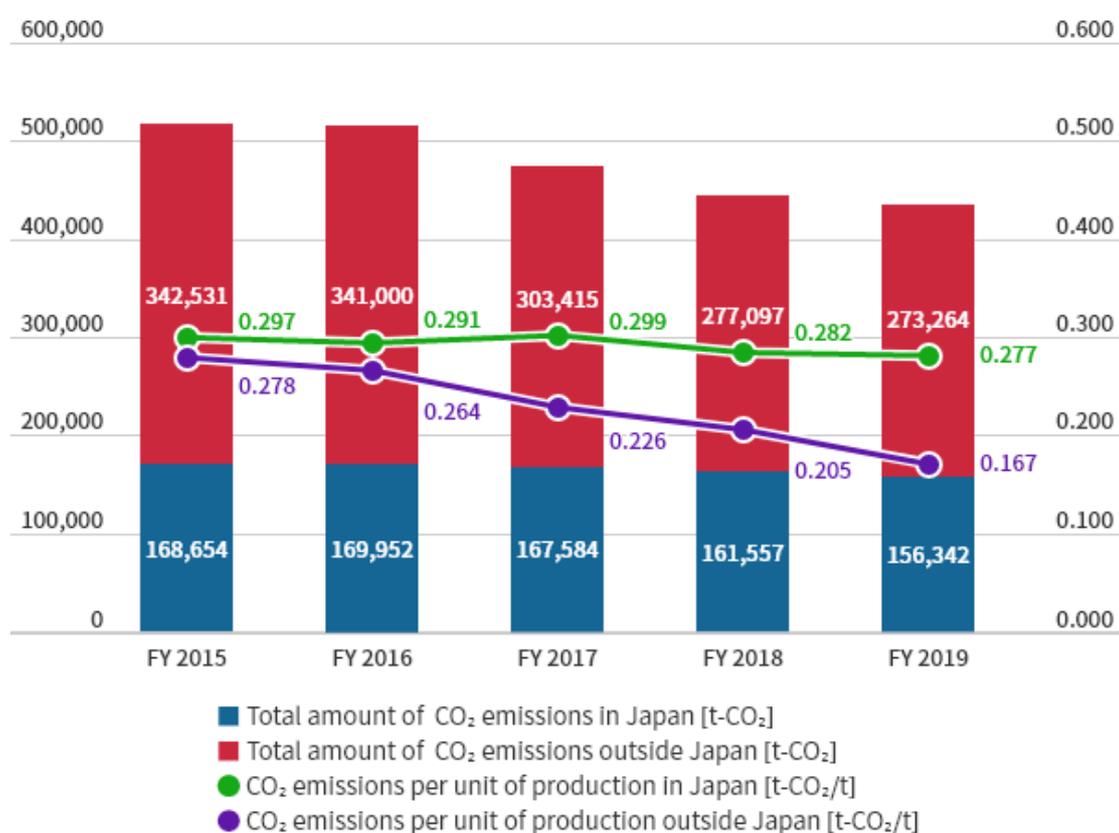
- Establishing optimal methods of collecting and analyzing CO₂ emissions data and disclosing accurate information

FY 2019 results

In 2018, Fuji Oil Holdings Inc. submitted a commitment letter to the SBTi,* and in March 2020 the SBTi approved the CO₂ emission reduction targets set for Fuji Oil Group companies inside and outside Japan. Among the approved targets, the Scope 3 targets were set based on the primary data on Scope 3 emissions, which we collected and analyzed for the first time to monitor CO₂ emissions from our entire supply chain. We are currently assessing a data collection system that will help streamline the data collection process. The new system will be introduced in FY 2020.

* SBTi: Science Based Targets initiative, a joint initiative undertaken by the World Resources Institute (WRI) and the United Nations Global Compact to encourage companies to set science-based GHG emissions reduction targets with the aim of holding the climate change-caused increase in the global average temperature to well below 2°C above pre-industrial levels

Total amount of CO₂ emissions (Scopes 1 & 2) and CO₂ emissions per unit of production



* The data for FY 2018 have been revised as a result of recalculation.

Next Step

We will continue our activities to fulfill the Environmental Vision 2030, including promoting energy-saving activities at production sites, introducing energy-efficient equipment, and using renewable energy. We will also increase the accuracy of our Scope 3 emissions data and assess effective ways of reducing Category 1 emissions, which are the largest among all emission categories including internal carbon pricing, in order to reduce CO₂ emissions across the Fuji Oil Group. In FY 2020, we will promote activities that help reduce CO₂ emissions and achieve SBT approved targets, including in-house training activities.

Specific initiatives

Enhancing the energy efficiency of production equipment

Below are examples of the initiatives that we implemented in FY 2019 to enhance energy efficiency.

- Cutting energy consumption at three oil-and-fats and whipping cream plants at the Fuji Oil Co., Ltd. Hannan Business Operations Complex by replacing old equipment, introducing LED lights for outdoor use and other means (resulting in an annual reduction of approximately 919.9 t-CO₂)
- Installing equipment that recovers the heat of hot water used for deodorization and cooling at the Fuji Oil Co., Ltd. Chiba Plant (resulting in an annual reduction of approximately 356 t-CO₂)
- Introducing solar power generation at the Fuji Oil Co., Ltd. Rinku Plant and Fuji Oil Europe (Belgium)
- Beginning to replace old lights with LED lights at Palmaju Edible Oil Sdn. Bhd. (Malaysia), Harald (Brazil) and Pt. Freyabadi Indotama (Indonesia)

Introducing renewable energy

To fulfill the Environmental Vision 2030, the Fuji Oil Group plans to introduce renewable energy. In 2016 the Fuji Oil Tsukuba Research and Development Center installed solar panels. Since then part of the electricity used by the Center is generated by solar power. Solar panels were also installed at the Fuji Oil Co., Ltd. Rinku Plant in February 2020 and at Fuji Oil Europe (Belgium) in June 2019. These are currently in operation. Furthermore, Fuji Oil Holdings Inc. office in Osaka uses green power, that is, electricity generated in

environment-friendly ways. Our purchase of a Japanese version of a Renewable Energy Certificate will enable us to reduce our CO₂ emissions by approximately 43t-CO₂ in FY 2020 by using solar power generated in Kochi Prefecture.

Sustainability

Water Usage Reduction

Focus SDGs



Management information

Relation between themes and business activities

The Fuji Oil Group's business activities require water resources in the production of agricultural products that are procured as raw materials and in the manufacturing processes of the Group's products.

Basic approach

With full recognition of the relation between water resources and its business activities, the Fuji Oil Group aims at preserving water resources in its product manufacturing processes based on the Basic Policy of Environmental Integrity.* The Environmental Vision 2030,*² to be fulfilled by 2030, shows our Group-wide commitment to the reduction of water usage. We believe that we can contribute directly to the conservation of water resources by enhancing the efficiency of water usage in our product manufacturing processes. The objective is the sustainable use of limited water resources. In addition, to assess and minimize the impact of our business activities on water resources, we monitor water-related risks and implement necessary countermeasures. We treat wastewater according to standards and regulations imposed in each country or region in which we operate.

* Refer to the URL below for details on the Basic Policy of Environmental Integrity.

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

*2 Refer to the URL below for details on the Environmental Vision 2030.

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

Promotion system

We promote our initiatives to reduce our water usage under the supervision of the Chief “ESG” Officer (C“ESG”O). Moreover, the ESG Committee*, which is an advisory body to the Board of Directors, confirms the progress and results of these initiatives as a priority theme for ESG management.

* Refer to the URL below for details of the ESG Committee.

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

Objectives / Results

2030 targets

In FY 2018, we formulated the Environmental Vision 2030 with 2030 as the target year. In the vision, we set a Group-wide target of reducing base-unit water usage* by 20% from the base year of 2016 by 2030.

* Base-unit water usage: Water usage per unit of production

Progress toward the 2030 targets

In FY 2019, the base-unit water usage of all Fuji Oil Group companies decreased by 11% year on year and by 24% from the base year. While the year-on-year rate of the decrease in Japan was 4%, that outside Japan was 10%. This reduction of our water usage is a result of Group companies’ activities to reuse wastewater and save water. In addition, the introduction of a water-related data collection method common to all Group companies enabled us to obtain more accurate data on the realities of our water usage.

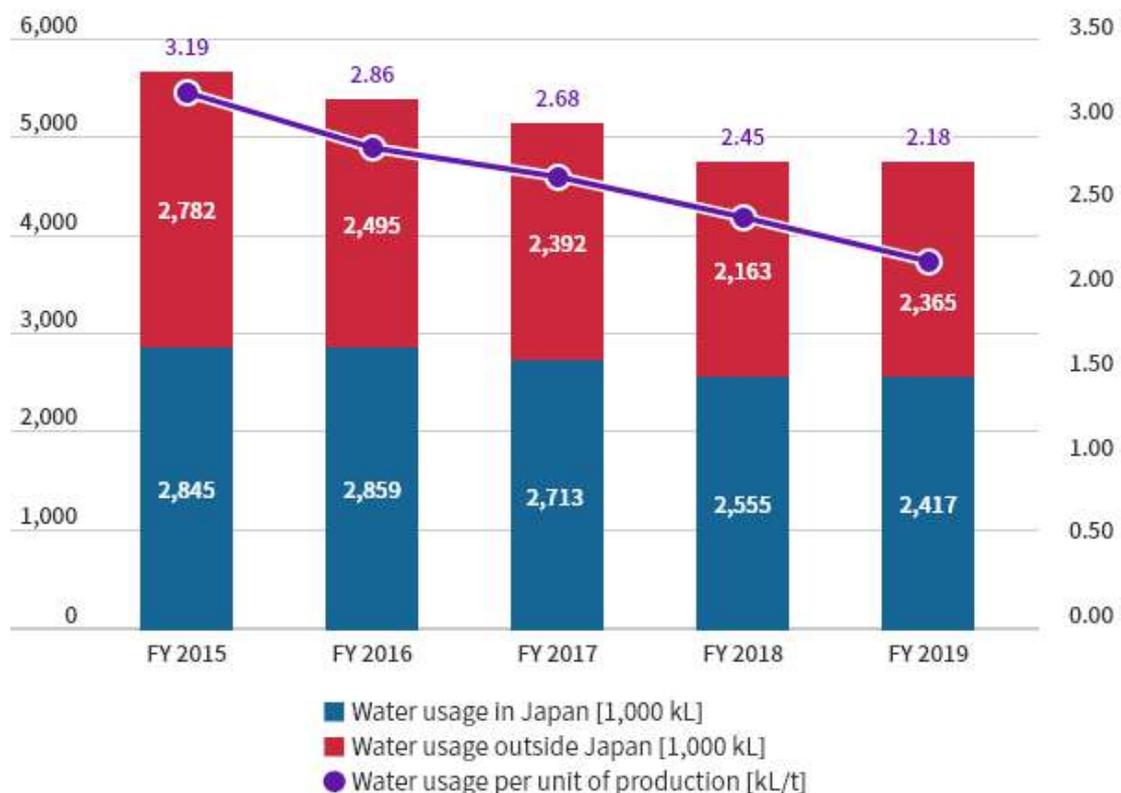
FY 2019 objectives

- Establishing optimal methods of collecting and analyzing water usage data and disclosing accurate information

FY 2019 results

In FY 2019, the total amount of water use at Group companies in Japan was 2,417,000 kL, a 5% decrease from the previous fiscal year. The total amount of water use at Group companies outside Japan in the same fiscal year was 2,365,000 kL, a 9% increase from the previous fiscal year. This increase was mainly a result of growth in production volume. We began collecting detailed data on water, and were rated A- as a result of the CDP Water Security Questionnaire 2019. Taking advantage of what we learned about important indicators related to water resources from the CDP Water Security Questionnaire, we thoroughly monitored the status of water usage at our Group companies with the aim of allocating further Group-wide efforts to conserving water resources.

Annual water usage and water usage per unit of production



Next Step

We will continue to reduce water usage across the Fuji Oil Group by enhancing the efficiency of water use in our manufacturing processes, reusing wastewater and by other means, with the aim of fulfilling the Environmental Vision 2030. In FY 2020, we will promote training activities targeting Group companies outside Japan. We are currently assessing the introduction of a data collection system that will help streamline the data collection process. The new system will be introduced in FY 2020.

Specific initiatives

Risk management and countermeasures

The Fuji Oil Group actively promotes the reduction of water use in operating areas with risk of water shortages. For example, some Group companies in China make the PDCA cycle function under a possible water risk scenario to perform risk management from the perspectives of business continuity in the event of the depletion of water resources and water quality management.

Specific initiatives to reduce water usage

In FY 2019, the following water-saving activities were conducted at Group companies.

- Promoting the conservation of water resources at Fuji Oil Europe (Belgium) by producing and using recycled water in collaboration with nearby plants
- Installing a temperature control device at Fuji Oil (Zhang Jia Gang) Co., Ltd. (China) to reduce evaporated water
- Reducing the amount of water used in cooling equipment at Palmaju Edible Oil Sdn. Bhd. (Malaysia)
- Reducing water usage by enhancing the management of water usage at Fuji Oil (Thailand) Co., Ltd.
- Beginning to use NEWater, reclaimed water produced on the initiative of the Singapore government, at Fuji Oil (Singapore) Pte. Ltd. to conserve water resources
- Reusing wastewater at Harald (Brazil) to irrigate the company's garden

Food Loss Reduction

Focus SDGs



Management information

Relation between themes and business activities

Concerned that, in the future, food supply will be tight due to population growth, the efficient use of limited food resources is an important theme for food ingredient manufacturers. Besides reducing food loss in our manufacturing process, we can contribute to reducing food loss in B-to-C food manufacturers, who are our customers, and in retail through product development, taking advantage of our position as a B-to-B food ingredient manufacturer.

Basic approach

The Fuji Oil Group works on technological development to extend the best-before date of our products as well as our customers' products. This will contribute to reducing food loss in the value chain. In FY 2020, we will take a more comprehensive approach to food loss, strengthening our initiatives as new priority theme for ESG management.

Promotion system

We promote our initiatives to reduce food loss under the supervision of the Chief Technology Officer (CTO). Moreover, from FY 2020, the ESG Committee,* which is an advisory body to the Board of Directors, confirms the progress and results of these initiatives as a priority theme for ESG management.

* Refer to the URL below for details of the ESG Committee.

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

Next Step

In order to reduce food loss in the supply chain, we will continue working on technologies for extending the best-before date of our customers' products and for reprocessing surplus food on a Group-wide basis. In FY 2020, we plan to promote activities aimed at extending the best-before date of products and reprocessing products in the bread market.

Specific initiatives

Best-before date extension

Initiatives in this area include: ingredients development, combining manufacturing technologies, and co-creating with customers.

For instance, chilled dessert puddings may have a short best-before date because they lose their smooth texture over time. Fuji Oil Co., Ltd. can extend the best-before date of these products through ingredients that can maintain the smooth texture over time and by suggesting appropriate manufacturing conditions for customers. In this way, we contribute to reducing food loss by keeping the deliciousness of food for a longer time. We can also contribute to reducing food loss by reprocessing unsold surplus food. For instance, we can provide ingredients for reprocessing unsold fresh baked bread * into dressed bread, thereby contributing to reducing food loss.

* This includes bread loaf, a butter roll, a French bread, etc. that can be eaten in various ways, including by itself and with favorite ingredients put between or on top.



Unsold surplus bread



Reprocessed with
our plant-based food ingredients



French toast



Unsold surplus baguettes



Reprocessed with
our plant-based food ingredients



Crispy Gorgonzola toast

Sustainability

Waste Reduction

Focus SDGs



Management information

Relation between themes and business activities

As a natural consequence of Fuji Oil Group's business characteristics, the Group's manufacturing processes produce waste. Most of the waste is sludge contained in wastewater from the plants and waste activated clay generated after adsorbing impurities in the oil and fat refining process. We recognize that our initiatives for waste reduction will lead us to efficiently use materials and energy resources necessary for our business activities and consequently contributing to environmental conservation.

Basic approach

With full recognition of the relation between waste and its business activities, the Fuji Oil Group aims at reducing waste in its product manufacturing processes based on the Basic Policy of Environmental Integrity.* The Environmental Vision 2030,*² to be fulfilled by 2030, shows our Group-wide commitment to waste reduction.

* Refer to the URL below for details on the Basic Policy of Environmental Integrity.

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

*² Refer to the URL below for details on the Environmental Vision 2030

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

Promotion system

We promote our initiatives to reduce waste under the supervision of the Chief “ESG” Officer (C“ESG”O). Moreover, the ESG Committee*, which is an advisory body to the Board of Directors, confirms the progress and results of these initiatives as a priority theme for ESG management.

* Refer to the URL below for details of the ESG Committee.

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

Objectives / Results

2030 targets

In FY 2018, we formulated the Environmental Vision 2030 with 2030 as the target year. In the vision, we set a Group-wide target of reducing base-unit waste* by 10% from the base year of 2016 by 2030. We also set a target for a resource recycling rate of 99.8% or higher in our business operations in Japan by 2030.

* Base-unit waste: Amount of waste per unit of production

Progress toward 2030 targets

In FY 2019, base-unit waste discharged by all Fuji Oil Group companies decreased by 4% year on year and increased by 3% from the base year. While base-unit waste discharged by Group companies in Japan increased by 0.3% year on year, base-unit waste discharged by Group companies outside Japan decreased by 2% year on year. The main factor behind the increase in base-unit waste from Group companies in Japan was an increase in waste activated clay, sludge and plant residues due to production growth. Meanwhile, the main factor behind the decrease in base-unit waste from Group companies outside Japan was that the increase in production volume was more significant than the increase in waste. The recycling rate in Japan was 99.33%.

FY 2019 objectives

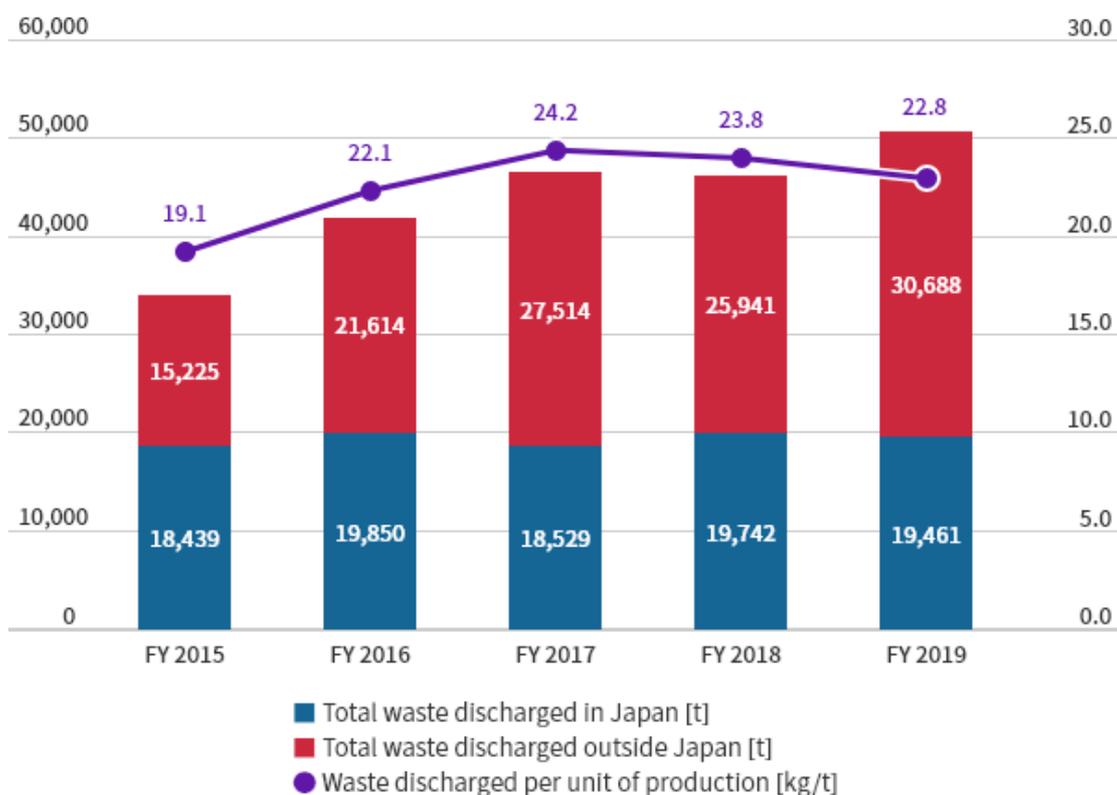
- Establishing optimal methods for collecting and analyzing data on waste and disclosing accurate information

FY 2019 results

In FY 2019, the total amount of waste discharged by Group companies in Japan was 19,461 tons, a 1.0% decrease from the previous fiscal year. In the same fiscal year, the

total amount of waste discharged by Group companies outside Japan was 30,688 tons, an 18% increase from the previous fiscal year. The main factor behind the decrease in the total amount of waste from Group companies in Japan was each plant's waste reduction activities. Meanwhile, the main factor behind the increase in the total amount of waste from Group companies outside Japan was that the amount of sludge and plant residues increased, that a certain amount of waste activated clay was no longer collected by any parties primarily due to the revision of government regulations, and that Blommer Chocolate Company (U.S.) joined the Fuji Oil Group. From now on, waste reduction across the Fuji Oil Group will require collecting more accurate data in a streamlined way. We are assessing a new data collection system and planning to introduce it in FY 2021.

Total annual waste discharged and waste discharged per unit of production



Total annual waste discharged and recycling rate at Fuji Oil Group companies in Japan



* The data for FY 2018 have been revised as a result of recalculation.

Next Step

We will continue to reduce waste across the Fuji Oil Group by using plant residues effectively, promoting the reuse of industrial waste as valuables and other means, with the aim of fulfilling the Environmental Vision 2030.

Specific initiatives

Waste reduction initiatives

Below are major waste reduction initiatives implemented by Group companies in FY2019.

- Treating sludge by pressing or drying to reduce the volume of waste at Shandong Longteng Fuji Foodstuffs Co., Ltd. (China), Tianjin Fuji Protein Co., Ltd. (China) and Fuji Oil (Singapore) Pte. Ltd.
- Using oil-containing waste as green energy resource at Fuji Oil Europe (Belgium)
- Promoting activities to sell waste as renewable energy resource at Blommer Chocolate Company (U.S.)

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 34,410 tons in FY 2019, increasing by approximately 2,078 tons from the previous fiscal year. The recycling rate increased by 2 percentage points from the previous year to 99.3%.

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

Sustainability

Packaging Materials Reduction

Focus SDGs



Management information

Relation between themes and business activities

The Fuji Oil Group's business activities incorporate the reduction of packaging materials in product manufacturing. Due to the characteristics of our B-to-B operations, many products are shipped in tank trucks or containers, but some products, such as chocolate and whipping cream, are packaged in corrugated cardboard boxes, inside cushioning materials and other packaging materials. Amid growing concern about resource depletion and marine plastic pollution, we recognize that reducing (thinning, lightening and replacing), recycling and reusing such materials will particularly help us contribute to the reduction of packaging materials.

Basic approach

From the perspective of sustainability, we believe that we need to implement initiatives to reduce the environmental impact of packaging materials by reducing their weight, replacing them with recyclable materials and recycling them. In FY 2019, related departments surveyed and examined how to reduce packaging materials. From FY 2020 onward, the ESG Committee, an advisory body to the Board of Directors, will deal with

this issue, defining specific approaches in the process of promoting activities to tackle the issue as a Group-wide priority theme for ESG management.

Promotion system

We promote our initiatives to reduce packaging materials under the supervision of the Chief “ESG” Officer (C“ESG”O). Moreover, from FY 2020, the ESG Committee,* which is an advisory body to the Board of Directors, confirms the progress and results of these initiatives as a priority theme for ESG management.

* Refer to the URL below for details of the ESG Committee.

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

Next Step

Positioning FY 2020 as the year for surveying the amount of packaging materials that we use, we will examine the amount of plastic and corrugated cardboard used and shipped as packaging materials, share within the Group materials that help reduce the environmental impact and information about them, and promote other activities.

Sustainability

Sustainable Procurement of Shea Nuts

Management information

Relation between themes and business activities

Shea butter is an important raw material used mainly as a cocoa butter equivalent (CBE) in the Fuji Oil Group's vegetable oils and fats business. CBE is widely used in the confectionery industry and is also used for non-palm oil purposes. Shea butter is extracted from shea tree kernels.* The shea kernel is known as a women's crop because it is predominantly harvested by women. Shea trees grow in the shea belt located in West Africa in the sub-Saharan Desert and bear fruit once a year between May and June.

* Shea kernel: An embryo in the seed (shea nut) taken from the fruit of the shea tree. Main production areas are Nigeria, Mali, Burkina Faso, and Ghana.

Basic approach

Our commitment to a future-proof supply chain is an important pillar that supports the sustainability of the Group. By working on the sustainable procurement of shea nuts, we aim to achieve our sustainability goals and create shared value along the shea butter value chain.

As we move forward with our initiatives, we will focus on the following three improvements.

- Conservation of green areas with shea trees and deforestation
- Social and environmental footprint of shea butter
- Value creation in local communities

The Group's sustainable procurement is based on a strong platform with talented and engaged people. The platform is developed based on broad insight and stakeholder engagement.

Specific initiatives

Conservation of green areas with shea trees

The harvested shea kernels are heat-treated in rural homes and then processed into edible shea butter in oil mills. Trees, including shea trees, are used as fuel firewood in the heat treatment of shea kernels. The felling of trees for firewood is a serious threat to shea trees and other ecosystems. FUJI OIL GHANA LTD. is not only involved in initiatives to stabilize the supply of shea nuts, but also will work on planting shea trees and preserving the surrounding green areas.

Social and environmental footprint of shea butter

Firewood and water, which are fuels for the heat treatment of shea kernels, are essential resources in rural areas. FUJI OIL GHANA LTD. shares knowledge with local women involved in harvesting shea kernels in cooperation with villages, in order to reduce resource consumption, decrease farmers' workload, and improve shea quality.

We will promote the following initiatives in the future.

- Pursue the transparency of the supply network and the shortest supply route to build a fair supply network
- Raise awareness about human rights, ethics, and environmental impact, using the Supplier Code of Conduct
- Educate the local community on occupational safety and health, resource use, quality improvement, and workload reduction, as well as providing training on cooperative associations, businesses, and business development

Contribution to the local economy

FUJI OIL GHANA LTD. is located in Tetchiman, Ghana. We are involved in promoting the sophistication of the processing of shea butter in cooperation with local partners. Shea kernels procured in West Africa are pressed for oil extraction. We work to increase the added value of shea butter and create local employment. By-products of the oil extraction process are used not only as green energy sources and raw materials for soap, but also for food applications.

Collaboration with external organizations

FUJI OIL GHANA LTD. is member of the Global Shea Alliance (GSA)* and the Shea Network Ghana*². The activities of these organizations are :

- Storage of nuts that can be provided to women's groups
- Business training for women
- Occupational safety and health initiatives
- Development of equipment for tree planting
- Training on the management of green areas
- Pilot projects for green conservation

* Global Shea Alliance (GSA): Refer to the URL below for details of the organization.

▶ <https://globalshea.com/> 

*² Shea Network Ghana: Refer to the URL below for details of the organization.

▶ <http://sheanetworkghana.com/> 

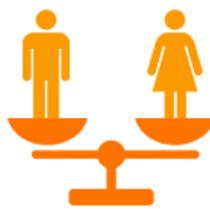
Sustainability

Social

Initiatives for the Social in Numbers



191
farms



Approx.
50 %



Approx.
1,400
persons

Number of RSPO-certified farms through support for smallholders in Sabah, Malaysia

(Accumulation from January 2016 to March 2019)

Ratio of female employees among new graduates on managerial tracks

(As of April 2020)
(Fuji Oil Holdings, Inc. and Fuji Oil Co., Ltd.)

Number of participants in classes under the “SDGs for School”* project supported by the Fuji Oil Group

* The project is hosted by General Incorporated Association Think the Earth

Management

Human Rights Management

- ▶ Relation between themes and business activities
- ▶ Basic approach
- ▶ Promotion system
- ▶ Educational, promotional and awareness-raising activities
- ▶ Human rights due diligence
- ▶ Establishment of a grievance mechanism

Sustainable Procurement Management

- ▶ Relation between themes and business activities
- ▶ Basic approach
- ▶ Promotion system
- ▶ Specific initiatives

- ▶ Dialogue-based review of initiatives

Activity Report in Priority Areas

Foods Creation

Priority theme

Providing solutions to food resources shortage

- ▶ Relation between themes and business activities
- ▶ Basic approach
- ▶ Promotion system
- ▶ Objectives / Results
- ▶ Next Step
- ▶ Specific initiatives

Priority theme

Response to Excessive Sugar Intake Concerns

- ▶ Relation between themes and business activities
- ▶ Basic approach
- ▶ Promotion system
- ▶ Next Step
- ▶ Specific initiatives

Priority theme

Reduction of trans fatty acid contents

- ▶ Relation between themes and business activities
- ▶ Basic approach
- ▶ Promotion system
- ▶ Next Step
- ▶ Specific initiatives

Assurance of Product Quality and Safety

Diversity

Occupational Safety and Health

Priority theme

Ensuring Thoroughgoing Food Safety and Quality

- ▶ Relation between themes and business activities
- ▶ Basic approach
- ▶ Promotion system
- ▶ Objectives / Results
- ▶ Next Step
- ▶ Specific initiatives

Priority theme

Practice of Diversity Management

- ▶ Relation between themes and business activities
- ▶ Basic approach
- ▶ Promotion system
- ▶ Objectives / Results
- ▶ Next Step
- ▶ Specific initiatives

Priority theme

Promoting Occupational Safety and Health

- ▶ Relation between themes and business activities
- ▶ Basic approach
- ▶ Promotion system
- ▶ Objectives / Results
- ▶ Next Step
- ▶ Specific initiatives

Sustainable Procurement (Main Raw Materials)

Priority theme

Sustainable Procurement of Palm Oil

- Relation between themes and business activities
- Basic approach
- Promotion system
- Objectives / Results
- Next Step
- Specific initiatives

Priority theme

Sustainable Procurement of Cacao

- Relation between themes and business activities
- Basic approach
- Promotion system
- Objectives / Results
- Next Step
- Specific initiatives

Priority theme

Sustainable Procurement of Soybeans

- Relation between themes and business activities
- Basic approach
- Promotion system
- Objectives / Results
- Next Step
- Specific initiatives

Activity Report in Basic Areas

Employment / Human Resource Development

- Relation between themes and business activities
- Basic approach
- Promotion system
- Specific initiatives

Maintenance and promotion of employee health (health management)

- Relation between themes and business activities
- Basic approach
- Promotion system
- Specific initiatives

Coexistence with Communities

- Relation between themes and business activities
- Basic approach
- Promotion system
- Specific initiatives

Sustainable Procurement of Shea Nuts

- Relation between themes and business activities
- Basic approach
- Specific initiatives

Data Book

ESG Data Book
(462KB)



Sustainability

Human Rights Management

Management information

Relation between themes and business activities

The Fuji Oil Group's business activities involve the participation of several stakeholders. We recognize that our business activities can have direct or indirect impacts on the human rights of a wide range of stakeholders, from employees through laborers in the supply chains to consumers.

Basic approach

As stated in our Group Management Philosophy, the Fuji Oil Group upholds a commitment to "Work for people" as one of its core values. In line with this commitment, we, as a globally operating company, will engage in business activities that respect human rights 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, we announced the Fuji Oil Group Human Rights Policy in April 2017.

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

Promotion system

Under the supervision of the Chief "ESG" Officer (C"ESG"O), who is the officer in charge of CSR at Fuji Oil Holdings, the ESG Management Group promotes Group-wide efforts to respect human rights and raise awareness of human rights issues, to identify and control human rights risks, and 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 ESG management priority themes,* and the ESG Committee,*² which is an advisory body to

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

* Refer to the URL below for details of ESG management priority themes.

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

*2 Refer to the URL below for details of the ESG Committee.

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

Educational, promotional and awareness-raising activities

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

In FY 2019 we designated December 4 to 13, 2019 as Fuji Oil Group Human Rights Week. During this week we share our basic approaches embodied by the Human Rights Policy with all Group companies and heighten employees' awareness of our initiatives to promote the theme "business and human rights". The programs listed below were implemented under the co-sponsorship of the Chief Administrative Officer (CAO) and the C"ESG"O. Some employees' comments on the programs were: "The programs have made me aware of the relationship between the Group's commitment to "Work for people" shown in the Group Management Philosophy and human rights," and "The programs have enabled me to understand the company's intention to value human rights."

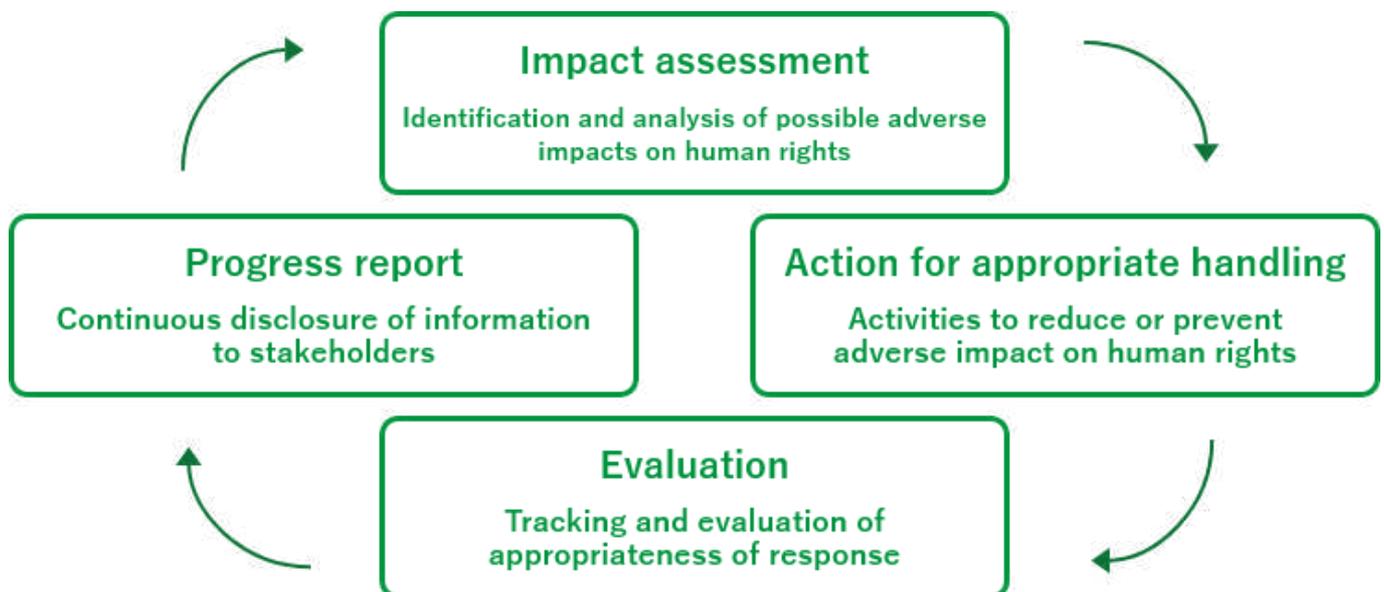
| Human Rights Week programs | Targets |
|---|---|
| Management messages (messages from the CEO, CAO and C"ESG"O) | All Fuji Oil Group companies |
| Business and Human Rights e-learning movie | |
| Commentary article on business and human rights | |
| Daily e-newsletters on business and human rights | Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd. |
| Diversity seminar | |



Human rights due diligence

Overview of human rights due diligence

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



Process of 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 possible adverse impacts of its business activities on human rights 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 in-house parties to reflect the actual situation of the Group in addressing human rights risks. The second stage was done in collaboration with Caux Round Table Japan.

Our business environment has changed since the impact assessment in FY 2016, due to M&A and other factors. For this reason, we plan to conduct a second impact assessment in FY 2020.

Human rights risks identified and progress of countermeasures

| Human rights risks identified | | Specific concerns | Countermeasures | Progress |
|---|---|---|----------------------------------|---|
| 1. Education and training of Group employees | <ul style="list-style-type: none">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 | (1) Insufficient mechanism for the Human Rights Policy to be reflected in employee behavior | Providing education and training | <ul style="list-style-type: none">In December 2019, we organized a Human Rights Week and shared information about business and human rights across entire Group. The objective was to raise Group-wide awareness of the Human Rights Policy and operational matters that require special attention. <p>* Refer to the article on "Education" on this page for details of the Human Rights Week.</p> |

| Human rights risks identified | Specific concerns | Countermeasures | Progress |
|--|---|--|---|
| <ul style="list-style-type: none"> • 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 • 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 • Risk of unintentional violations of the human rights of laborers related to working hours and workplace discrimination, particularly at overseas group companies in Southeast Asia, China, and Africa | <p>(2) Insufficient monitoring of human rights risks at joint venture companies and recently acquired group companies</p> <p>(3) Insufficient Human Rights Risk monitoring at temporary and contract laborers</p> | <p>Managing human rights risks using each company's risk management system</p> | <ul style="list-style-type: none"> • The ESG Management Group of Fuji Oil Holdings raised awareness about the human rights risks described on the left to all Risk Management Committees established in Group companies. (Number of Group companies subject to FY 2019 risk assessment that covered human rights risks: 27; percentage of Group companies subject to the risk assessment: 96%) • Each Group company implemented countermeasures against human rights risks. <ul style="list-style-type: none"> - Group companies receiving the Sedex Members Ethical Trade Audit (SMETA) took corrective action for the items pointed out in the audit in order to reduce human rights risks. - Group companies not receiving the SMETA conducted a survey on companies with which they have business relations (staffing agencies and contractors), using the Fuji Oil Group's own questionnaire. The objective was to ensure their understanding of the Group's policy and encourage their efforts to reduce human rights risks. |

| Human rights risks identified | | Specific concerns | Countermeasures | Progress |
|--------------------------------|--|---|---|---|
| 2. Grievance mechanism | <ul style="list-style-type: none"> Risk of inability to accept and handle complaints from laborers at suppliers and from local residents (absence of grievance mechanism) | Lack of grievance mechanisms for the supply chains despite the existence of the internal hotline system | Establishing grievance mechanisms for the supply chains | <ul style="list-style-type: none"> In May 2018, we established and announced a grievance mechanism* based on our Responsible Palm Oil Sourcing Policy. Since then, we have operated the mechanism. By the end of March 2020, we have received a total of 101 grievances, 73 of which have led to business closure or contract cancellation. <p>* Refer to the URL below for details of the grievance mechanism. https://www.fujioilholdings.com/en/csr/grievance_mechanism/</p> |
| 3. Raw materials supply chains | <ul style="list-style-type: none"> 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 Risk of human rights violations related to child labor, forced labor, human trafficking, inappropriate wages and long working hours in the upstream of the cacao supply chain | High human rights risks particularly in the palm oil and cacao supply chains | Promoting sustainable procurement | <ul style="list-style-type: none"> We promote improvement activities to address human rights risks in the palm oil supply chain, based on our Responsible Palm Oil Sourcing Policy. These activities include traceability improvement, supply chain improvement, and smallholder support. <p>* Refer to the URL below for details of these activities. https://www.fujioilholdings.com/en/csr/environment/palm_oil/</p> <ul style="list-style-type: none"> To address human rights risks in the cacao supply chain, we promote activities for community support and smallholder support based on our Responsible Cacao Sourcing Policy. <p>* Refer to the URL below for details of these activities. https://www.fujioilholdings.com/en/csr/environment/cacao/</p> |

Establishment of a grievance mechanism

Internal hotline system for employees

We established a whistleblowing hotline system* for employees of Group companies inside and outside Japan and employees of some cooperating companies.

* Refer to the URL below for details of the internal hotline system.

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

Grievance mechanism for our supply chains

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.

* Refer to the URL below for details of the grievance mechanism.

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

Dialogue-based review of initiatives

Expert panel dialogue

In June 2019, we held a dialogue with experts on business and human rights to receive their advice on our current and future initiatives for business and human rights. This was the fourth dialogue that we have held on this theme since FY 2016. Mr. Dante Pesce, a member of the United Nations Working Group on Business and Human Rights, and Mr. Hidemi Tomita, Director of Lloyd's Register Japan, participated as experts in the dialogue. Participants from the Fuji Oil Group included the CEO, the C“ESG”O, the executive officer in charge of the Oils & Fats and Chocolate Division, and members of CSR departments. In the dialogue, the participants exchanged their views on comprehensive approaches toward business and human rights and the palm oil grievance mechanism, which the Group had launched as a specific human rights initiative in May 2018. Through the process of exchanging views with the experts, we confirmed the importance of dialogue with stakeholders and received advice on approaches toward the operation of the grievance mechanism. One of the most relevant inputs was that, based on the United Nations Guiding Principles on Business and Human Rights, it would be desirable that parent company-level grievances* are addressed appropriately even if they occur outside our supply chains. We used the input received during the dialogue to improve our activities. To address parent company-level grievances in particular, in FY 2019, we began offering related information to our direct suppliers and monitor the parent companies under suspicion of breaching human rights. Furthermore, the updated Grievance Procedure,*² which was disclosed in April 2020, announces that the Fuji Oil Group will address parent company-level grievances as grievances in line with the definition by RSPO.*³ We will continue implementing our initiatives for business and human rights while receiving advice and validation of our approaches from experts.

* Parent company-level grievances: Grievances that are filed against businesses that are operated outside our supply chains by the parent companies of suppliers in our supply chains, and do not comply with our policy

*2 Refer to the URL below for details of the updated Grievance Procedure.

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

*3 RSPO: Roundtable on Sustainable Palm Oil



Sustainability

Providing solutions to food resources shortage

Focus SDGs



Management information

Relation between themes and business activities

Since shortly after its founding, the Fuji Oil Group aims at providing solutions to food resources shortage associated with population growth by using plant-based ingredients. For more than 60 years since 1957, we pursue the possibility of soy protein under the belief that plant-based protein can compensate for the shortage of animal protein sources. It is estimated that the world population will grow to 9.7 billion by 2050. We recognize that we can provide solutions to food resources shortage due to population growth and other factors by utilizing food ingredients made from plant-based protein.

Basic approach

There is a growing sense of crisis in society toward food shortages and environmental problems. In the past, plant-based protein ingredients were used merely as substitutes for animal protein sources. Instead, under the slogan, "Providing the deliciousness of plant-based food ingredients while solving social problems," we aim at establishing a new category of plant-based foods in the market, thereby contributing to solving social issues.

Promotion system

We promote our initiatives to provide solutions to food resources shortage under the supervision of the Chief Technology Officer (CTO). Moreover, the ESG Committee*, which is an advisory body to the Board of Directors, confirms the progress and results of these initiatives as a priority theme for ESG management.

* Refer to the URL below for details of the ESG Committee.

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

Objectives / Results

FY 2019 objectives

- Developing and launching plant-based food ingredients as alternatives to animal protein and dairy products

FY 2019 results

The sales volume of plant-based food ingredients as alternatives to animal protein and dairy products has grown steadily over the past three years. We believe that this is mainly a result of our initiatives to propose delicious and healthy food ingredients in Japan.

| | Sales volume (vs. FY 2018) | Sales volume (vs. FY 2016) |
|--|----------------------------|----------------------------------|
| Plant-based food ingredients as an alternative to animal protein sources | 140% growth | 110% or higher growth every year |
| Plant-based food ingredients as an alternative to dairy products | 106% growth | 141% growth |

Next Step

It is predicted that food resources will be in short supply due to a population increase and growing environmental problems. We will promote initiatives to help solving this social issue, including commercializing plant-based food ingredients as alternatives to animal protein sources and dairy products. In FY 2020, we aim to develop full-fledged meat alternatives made from plant-based ingredients and commercialize cheese alternatives and soups made from plant-based ingredients.

Specific initiatives

Broadening a lineup of alternative food ingredients through research and development

The Fuji Oil Group strives to develop alternative food ingredients that feature deliciousness unique to plant-based ingredients by taking advantage of our long-cherished soy protein development technologies, as well as latest knowledge. For example, in FY 2019, we developed the soymilk cream butter Soy Lait Beurre as a new product that uses our proprietary Ultra Soy Separation (USS) manufacturing method. The Soy Lait Beurre is a plant-based butter featuring a clear mouthfeel. It also makes food or dishes more delicious by nicely complementing the flavors of other ingredients. When kneaded into dough, it makes bread or baked sweets melt in the mouth and feel fluffy and moist.

By proposing and providing delicious plant-based protein ingredients, we contribute not only to delivering the joy of food to consumers, but also to solving food shortages in a way with little environmental impact.



Soy Lait Beurre



Soy raisin sandwich cookies

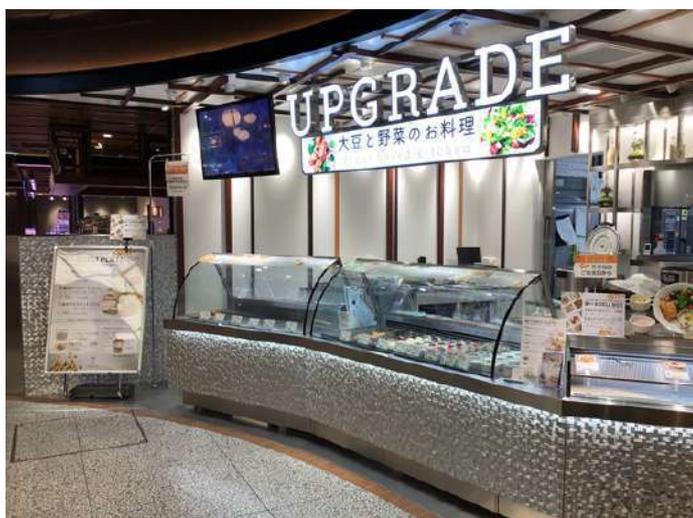
Creating value through market proposals

Interest in plant-based foods has rapidly grown worldwide because of mounting public concern about social issues, including climate change and population increase. One example of this concern is the action for the future of the earth led by the young generations commonly known as “millennials”^{*1} and “Generation Z.”^{*2} Since social media enables individuals to deliver instant messages to the world, the way in which information spreads has changed completely in a very short time. In response to this change, Fuji Oil Co., Ltd. should also change the process, speed, and concept of commercialization. To

helping achieve this, in September 2019 we opened temporarily a restaurant at the Daimaru Shinsaibashi store named “UPGRADE Plant based kitchen,” featuring dishes made with plant-based ingredients. The overwhelming majority—over 70%—of guests are women up to their 40s. The restaurant has also enjoyed high reputation among international guests, some of whom are frequent guests. We position the restaurant as the Fuji Oil Group's base for sharing its Plant-Based Food Solutions (PBFS) with the general public and place for co-creation with guests/customers. From now on, we will launch new products developed on the basis of the restaurant’s sales data, menus, and operations.

* Millennials: People born between 1981 and 1996 (according to one of the major views)

*2 Generation Z: People born in 1997 or later (according to one of the major views)



UPGRADE Plant based kitchen at the Daimaru Shinsaibashi store



Youlinji-style deep-fried soy meat

Soy product supply chain construction and a business survey aimed at improving nutrition and increasing women’s income in Burkina Faso

Fuji Oil Ghana, a Fuji Oil Group company in Ghana, imports much of shea nuts as a raw material from the neighboring Burkina Faso. Many of the women who harvest shea nuts in the region are also engaged in soybean production.

Therefore, the Fuji Oil Group conducted a business feasibility study on the procurement of soybeans, and the development, manufacture and sale of "soy meat" in Burkina Faso. The aim is to improve the nutrition of local consumers and increasing local farmers' income. This project was selected as a 2018 Survey on Businesses to Address Developing Country Issues (SDG Business)* by the Japan International Cooperation Agency (JICA). Within the JICA framework, the contribution of this project to achieving specific SDG targets was also examined.

So far progress has been made in building a local soybean procurement network and surveying the current status of female soybean farmers’ organizations. Based on the

results, an initiative was launched to increase the soybean yield. In addition, product development methods suitable for local people's dietary habits and nutritional conditions and other issues are being discussed in cooperation with various stakeholders. The aim is to contribute to solving nutritional problems, such as stunting and micronutrient shortage.

Further surveys are planned at multiple stages of the value chain so that we can understand social issues from the perspectives of local people and contribute to solutions to those issues by taking advantage of our strengths.

* Survey on Businesses to Address Developing Country Issues (SDG Business) supported 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 SDGs in developing countries.



A meeting with a farmers' group



soybean fields

Sustainability

Response to Excessive Sugar Intake Concerns

Focus SDGs



Management information

Relation between themes and business activities

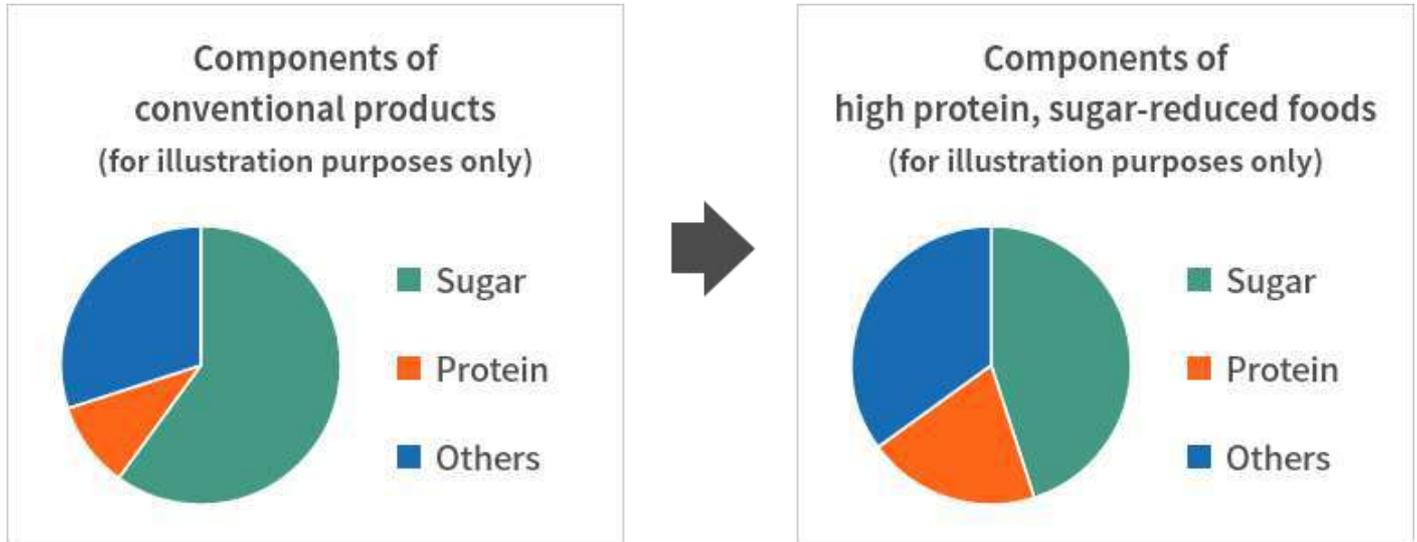
There is increasing global concerns to excessive sugar intake to prevent obesity and lifestyle-related diseases. For instance, in 2015, the World Health Organization (WHO) published a guideline that recommends adults and children to reduce their daily intake of free sugar to less than 10% of the total energy intake.

The Fuji Oil Group uses sugar in many products, such as industrial chocolate and whipping cream. Our research excels in plant-based protein ingredients*, which can partially replace sugar. As a B-to-B food ingredient manufacturer, we can contribute to suppressing excessive sugar intake.

* Plant-based protein ingredients that can partially replace sugar: The sugar contained in staple foods (bread, cereals, etc.) and confectionery can be partially replaced with our plant-based protein ingredients. We suggest customers to partially use our plant-based protein ingredients when making bread and cereals to reduce the sugar content of the products.

Basic approach

We provide delicious and sugar-suppressing solutions for the health of people around the world. We provide delicious food ingredients with an excellent nutritional balance to customers and consumers by partially replacing the sugar in food with protein. We can contribute to solving the excessive intake of sugar by consumers by proposing and providing high-protein, sugar-reduced foods.



Promotion system

We promote our initiatives to reduce sugar intake under the supervision of the Chief Technology Officer (CTO). Moreover, from FY 2020, the ESG Committee,* which is an advisory body to the Board of Directors, confirms the progress and results of these initiatives as a priority theme for ESG management.

* Refer to the URL below for details of the ESG Committee.

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

Next Step

Going forward, we will expand the sales of sugar-free products and develop plant-based protein ingredients that partially replace the sugar in food (bread and other staple foods and confectionery). In FY 2020, we will advance the development of food ingredients that help to increase the ratio of protein in staple foods, such as bread and cereals.

Specific initiatives

Expanding the sales of sugar-free chocolate

We are increasing the sales of sugar-free chocolate to meet the desire of consumers to reduce sugar intake. Blommer Chocolate Company (United States) is increasing the sales of sugar-free compound chocolate* to large customers, which is produced on a dedicated production line. Demand for sugar-free chocolate is increasing in Japan and Europe, and we anticipate that an increasing number of consumers will want to refrain from sugar intake in other Asian countries as well. The Fuji Oil Group is committed to deliciousness and health. To provide delicious sugar-free products around the world, using the Group's network in the chocolate business, we are working together in selecting raw materials, designing recipes, developing manufacturing methods, and selling products to customers.

* Compound chocolate: The main ingredients of chocolate are cacao, milk, sugar, and oils and fats. In compound chocolate, non-cacao vegetable oils and fats are used instead of cocoa butter.

Expanding sugar-reduced foods

The Group proposes and provides food with an excellent nutritional balance by continuing research on delicious plant-based protein ingredients to partially replace the sugar in sugar-rich foods (staple foods and confectionery) with proteins. For instance, by partially replacing the sugar in staple foods, such as bread and cereals, with proteins, it is possible to easily reduce the amount of sugar without sacrificing taste. We contribute to delivering the joy of food and health to consumers by proposing and providing delicious plant-based protein ingredients that can replace these sugars to customers.



Sugar-reduced cookie bars



Sugar-reduced cereals

* The photos are for illustration purposes only.

Reduction of trans fatty acid contents

Focus SDGs



Management information

Relation between themes and business activities

Since the development of the hydrogenation technology as a method of processing edible oils and fats, the use of oils and fats containing trans fatty acids (TFA) has spread rapidly, contributing to the diversification of food products. However, subsequent studies revealed that a continued high TFA intake of 2% or more of the total energy intake can increase the risk of heart disease. In 2003, the World Health Organization (WHO) and the Food and Agriculture Organization (FAO) jointly recommended the maximum TFA intake to be less than 1% of the total daily energy intake.

Furthermore, in 2018, the WHO released an action package to eliminate TFA generated during the production of processed-foods. This action recommends national governments and food manufacturers to limit industrially-produced TFA to less than 2 g/100 g of total fat or oil. This action should cover all foods by 2023.

The Fuji Oil Group has an advantageous position in technologies like transesterification, which, when used in food manufacturing, does not generate TFA. Our initiatives to commercialize low- and non-trans acid oils and fats for chocolate and margarine production can contribute to providing delicious and healthy food ingredients for our customers and consumers in general.

Basic approach

The Fuji Oil Group has contributed to lower the general TFA intake levels in various regions in cooperation with our customers. The Group defined a basic approach toward this theme in FY 2019 to further enhance its initiatives. Since FY 2019, In line with the WHO's recommendations, we have strengthened the in-house system to reduce industrially-produced TFA to less than 2 g/100 g of total fat or oil in the regions in which the TFA intake exceeds 1% of the total daily energy intake. This is based on our vision of "contributing to the society by creating the future of delicious and healthy foods", declared in the Group Management Philosophy, since FY 2019.

Promotion system

We promote our initiatives to reduce the TFA contents of our products under the supervision of the Chief Technology Officer (CTO). Moreover, from FY 2020, the ESG Committee,* which is an advisory body to the Board of Directors, confirms the progress and results of these initiatives as a priority theme for ESG management.

* Refer to the URL below for details of the ESG Committee.

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

Next Step

With the target by FY 2023 in mind, we will reduce the TFA contents of our products in compliance with TFA-related regulations in each country. We will make Group-wide efforts to manage the progress and promote initiatives, with each Group company setting a yearly target.

Specific initiatives

Response to demand for non- and low-trans acid oils and fats

Regulations on TFA use have been increasingly tightened in various areas around the world. The U.S. in particular has seen a growing demand for palm oil with low TFA content against the backdrop of the Food and Drug Administration (FDA)'s final determination.* To enhance our response to trends toward reducing the TFA intake, Fuji Vegetable Oil (U.S.), an overseas Fuji Oil Group company, plans to put into operation a new production site in New Orleans within FY 2021.

* FDA's final determination: Final determination released by FDA in June 2015 that manufacturers cannot add to foods the kinds of oil that are the primary source of artificial TFA, which are thought to increase the risk of heart disease, after June 2018 in principle

Sustainability

Ensuring Thoroughgoing Food Safety and Quality

Focus SDGs



Management information

Relation between themes and business activities

The Fuji Oil Group recognizes that, as a food ingredient manufacturer, it can have an impact on the safety of food provided to customers and consumers. We believe that it is important for us to ensure thoroughgoing food safety and quality in full consideration of all processes, from product design, through raw material procurement, manufacturing, and shipping, to consumers' consumption of our products.

Basic approach

For the Fuji Oil Group, providing safe and secure products to society is a prerequisite for its business activities as food manufacturer. The Group 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. We recognize that we can contribute to thoroughgoing food safety and quality by enhancing our quality and food safety management based on the Quality Assurance Regulations and promoting continuous activities to raise employees' quality awareness.

Basic Policy of Quality

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

Promotion system

We promote our initiatives to ensure thoroughgoing food safety and quality under the supervision of the Chief “ESG” Officer (C“ESG”O). Moreover, the ESG Committee*, which is an advisory body to the Board of Directors, confirms the progress and results of these initiatives as a priority theme for ESG management.

At Fuji Oil Co., Ltd., the sales divisions receive customer grievances, complaints, and inquiries about quality. These are then scrutinized by the quality control department, and verified and investigated by the relevant departments. After that, responses are provided through the quality control department to the sales divisions, which communicate with the customers.

Fuji Oil Group companies collect and analyze data on grievances and complaints filed to them by customers. Fuji Oil Holdings Inc. compiles and analyzes those data, and shares related information with all Group companies.

* Refer to the URL below for details of the ESG Committee.

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

Objectives / Results

FY 2019 objectives

- Reviewing and improving quality audit items to raise the levels of quality assurance systems outside Japan
- Establishing a network among quality control managers
- Reviewing and improving the Quality Assurance Regulations and building more widespread employees’ awareness of the Regulations

FY 2019 results

To fulfill the objective of reviewing and improving quality audit items, we revised the quality audit items so that they would be easier for site managers to understand, and have used the revised items since the October 2019 audits. To establish a network among quality control managers, the Production Productivity Management Group launched information sharing initiatives. Information about quality accidents and trends in food regulations is collected around the world and shared with Group companies. Moreover, as a measure to review and improve the Quality Assurance Regulations and build more widespread awareness, we distributed materials that explain “quality assurance activities,” which the Regulations provide for.

Next Step

To achieve the goal of “ensuring that no customer complaints are filed against problems caused by the Fuji Oil Group about any of our products ,” we will continue to ensure thoroughgoing food safety and quality by conducting educational activities to raise employees’ quality awareness and by acquiring certifications.

Our objectives in FY 2020 are to (1) raise employees’ quality awareness to achieve zero serious quality complaints, and (2) promote the establishment of a quality network centered around Fuji Oil Holdings Inc. To fulfill the objectives, we will survey the current status of collective education, review our way of regularly collecting quality data, and promote other activities.

Specific initiatives

Risk management and countermeasures

Quality management system

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 these regulations , the management status of each Group company is monitored (through safety, quality and environmental audits). Furthermore, we hold Meetings on Safety, Quality & the Environment in each region to enable persons in charge at each Group company to share activities, best practices and know-how within the Group.

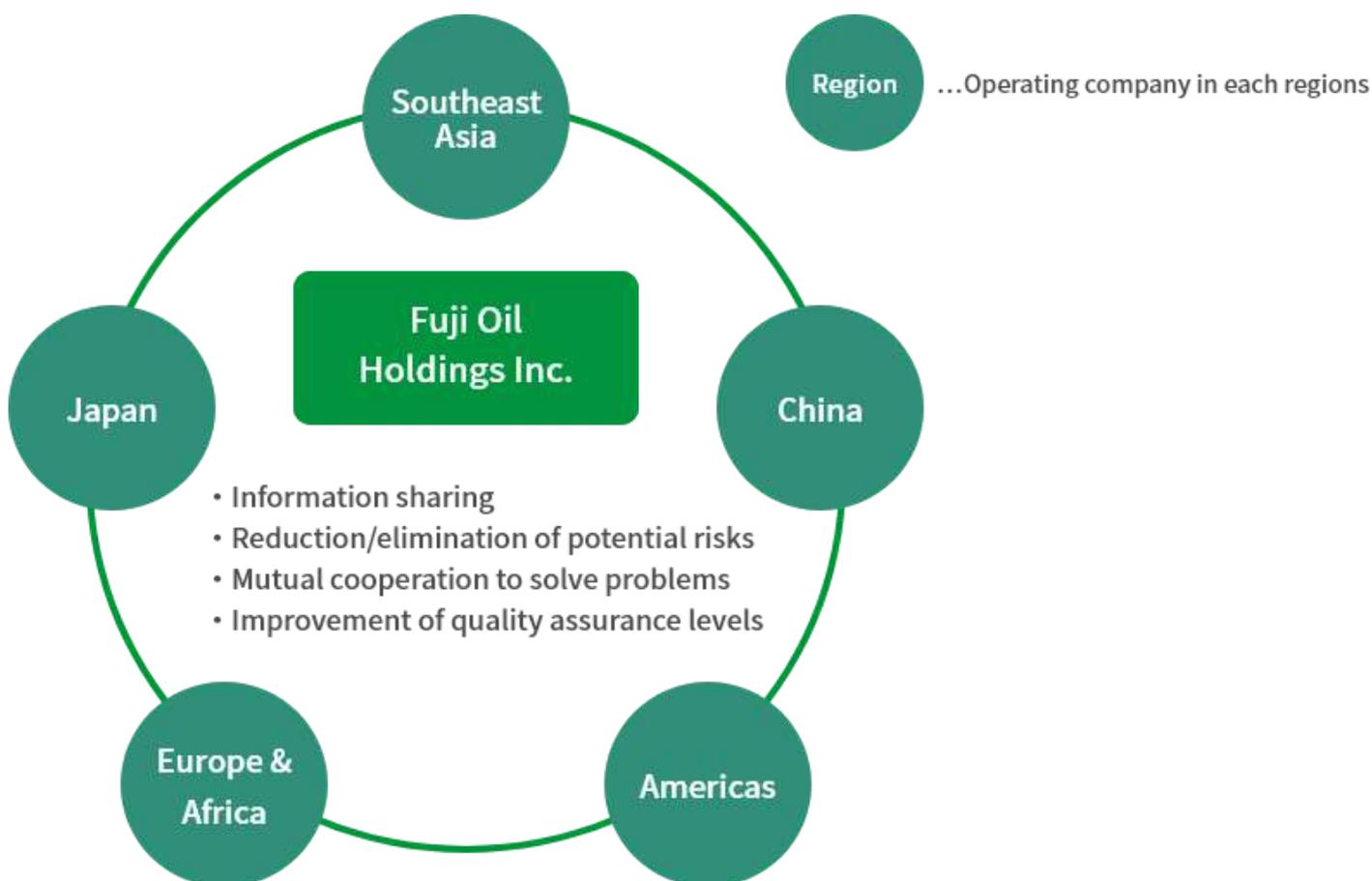
Acquisition of Management Certifications

Refer to the URL below for details of Group companies' management certification status.

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

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 risk factors and to solve problems quickly through mutual cooperation. Among this factors are: failures to share the experience and knowledge of other Group companies, latest information on food regulations in other countries or international food trends, etc. Specifically, we promote information sharing among quality control managers involved in quality assurance, to enhance our quality assurance system.



Risk management methods for food safety

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

* Refer to the URL below for details of the risk management system.

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

Food safety-related risks and countermeasures

In FY 2019, the risk assessment of the entire Fuji Oil Group identified some food safety-related risks, including contamination with foreign matter, allergens and inappropriate raw materials. We have since worked on reducing these risks by acquiring quality management certifications, conducting evaluation and giving guidance on these risks in internal audits.

Education

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 the action guidelines and holds lectures on hygiene and other matters. A total of 100 people attended these lectures in FY 2019.

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 on quality among our employees focusing on predefined themes.

We have also continued providing Group companies outside Japan with technical guidance on newly introduced analytical equipment to improve the overall quality management level of our Group. We will continue promoting technological exchange among Group companies to spread the Group's advanced analytical techniques, in order to provide safer and more reliable products to customers worldwide.

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 issues updates on any law or regulation revisions to the relevant departments via the "Food Safety Information" that is distributed to them, in order to ensure that these revisions are promptly and accurately reflected in 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 2019, no serious labeling violations occurred at Group companies in or outside Japan.

Recalls and Other Incidents

In FY 2019, the Fuji Oil Group did not recall any products.

| Fiscal year | No. of recall cases | Details |
|-------------|---------------------|--|
| 2019 | 0 | — |
| 2018 | 1 | In March 2018, we recalled some oil & fat and chocolate products produced by Fuji Oil Europe (Belgium) after they were proven to contain glycidyl esters* exceeding the maximum limits established by EU regulations. We confirmed that all relevant products were collected before being sold to consumers. We also adopted measures to prevent recurrence of similar problems. |
| 2017 | 0 | — |

* Glycidyl ester: A substance formed in the process of refining oils/fats. Because it can have adverse effects on human health due to its carcinogenetic properties, the maximum content of glycidyl esters in food products is regulated by EU legislation. The Codex Alimentarius Commission is discussing the safety of glycidyl esters.

Sustainability

Practice of Diversity Management

Focus SDGs



Management information

Relation between themes and business activities

As a corporate group operating globally, the social responsibility of the Fuji Oil Group is to respect the diversity of individual qualities and values of its human resources. Our group requires great creativity in developing business strategies to continuously contribute to a society amid changing social values. This is done through back-casting toward a new future, which is not just an extrapolation of the past. An overly homogeneous group would have a limited power to demonstrate their creativity. Diversity is also important to provide value to society. An environment and corporate climate in which diverse human resources play an active role will enable us to create businesses based on innovative strategies.

Basic approach

Our energy to continuously create sustainable value for society is rooted in an environment where diverse human resources can use their different values and individuality. The Fuji Oil Group Management Philosophy defines “Work for people” as one of the values of the Fuji Oil Group. This means that we must always consider the other person's point of view when doing business. This is the basic guiding principle to embrace

diversity and provide value to society.

Based on this principle, we formulated the Fuji Oil Group Diversity Vision for FY 2020 and beyond. To realize this vision, Fuji Oil Co., Ltd. established its Basic Diversity Policy.



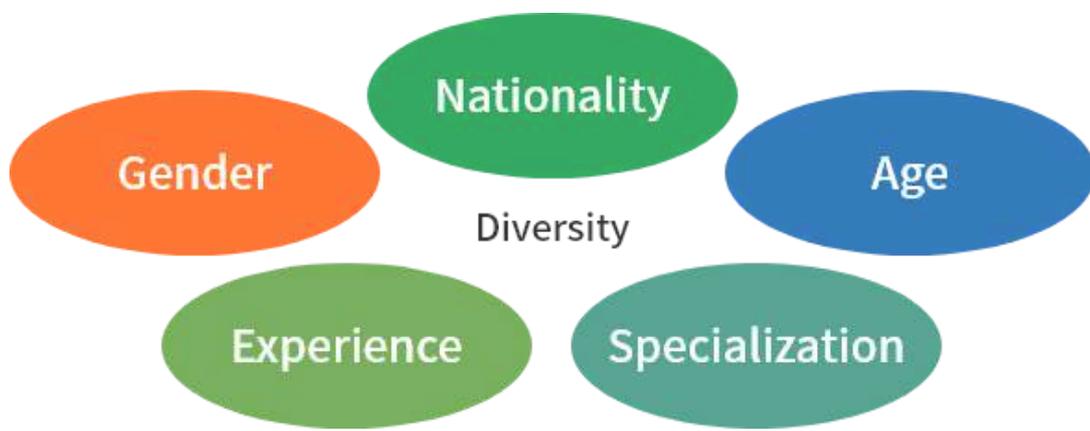
Fuji Oil Group Diversity Vision

Enjoy diversity

Diverse human resources are a source of inspiration and innovation. We will contribute to society by “Work for people” and enjoying the synergy among us. In doing so, we will provide diverse customers worldwide with deliciousness and health in a variety of food products.

Focus areas to promote diversity

On the Diversity Vision for FY 2020 and beyond, the Fuji Oil Group defined gender, nationality, generation, specialization and experience as focus areas to promote diversity. We foresee awareness and system reforms to enable all our employees to use their diverse background and individuality as their strengths.



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.

Promotion system

We promote diversity management initiatives under the supervision of the Chief Administrative Officer (CAO). Moreover, the ESG Committee*, which is an advisory body to the Board of Directors, confirms the progress and results of these initiatives as a priority theme for ESG management.

* Refer to the URL below for details of the ESG Committee.

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

Promotion system



Objectives / Results

FY 2019 objectives

- Formulating a vision and roadmap for diversity management

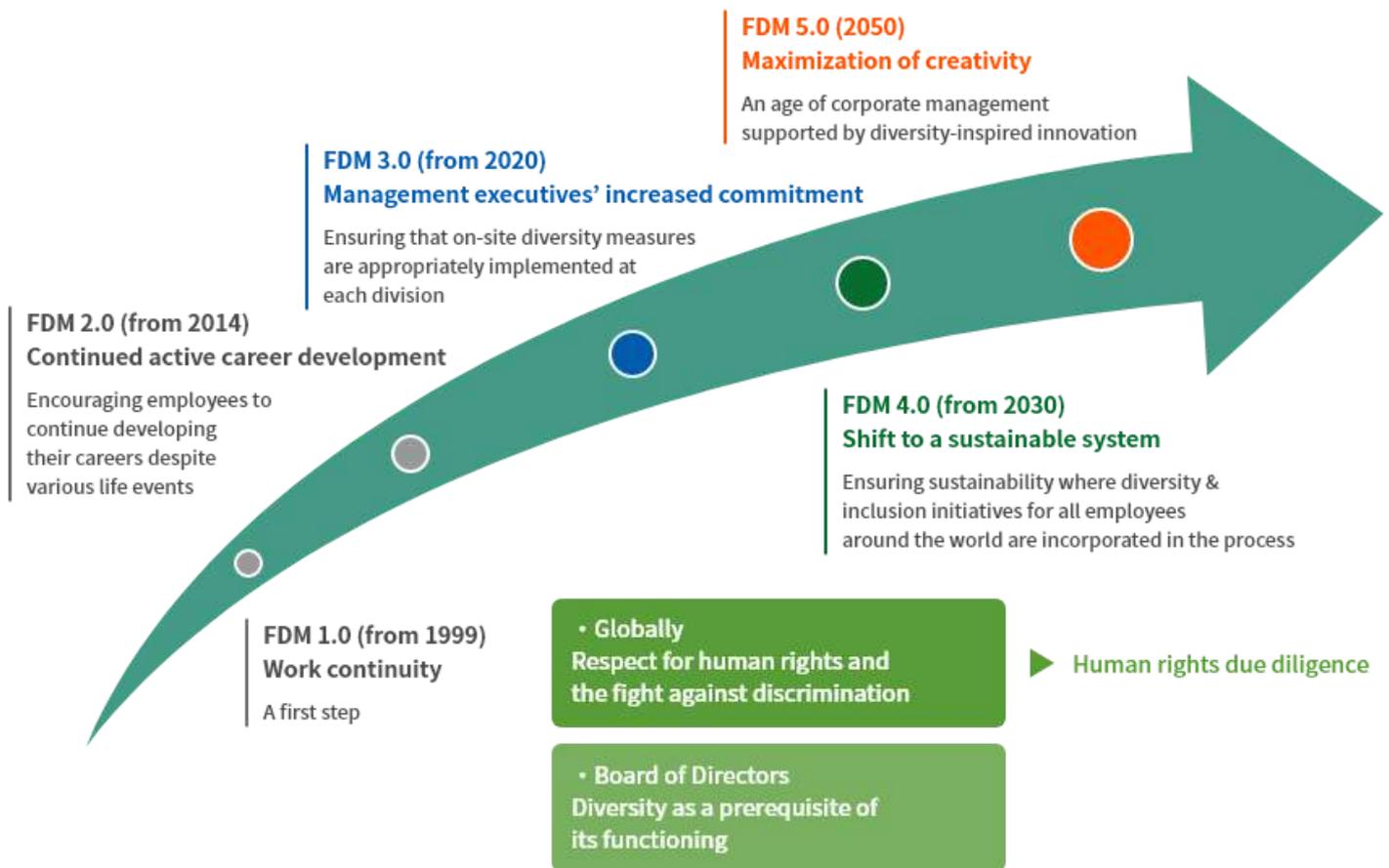
FY 2019 results

We accomplished the above-mentioned objective of formulating a vision and roadmap* for FY 2020 and beyond.

* Refer to the "Basic approach" on this page for the vision.

Roadmap

As shown below, we drew a roadmap for our achievement of diversity as a source of innovation supporting our corporate management and contribution to society through deliciousness and health. Since 1999, the Fuji Oil Group has promoted diversity and enhanced Group-wide systems and measures to enable its employees to continue pursuing their career goals. In a new phase, started in FY 2020, we practice diversity in each department, with the strong commitment of management executives.



* FDM: Fuji Diversity Management

Next Step

According to the roadmap, the Fuji Oil Group will implement FDM (Fuji Diversity Management) 3.0 measures to enhance systems that encourage diverse working styles, and to promote employee awareness.

FDM 3.0 measures



In FY 2020, we will promote activities focusing mainly on the following areas:

- **Support for continued active career development**

Support for the active participation of senior employees

- Educating employees about second careers and life planning

- **Ensuring fairness**

Definition of departmental objectives

Managers' awareness reform

- Educating managers about unconscious bias

- **Promotion of diversity**

Creation of a favorable environment to the employment of disabled people

Specific initiatives

Initiatives in Japan

Supporting continued active career development

Support for the active participation of senior employees

Among the major pillars for this term's diversity promotion, we positioned the utilization of senior employees' potential, which is the current or future status of all employees. In

FY 2020, we will implement the following two measures:

- ① Providing enhanced employee education about second careers and life planning
We will offer a two-step education program to employees in their 50s to enable them to review their careers as early as possible.
- ② Conducting individual career interviews
We will conduct individual career interviews with all eligible employees to fill the gap between the expectation of their workplace and their own needs. This is followed by discussions on how their skills and abilities should be developed henceforth.

We will help senior employees to have a wide career choice underpinned by their accumulated skills and broad perspectives. This will allow them to realize their full potential after retirement. By doing so, we will also ensure strongly motivated human resources who can support the Company.

Support for female employees' continued career development in balance with private life

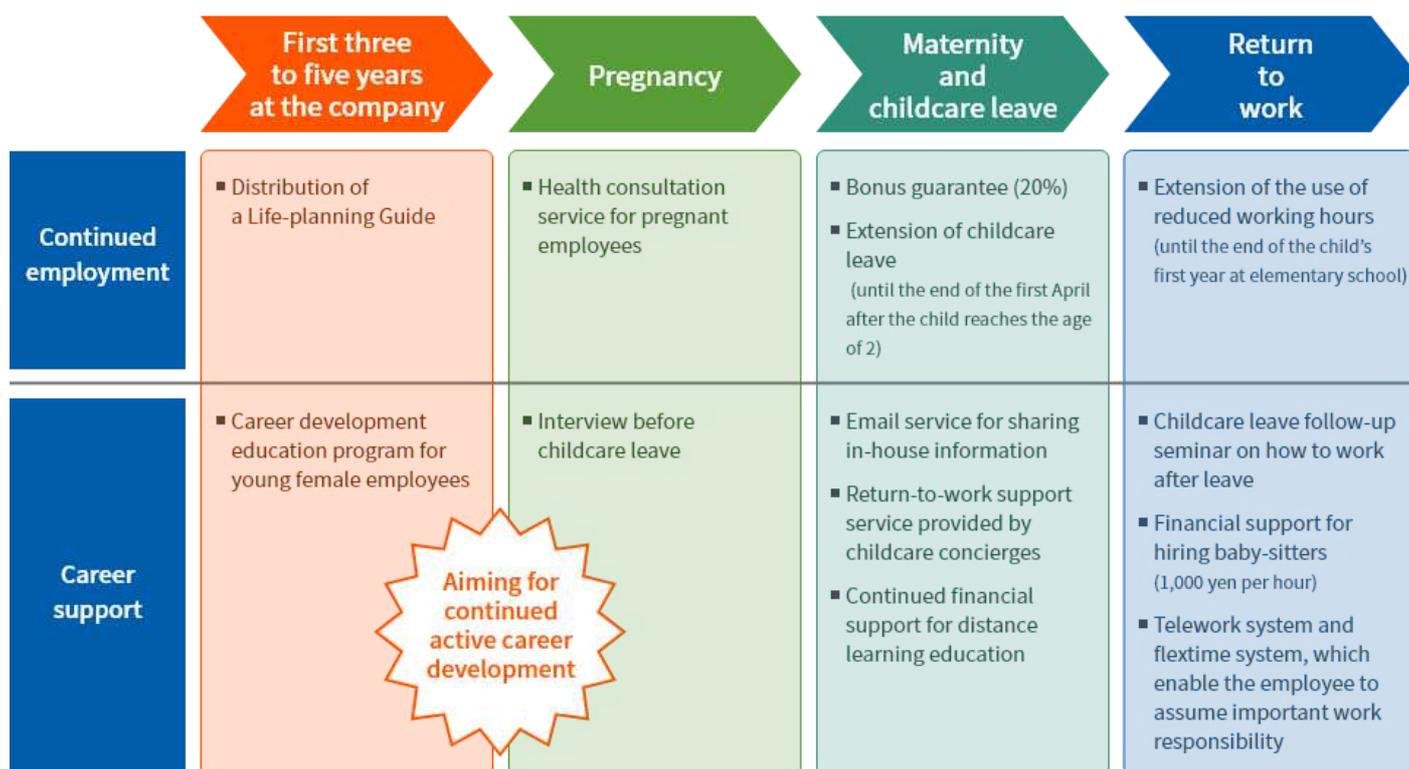
Although we have long maintained a 100% childcare leave usage rate among female employees, many female employees see career continuity after childcare leave as challenging. In FY 2014 we drastically changed our way of supporting female employees. Since then, we adopted various new systems to support female employees who aim to continue actively developing their careers after life changing events.

In FY 2016, we implemented an education program for young female employees in their third to fifth years at the Company. The program includes life-long career development, the Company's work-life balance support programs, proposals for mutual help between different generations, and good role models. This generation of female employees is currently in the period when the peak of their career development corresponds with various important life events, including childbirth. They are presenting new role models for employees who hope to develop their careers actively. This education program is implemented once every three to four years and is planned to be carried out in FY 2020 again.

In addition, in FY 2014 we launched a follow-up seminar for employees returning to work from childcare leave. This was a three-party session attended by the parenting employee, their superior and their partner. This seminar has resulted in circles of supporters for parenting employees in both their households and workplaces, as well as awareness among parenting employees themselves. In FY 2019, we distributed booklets titled Guide to Returning to Work from Childcare Leave (different versions for parenting employees and their superiors).

Currently, 45% of female managers are working while parenting their children, which indicates the significant progress that we have made in establishing systems for supporting continued career development.

System established to support employees' life events



Ensuring fairness

Definition of departmental objectives

To ensure that our top management's policies are firmly rooted in our organizational activities, in FY 2020 each Group department will identify challenges to be solved, define objectives, and form a promotion group. The progress toward the objectives and achievements will be reported regularly to the top management. We will visualize the uneven progress of diversity promotion due to different circumstances surrounding each department in order to make further improvements.

Managers' awareness reform

The key to ensuring equal opportunity is held by managers who play a central role in human resource development. For this reason, since FY 2019, we have enhanced the manager education program focusing on human resource development and diversity management. The manager education program in FY 2020 will deal mainly with unconscious bias.*

* Individuals' unconscious patterns and thinking orientations. People process and respond to a large amount of information available in the natural world in an instant. Although the human race acquired this ability to survive, it often causes problems in today's world because it prevents humans from addressing environmental changes appropriately. Therefore, this bias should be raised to the level of consciousness and corrected if needed.

Promotion of personnel diversity

Support for the active participation of women

In FY 1999, our top management adopted the policy of supporting the active participation of women. Full-scale initiatives were launched to pursue the policy under a newly established Committee for Women's Empowerment (currently Fuji Active Network). In FY 2016, we set a target for the percentage of women managers. Since then, in the four years until April 2020, the percentage of female managers increased from 3.78% to 10.54%. However, we failed to reach the target of 20% set for FY 2020 mainly due to problems related to training. We recognize that we should place greater importance on equal opportunity in recruitment and human resource development henceforth. Regarding recruitment, since FY 2017, women accounted for about 50% of the new graduates that we employed as managerial-track employees. We will also ensure a higher level of fairness in human resource development, including work assignment, OJT,* and off-JT.*²

Furthermore, in FY 2016, the 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. The CEO sent out messages to employees and society, regarding the importance of diversity in management.

* OJT: On-the-job training, which employees undergo while at work

*² Off-JT: Off-the-job training, which employees undergo while temporarily outside ordinary work settings



Employment of foreign nationals

We employ foreign nationals with various capabilities, who play an important role in many fields, like research and development, planning and management. 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 create a workplace environment in which due respect is paid to employees' religions and customs, by adopting various measures, for example, multipurpose rooms, which employees can use to pray.

Support for the active participation of disabled people

Despite our long-term efforts to employ people with disabilities, only a small number of workplaces had staff with intellectual disabilities. To address this situation, since FY 2015 we work to build an effective system to increase the employment of people with disabilities. To do so, we collaborate with local schools, offering hands-on work experience programs, and exchanging information with leading companies in this field. We implemented these initiatives based on the principle of providing disabled employees with opportunities to play an active role in their workplaces while considering the characteristics of each individual. The initiatives have inspired managers in charge of training such employees to raise their own awareness.

In FY 2020, we aim to make Group-wide efforts to specify duties that will enable people with disabilities to fully demonstrate their capabilities. In this way, we will build a system for providing them with many more work opportunities.

LGBT

The series of activities that the Fuji Oil Group conducted during the Human Rights Week* in FY 2019, included a seminar on LGBT, of which public awareness has not yet spread widely in Japan. The efforts of our sexual-minority employees to send letters to other employees to invite active participation in the seminar led many employees to attend the seminar and begin viewing LGBT as embodying diversity close to them. As a result, many executives and employees have become LGBT allies, expressing their support for LGBT through diversity promotion. At some Group companies in Japan we hold extension education programs on similar themes, too.

Comments from education program participants:

All people, not limited to LGBT, live with diverse values, thoughts and individuality in different environments. Each of these qualities makes each person a unique individual, rather than determining their worth.

A company is a group of people who work for the same purposes and create value for society, instead of an organization that determines the rankings of people. It is never permissible to criticize others for matters unrelated to their operational duties or to create an adverse work environment for others. No one can destroy the dignity of others. The program has inspired me to deepen my thoughts about "Work for people" (one of the values that inform our actions, defined in the Group Management Philosophy).

* Refer to the URL below for details of the Human Rights Week.

▶ https://www.fujioilholdings.com/en/csr/social/human_rights/

Hiring of regional limited employees and regular employees

In FY 2017, we changed the status of our “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 2020, seven non-regular employees, including both men and women, 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.

Employee-led initiatives

Since FY 1999 we have run an intersectional project named “Fuji Active Network (FAN)”, to promote diversity. With the officer in charge of human resources serving as project owner, employees themselves take the initiative in conducting grassroots activities to meet the actual needs of employees.

In FY 2019, FAN conducted interviews with management executives and delivered messages on diversity and human resource development to Fuji Oil Group employees worldwide via the intranet. Furthermore, FAN exchanged views on diversity and ESG with Blommer Chocolate Company (U.S.), a U.S.-based Fuji Oil Group company, to facilitate co-creation between Group companies. Many leading diversity measures in the Group have been initiated by FAN.

Encouragement programs use

In the Fuji Oil Group, the top management always delivers strong messages promoting diversity. Meanwhile, high importance is also placed on employees’ heightening their own awareness and actions. Rather than pursuing mere superficial results, we aim to achieve diversity, which is firmly rooted in our corporate culture and fully understood and accepted by employees.

As part of this, we strive encourage employees to use our work-life balance support programs. We recently increased the use of two programs for employees: the nursing care leave program and the childcare leave program intended for male employees. Since FY 2013, we have raised awareness to create a corporate culture in which consulting nursing care is the norm. This is done by holding nursing care seminars and distributing a nursing care handbook. In addition, since FY 2016, we have granted allowances to help employees cover their nursing care expenses. These initiatives resulted in a gradual increase in the use of nursing care support programs by employees, including managers and male employees.

We have also continued our efforts to encourage male employees to take childcare leave since FY 2014. Despite our basic policy of allowing employees to decide to take childcare leave on their own free will, 91% of eligible male employees took childcare leave in FY

2019. While most of them were on leave for less than one week, since early FY 2020 some male employees have taken childcare leave for a few months to over half a year. This indicates that the program has gradually taken root.

Work style reform

Overview of promotion of work style reform

In FY 2016, we launched a Creative Work Project (currently CWORK Promotion Committee) to promote work style reform, which is necessary to achieve diversity. Since then, we have implemented four reform initiatives to reduce the total working hours and improve the work-life balance by increasing productivity: awareness reform, operational reform, system reform and workplace reform.

We have assessed new working styles. For example, since 2017 we have assigned some employees to telework on a trial basis and introduced a satellite office to further develop our telework system. In addition, we facilitated active communication and promoted paperless operations by introducing robotic process automation (RPA), electronizing application procedures, and active use of video conference systems.

As a result, in response to the COVID-19 pandemic, we succeeded in shifting smoothly to teleworking. About 50% of employees have actually teleworked. We hope to take advantage of this experience to firmly establish the IT-based system; enabling employees to accomplish significant work achievements no matter when and where they work.

Global initiatives

The Fuji Oil Group's business activities involve a wide range of stakeholders, including employees, business partners, customers, consumers, and smallholders in the Group's supply chains. The Fuji Oil Group Management Philosophy defines "Work for people" as one of the values of the Fuji Oil Group. The essence of "Work for people" is thinking and acting from the perspectives of the people with whom we work.

During the Human Rights Week* in December 2019, we conducted awareness-raising activities focusing on respect for human rights and the fight against discrimination. These messages were delivered globally. We will continue such activities henceforth.

* Refer to the URL below for details of the Human Rights Week.

▶ https://www.fujioilholdings.com/en/csr/social/human_rights/

External evaluation

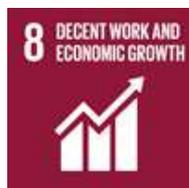
By the end of March 2020, we have received the following external evaluations concerning diversity:

- March 2017: Commended by the Osaka City Mayor as a Leading Company in Women's Participation in Osaka City
- August 2017: Obtained "Platinum Kurumin" certification from the Japanese Ministry of Health, Labour and Welfare
- December 2019: Became a component of the MSCI Japan Empowering Women Select Index

Sustainability

Promoting Occupational Safety and Health

Focus SDGs



Management information

Relation between themes and business activities

Fuji Oil Group's business activities involve the participation of various people. Amid the diversification of working styles and increased labor mobility, we, as a corporate group, have the social responsibility to ensure the safety of our employees. Our initiatives to promote occupational safety and health contribute directly to the good health of our employees.

Basic approach

The Fuji Oil Group Management Philosophy places "Safety, quality, and the environment" as the first of our values. Among the three items, the Group places "safety" as the highest priority for continuous development. We promote occupational safety and health by pursuing the following six-item Basic Policy of Safety and Health. Under the slogan: "Let's create a safe workplace by observing the rules and sharing our experience," we protect the lives and health of our employees and all the people working at our business sites, and achieve zero labor accidents.

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 is responsible 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.

Promotion system

We promote our initiatives for occupational safety and health under the supervision of the Chief “ESG” Officer (C“ESG”O). Moreover, the ESG Committee*, which is an advisory body to the Board of Directors, confirms the progress and results of these initiatives as a priority theme for ESG management.

* Refer to the URL below for details of the ESG Committee.

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

Objectives / Results

FY 2019 objectives

- Ensuring that pre-work hazard prediction activities (meetings) take root among all Group companies
- Further enhancing safety management activities at Group companies for high risk of labor accidents

FY 2019 results

Efforts were devoted to hazard prediction activities at all our production sites, including the ones where hazard prediction activities were already firmly rooted. In addition to conducting hazard prediction activities, Group companies at high risk of labor accidents listed dangerous points and conditions at their business sites and made improvements. More specifically, Fuji Oil Asia Pte. Ltd. (Singapore) and Group companies under its umbrella undertook *hiyari-hatto* (near-miss event) detection activities and safety campaigns.

In FY2019, labor accidents (causing non-lost-time and lost-time injuries) in the Fuji Oil Group accounted 100. (No serious accidents occurred). The causes of all these accidents were identified, and measures to prevent the recurrence of similar accidents were

adopted. Moreover, information about these accidents was shared with all Group companies, and solutions to crucial problems were applied widely.

Next Step

We will promote educational and awareness-raising activities to prevent labor accidents to achieve the goal of “maintaining zero-accident status at all Group companies by creating a comfortable, safe workplace environment while giving the highest priority to respect people and their safety”. In FY2020, all Group companies will provide hazard prediction training and conduct *yubisashi-kosho* (pointing and calling) activities or “stop-look-think-act” activities* to eliminate dangerous operations. In addition, to prevent serious material accidents, Group companies will carry out full equipment inspections and other activities.

* “Stop-look-think-act” activities: A simplified version of *yubisashi-kosho* (pointing and calling) activities, in which workers stop, look at the situation, think and then act.

Specific initiatives

Risk management and countermeasures

In the Fuji Oil Group’s risk management system, occupational safety and health risks are designated as Group-wide significant risks. The Production Productivity Management Group, established at Fuji Oil Holdings Inc. in 2017, works in line with the Fuji Oil Group Management Philosophy 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.

Fuji Oil Group companies and their business sites in Japan plan to conduct occupational safety and health audits every year. In FY 2019, nine production sites in Japan were audited by the Safety, Quality, and Environment Audit Team of the Safety, Quality, and Environment Audit Office at Fuji Oil Co., Ltd., the regional controlling office in charge of the nine production sites. Occupational safety and health audits of Group companies outside Japan are planned according to the results of their previous audits. In FY 2019, eight production sites outside Japan were subject to occupational safety and health audits conducted by the Production Productivity Management Group at Fuji Oil Holdings Inc. Each audit includes checking the progress of improvements recommended in the previous audit and listing new occupational safety and health risks and recommended improvements. These steps are aimed at enabling the auditees to carry out necessary

improvements and consequently further raise their levels of occupational safety and health.

We also consider labor-management dialogue important to manage occupational safety and health risks and assess and improve measures to address such risks. For example, in accordance with the labor agreement, a Safety and Health Committee meeting is held at Fuji Oil Co., Ltd. every month to discuss employees' expectations and concerns regarding occupational safety and health.

Acquisition of Management Certifications

Refer to the URL below for details of Group companies' management certification status.

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

Education

The Fuji Oil Group implements measures based on the recognition that prevention of labor accidents at manufacturing sites is 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, as well as *hiyari-hatto* (near-miss event) detection activities. Furthermore, in recognition of the importance of raising safety awareness among employees of the overall Group, we have created multilingual safety leaflets to distribute to Group companies. Group companies give employees safety warnings every day using electric bulletin boards or information boards. They also implement other initiatives to heighten employees' safety awareness, including setting up safety experience rooms to enable employees to experience dangerous conditions.

As a preventive measure against human errors, Group companies in Japan have conducted *yubisashi-kosho* (pointing and calling) promotion activities under the slogans "Call and point" and "Point once for each operation." As a result, the practice of pointing and calling has gradually taken root in Group companies in Japan. We will continue striving to more firmly establish the practice of "pause and confirm," which is one of the basics of occupational safety.

Group companies outside Japan are also implementing safety activities to prevent labor accidents, including establishment of the Safety and Health Committee,* safety patrols,*² safety communication activities,*³ and safety meetings.*⁴

* Safety and Health Committee: A committee of representatives of labor and management who report and discuss safety and health matters under the chairperson appointed by the company

*² Safety patrol: Patrol conducted in plants by members of the Safety and Health Committee to improve and eliminate dangerous points or conditions

*3 Safety communication activities: Activities to raise employees' safety awareness by handing down knowledge of past labor accidents and countermeasures to younger generations

*4 Safety meetings: Meetings held before the day's work begins to inform workers about safety matters that require special attention that day

Safety experience training



Fuji Oil Co., Ltd.

Safety Campaign 2020 (Slips, Trips & Falls)



Harald (Brazil)



Fuji Global Chocolate (M) Sdn. Bhd. (Malaysia)



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

Incentives

We established ESG management awards as a system for commending departments and Group companies for their good ESG practices, including those in the field of occupational safety and health.

In FY 2019, one business site in Japan received the award for its occupational safety initiatives in the previous fiscal year (FY 2018).

Sustainability

Employment / Human Resource Development

Management information

Relation between themes and business activities

With 37 major bases in 15 countries overseas, the Fuji Oil Group is expanding its business globally. The business is supported by approximately 6,000 employees, who are important stakeholders for the Fuji Oil Group's value creation. Human resource development forms the foundation of our value creation, contributing to each employee's ability development and skill improvement.

Basic approach

The Fuji Oil Group believes that developing an organization with people capable of responding flexibly to unforeseen circumstances is important to adapt to every change in the business environment. In this way, we continue contributing to society. A company and its employees support each other's growth. We focus on the fostering of management personnel to strengthen our organizational capability. Additionally, we develop global human resources to support global business expansion and employees' autonomous learning.

Based on this, the Fuji Oil Group established the Human Resources Policy.

Human Resources Policy

1. Providing highly motivated employees with a workplace where they are encouraged to make the most of their abilities.
2. As a global company, providing a working environment where a diverse range of employees are encouraged to play an active role.
3. Establishing and operating a fair and equitable personnel system (appraisal/benefits/training).

4. Providing well-structured educational and training programs and creating a corporate culture that supports the fostering of one's skills and capabilities.
5. Supporting diversified working styles and providing a safe workplace that is comfortable to work in.

Promotion system

Initiatives for human resource development is promoted with the Chief Administrative Officer (CAO) serving as a chief executive at the Fuji Oil Group and with the president of each company playing a central role at Group companies. Major initiatives are reported and reviewed at the Management Council*.

* The Management Council is an advisory body to the President, which mainly consists of the President and executive officers, and is held once a month, in principle. The Management Council contributes to the decision-making process of the President and the Board of Directors by fully deliberating and monitoring important management matters. Through this, we established and strengthened a system that enables the legal compliance and efficient execution of business operations.

Specific initiatives

Development of global human resources

The Fuji Oil Group advocates the development of global human resources in the personnel strategy, which is part of the Mid-Term Management Plan. We conduct initiatives to recruit, promote, and develop human resources who can demonstrate their capabilities globally.

Cultivating management personnel

Under the common values of the Fuji Oil Group Management Philosophy, we transcend national, regional, and organizational boundaries to respect and acknowledge each other, enhance organizational strength, and have a sense of unity, aiming to contribute to society. To this end, we believe that it is important to develop management personnel. In FY 2019, we held a head office training for three newly appointed presidents locally hired by Group companies outside Japan, in which we conducted on-site inspections at business sites in Japan and held a session to promote the understanding and spread of the Group Management Philosophy. In August 2019, 11 executives from China visited Japan to participate in a training for selected personnel to improve communication between Group companies. We are working on the development of management personnel to achieve the Mid-Term Management Plan.



In addition, to train and develop candidates for future management positions at an early stage, since FY 2016 the Fuji Oil Group has conducted a training program that incorporates performance assessments. This training program aims to help trainees grasp behavior trends in group and individual situations through group discussions and interview exercises. It is also designed to help the trainees understand what a manager should be like, and objectively identify their own strengths and weaknesses. Moreover, it 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 trainees steady growth by ensuring close involvement of supervisors and other relevant people in the training.

Human resource development to support globalization

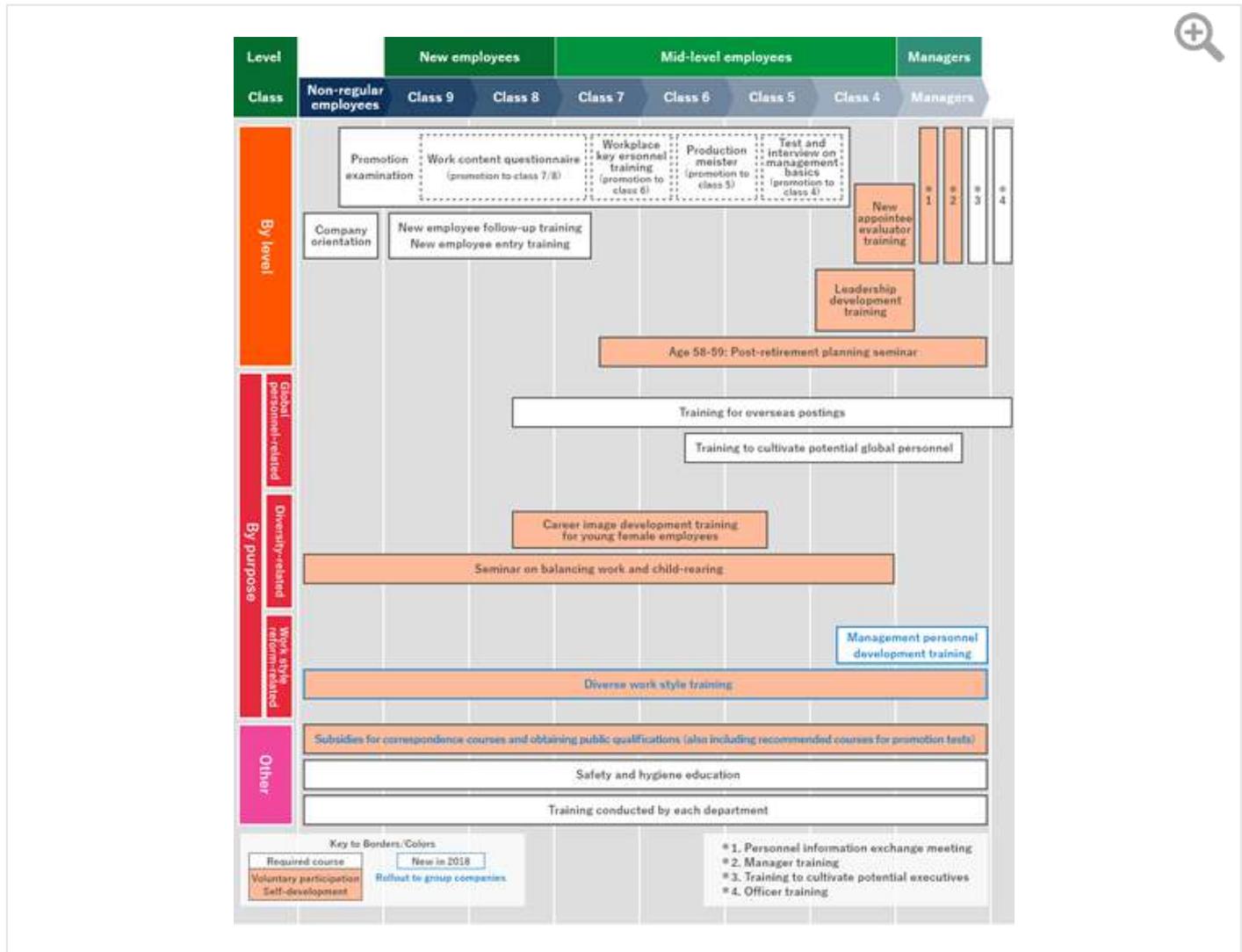
The Fuji Oil Group conducts self-development and group training to improve the language skills of employees. We are also working to develop their global mindset and have them gain business experience from a global perspective through overseas postings according to their area of expertise.

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, like providing financial assistance to employees taking correspondence courses. Moreover, we provided employees with the opportunity to share growth and enlightenment points with their supervisors during their annual evaluation. We have also introduced the "Career Advancement Communication Sheet" to help all employees visualize their career progression. Individual employees have a meeting with their supervisors once a year to review the progress made toward their goals and their career aspirations. The career advancement communication sheet

facilitates these meetings. Thus, we provide opportunities for employees to develop their career and work to the best of their abilities.

Fuji Oil Co., Ltd. Training System (FY 2019)



Employee Engagement

Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd. regularly conducts employee engagement surveys to help create a workplace where every employee can work energetically, in good health and demonstrating his/her abilities to the fullest. We ask employees' honest opinions through surveys on a wide range of issues, such as workplace environment and systems. The survey analysis results are given to executives and managers, in order to better improve business operations and workplace environment.

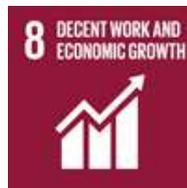
Dialogue between labor and management

The dialogue between labor and management is important for Fuji Oil Co., Ltd. since employees and the company should support each other. The HR Department serves as the company contact point for dialogue with the Fuji Oil Workers Union, which represents the employees. The workers union was established at the same time as the company. Both entities have worked hard for 70 years to create a comfortable work environment for employees. The dialogue between labor and management takes place in a monthly forum consisting of representatives of HR and Administration Departments of the company and the executive committee members of the workers union. The aim of this forum is to encourage employees to maximize their potential, grow themselves and play active roles. We actively listen to the opinions of union members at each business site nationwide when revising labor systems. The Fuji Oil Workers Union adopted a union shop system, and the participation rate of regular employees other than managers is 100%.

Sustainability

Maintenance and promotion of employee health (health management)

Focus SDGs



Management information

Relation between themes and business activities

The Fuji Oil Group recognizes that employee health is important not only for employees themselves and their families but also as a target of its management measures to increase corporate value.

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 implemented various measures to improve employee health. We provide employees with helpful information and programs to enable them maintaining and improving their own health. The objective is to create a health culture of employees working in a lively way.

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

Promotion system

The Fuji Oil Group promotes Group-wide health management initiatives under the overall control of the Chief Administrative Officer (CAO). Fuji Oil Co., Ltd. established the Health Management Promotion Group in its HR & Administration Division and built a health support system in collaboration with occupational physicians, public health nurses, nurses, occupational counselors and other experts. We provide support for individual employees and their workplaces in each stage of disease prevention.

Specific initiatives

Measures to protect employees (enhancement of the health management system)

We have all employees undergo regular health examinations. At Fuji Oil Co., Ltd., 100% of employees have had a regular health examination (as of March 2020) and 94.4% have

been subject to a secondary health examination (as of April 2020). We aim for the target of 100% of eligible employees undergoing the secondary health examination, and strive to make good use of the examination results for the health of individual employees by enhancing health guidance.

To prevent mental health problems, we have employees respond to a stress check questionnaire (with 95.3% of employees responding in FY 2019), and support each workplace's efforts to solve issues identified there and improve the working environment by interviewing all employees and conducting psychological assessment.

In addition, we offer Life Career Counseling services, including consultation on career concerns with full-time in-house counselors, support for employees suffering mental health problems, and the availability of an affiliated external counseling room. We thus provide a favorable environment for all employees to use counseling services without hesitation in order to respond to employees' mental health problems at an early stage. If employees have to take leave for a long time due to illness or injury, the health staff will help them manage their health while they are on leave so that they can concentrate on treatment without worry. We also provide health-related support for employees who return to work after completing treatment in order not only to enable them to resume their work smoothly but also to create an organization where both those returning employees and their coworkers can continue to work in a lively manner.

Measures to prevent lifestyle-related diseases

As the first "100-year Healthy Active Life" initiative to prevent employees from contracting serious diseases, in November 2019 we launched a blood pressure improvement program and a smoking cessation support program targeting employees. Moreover, our company cafeterias in Japan serve dishes using our own soybean products (Soybean Plus Dishes), low-salt dishes, and healthy dishes (Body-friendly Dishes) to raise employees' awareness of improving their own eating habits.

生活習慣病予防
いつまでも現役として生き活きと元気に働きましょう。
「百歳健活・生涯現役」を・・・

健康経営は、従業員の皆さんの健康と幸せを第1義の目的としています。またグループ憲法では、「おいさと健康で社会に貢献する、食の未来創造カンパニーを目指す」をビジョンとして掲げており、不二製油全従業員一人一人が健康であってこそ、このビジョンが実現できると考えています。「不二製油グループ健康経営推進宣言」に基づき、従業員の皆さんの健康維持・増進を図る施策・支援として、生活習慣病予防対策を以下のプログラムにて実践していきます。
不二製油株式会社
代表取締役社長 大森 達司

●第1弾: 重大疾患予防(脳卒中・心血管疾患)

1. 血圧改善プログラム
目標値: 収縮期血圧130mmHg、拡張期血圧80mmHg以上を100%
3年で収縮期血圧の平均値を5mmHg低下する。

① 健康診断結果に孔への指導強化
② 健康意識向上のための継続的な教育
(講話・GLOBAL SQUAREに情報提示・職場食体験など)
③ 職場全体での減塩への取り組み
(食堂での見える化、健康を意識できる食堂へ)

2. 禁煙サポートプログラム
目標値: 2年で喫煙率10%減少

① 喫煙・禁煙に関するアンケート調査
② 禁煙ハッチなどの禁煙サポートの提供(禁煙プログラムへの参加)
③ たばこに関する定期的な勉強会
④ 禁煙ワークショップの開催
⑤ 禁煙4人の設定→禁煙7人の設定(第2弾)

健康経営推進グループ

Poster promoting healthy dishes served at a company cafeteria

Health awareness-raising and educational activities

Since FY 2018, health measurement instruments (for blood pressure, body composition and activity level) have been installed at the Hannan Business Operations Complex, Tokyo Regional Office and Osaka Branch Office of Fuji Oil Co., Ltd. in order to help employees manage their own health.

Also, to promote awareness of work style reform throughout the company, we have created a commendation program named CWORK (Creative WORK) Award, which includes a 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 health management system on a full scale to visualize health data. The health management system enables employees to track their own health data (health examination results, etc.), leading to increased employee health awareness.

We provide employees with opportunities to heighten their awareness of health by offering information on illness and health on the company intranet, conducting e-learning programs, holding seminars given by occupational physicians or public health nurses, and organizing health events. We thus encourage employees to change their attitudes toward health. In FY 2019, we held “line care”^{*} seminars taught by occupational physicians, targeting managers.

^{*} Line care: Employee health care provided by site managers or supervisors, defined by the Japanese Ministry of Health, Labour and Welfare

External recognition

Recognized for their health management initiatives, Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd. were selected among Excellent Enterprises of Health and Productivity Management 2020 (White 500) by Japan's Ministry of Economy, Trade and Industry (METI). Below is a list of external evaluations that Fuji Oil Group companies in Japan have received.

Selected among Excellent Enterprises of Health and Productivity Management 2020 (White 500)

- Fuji Oil Holdings Inc.
- Fuji Oil Co., Ltd.
- Fuji Sunny Foods Co., Ltd.

**Selected among Excellent Enterprises of Health and Productivity Management 2020
in the small enterprise category**

- Fuji Tsukuba Foods Co., Ltd.
- Omu Milk Products Co., Ltd.

Sustainability

Coexistence with Communities

Focus SDGs



Management information

Relation between themes and business activities

The Fuji Oil Group has 37 major Group companies in 15 countries. While food culture varies from region to region, our business activities as a food ingredient manufacturer, including plant operations and product sales, involve our close relationship with regional society. Partnership with local communities is the basis of our business activities. We also recognize that our initiatives to promote social contribution activities will enable our employees to find greater satisfaction in their work and raise their awareness of sustainability.

Basic approach

Recognizing that a company is a member of society, we hope to contribute to the development of local communities through social contribution activities and dialogue with community members. One of our principles, declared in the Fuji Oil Group Management Philosophy, is that we will engage in corporate activities rooted in our communities and actively contribute to society. As a member of local communities, we have social contribution activities, which are specific to the regions where we operate and the nature of our businesses.

Promotion system

Local social contribution activities are promoted by each Fuji Oil Group company specific to the country and region in which it operates. Group-wide or interregional social contribution activities are led by the CSR Team, ESG Management Group, Fuji Oil Holdings Inc. under the supervision of the Chief “ESG” Officer (C“ESG”O).

Specific initiatives

Food education project

Since FY 2014, the Fuji Oil Group has been conducting a nutrition education project in cooperation with the nonprofit Houkago NPO AFTER-SCHOOL. The objective is to convey the importance of food and the power of soybeans to children, who will lead the next generation. Employees are selected from a group of applicants to serve as teachers, conducting visiting classes at elementary schools.

In FY 2019, a total of 24 visiting classes were provided for approximately 600 elementary school students. The lectures covered the power of soybeans, which are good for human health and can save the world from food shortages. The classes comprised two types: soybean snack (cocoa-flavored soymilk pudding) cooking lessons and soybean card game sessions. Since we launched the project on a full scale in FY 2015, a total of 2,739 children have participated in the food education project.



Visiting class

Messages from children who attended the classes:

- Thank you for telling us about various things today. I learned very good lessons. From now on, I hope to remember what I learned today and treat water and food with great care.
- I will stop insisting on my likes and dislikes about food for the sake of the Earth. I hope to do work related to food after I grow up.
- Because my elder brother has allergies to milk, eggs, crabs and shrimps, I would like to say thank-you for your delicious soybean-dish recipes.
- Because I cooked together with other people, the dishes tasted delicious. Because I ate together with others, the dishes tasted even more delicious.

Support for SDGs for School

“SDGs for School”^{*} is a project run by the NGO Think the Earth to increase awareness of the SDGs among junior and senior high school students and enable them to learn how to achieve a sustainable society. The Fuji Oil Group provides two kinds of chocolate (made with and without palm oil) as teaching materials for the project’s visiting classes. In FY 2019, 1,396 students attended the classes, using chocolate as a catalyst for considering the relation between familiar foods and the SDGs and the importance of sustainable palm oil.

Messages from senior high school students who attended the classes (excerpt):

- I considered how business and the environment could have a harmonious relationship.
- I have realized that it is important to take action before it is too late. Cooperation between people will produce great power and surely change the world.
- Both enabling people in developing countries to receive education and conserving rainforests that are still being continuously destroyed are challenges we should never give up trying to solve. From now on, I will view issues related to the SDGs as issues related to us, instead of issues that can be left to cooperation between national governments. I hope to participate in activities related to the SDGs if I have the opportunity.

^{*} Refer to the URL below for details of the “SDGs for School” project.

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

Hannan Forest Project

Since March 2018, some employees of Fuji Oil Co., Ltd. have volunteered to participate 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 one Saturday a month.

Izumisano Kyuryo Ryokuchi is a park directly managed by the Osaka prefectural government. The park creation activities, including various programs, are conducted not only to make tangible objects such as facilities in the park (*monozukuri*), but also to create experiences and excitement (*kotozukuri*). Fuji Oil employees enjoy participating in various programs and activities, such as thinning bamboo and hand-making walkways and stairs.



Volunteers at work



A walkway improved during the project

Fuji Foundation for Protein Research

In 1979, we inaugurated a Research Committee of Soy Protein Nutrition to support the promotion of academic studies on soybean protein. Through the Committee, we awarded research grants to researchers. In 1997, we established the Fuji Foundation for Protein Research as an incorporated foundation under the jurisdiction of the Ministry of Education, Science and Culture (currently Ministry of Education, Culture, Sports, Science and Technology). In 2012, the Foundation changed its status to a public interest incorporated foundation under the jurisdiction of the Cabinet Office, to take over and further expand the activities of its predecessor. By FY 2019, which marked the 40th anniversary of the establishment of the Research Committee of Soy Protein Nutrition, over 1,100 research projects had been provided with our research grants.

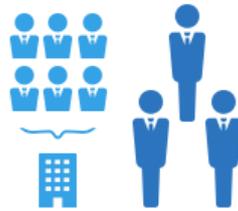
In addition to research grant activities, the Foundation is also engaged in public interest communications activities. As part of the activities, the Foundation holds free public lectures for the general public every year. Although an FY 2019 free public lecture

meeting had been scheduled for October 12, it was postponed due to the impact of Typhoon Hagibis, which hit mainly eastern Japan. After being rescheduled to March 21, 2020, the lecture meeting was finally canceled under the impact of the COVID-19 pandemic. The content of the canceled lectures will be compiled into a booklet and distributed to those who had planned to attend the meeting. The Foundation will continue to contribute to society by awarding grants to researchers and disseminating research findings.

Sustainability

Governance

Initiatives for the Governance in Numbers



Risk management system introduction rate into the Fuji Oil Group
(FY 2019)

Number of external directors
(of all of nine directors)
(As of June 18, 2020)

Activity Report in Priority Areas

Risk Management

Priority theme

Effective Risk Management

- ▶ Relation between themes and business activities
- ▶ Basic approach
- ▶ Promotion system
- ▶ Objectives / Results
- ▶ Next Step
- ▶ Specific initiatives

Priority theme

Information Security Management

- ▶ Relation between themes and business activities
- ▶ Basic approach
- ▶ Promotion system
- ▶ Objectives / Results
- ▶ Next Step

Governance

Priority theme

Group Governance

- Relation between themes and business activities
- Basic approach
- Promotion system
- Objectives / Results
- Next Step

Priority theme

Improvement of Corporate Governance

- Relation between themes and business activities
- Basic approach
- Promotion system
- Objectives / Results
- Next Step
- Specific initiatives

Activity Report in Basic Areas

Compliance Awareness

- Relation between themes and business activities
- Basic approach
- Promotion system
- Specific initiatives

Data Book

ESG Data Book
(462KB)



Sustainability

Effective Risk Management

Focus SDGs



Management information

Relation between themes and business activities

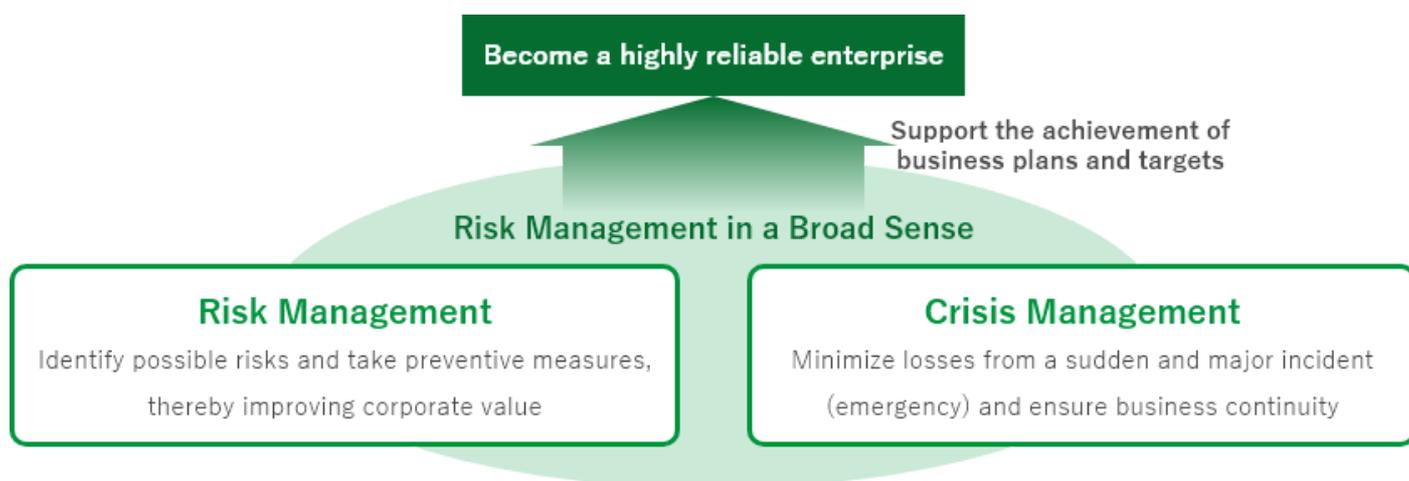
The Fuji Oil Group believes that risk management* is corporate management itself. To “contribute to the society by creating the future of delicious and healthy foods” and do “Work for people,” as advocated in the Fuji Oil Group Management Philosophy, we must ensure business continuity. And we believe that business continuity requires us to pursue risk management initiatives.

* Risk management: Preventing the realization of risks related to corporate management and minimizing their losses and impacts, to achieve business plans and targets

Basic approach

By promoting risk management, we aim to become a highly reliable enterprise that earns the trust of society. We will both implement management strategies and promote risk management in order to achieve business targets and plans and support our corporate management.

Positioning of risk management in the Fuji Oil Group



Promotion system

We promote our initiatives for effective risk management under the supervision of the Chief “ESG” Officer (C“ESG”O). Moreover, the ESG Committee*, which is an advisory body to the Board of Directors, confirms the progress and results of these initiatives as a priority theme for ESG management.

* Refer to the URL below for details of the ESG Committee.

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

Objectives / Results

FY 2019 objectives

- Raising Group companies' awareness of common risks and reducing the risks
- Enhancing the business continuity plan (BCP) of Fuji Oil Co., Ltd. and encouraging major Group companies outside Japan to formulate their own BCPs
- Introducing the Fuji Oil Group's risk management system to Blommer Chocolate Company (U.S.)

FY 2019 results

To raise Group companies' risk awareness and consequently reduce risks, we created risk awareness-raising tools in cooperation with related departments. We also regularly sent notifications to Group companies. As an endeavor to update the BCP of Fuji Oil Co., Ltd., we revised risk reduction, early recovery and alternative production measures. In addition, major Group companies drew BCP formulation roadmaps. Blommer Chocolate Company (U.S.), which recently joined the Fuji Oil Group, established a Risk Management

Committee and began conducting risk management PDCA activities in the Fuji Oil Group's style.

Next Step

To achieve the goal of "becoming a highly reliable enterprise that earns the trust of society," the Fuji Oil Group will continue its efforts toward effective risk management. In FY2020, we will perform PDCA-based management of Group-wide significant risks and conduct scenario analysis based on TCFD recommendations. We will do this to promote Group-wide risk management, to respond to the Task Force on Climate-related Financial Disclosures (TCFD), and BCP formulation at major Group companies.

Specific initiatives

Risk management method adopted by each Group company

PDCA

The Fuji Oil Group clearly defined the role of each regional controlling office or 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 controlling offices, and Group companies. 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 the emergency quickly and appropriately as the Fuji Oil Group.

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 its own company's risks and assessing them by plotting them on a risk map (vertical axis: degree of damage to/impact on the company; horizontal axis: possibility of realization of risk). 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 to clarify which risks it should manage on a priority basis, and works to prevent the realization of risks, minimize losses when risks are realized, and maintain business continuity.

Identification of Group-wide significant risks

In FY 2019, we established and began operating a system to identify Group-wide significant risks* from information sources, such as risk awareness among management executives, the materiality map, and Group companies' risk maps.

* Refer to the URL below for details of identified Group-wide significant risks.

▶ https://www.fujioilholdings.com/en/ir/policies_and_systems/risk/

Climate change risks and opportunities

Fuji Oil Holdings, which is responsible for formulating the Group's overall management strategy, manages the risks and opportunities associated to climate change. Various relevant divisions, including the CSR, risk management, and environmental divisions, collect information on climate change through their expert perspectives from publicly disclosed data and through dialogue with industry groups and stakeholders. The Group's

climate change strategies are developed based on the collected information, and reported at meetings of the ESG Committee, which is an advisory body to the Board of Directors, before being proposed to the Board of Directors. Moreover, we manage climate change-related risks through the Fuji Oil Group's overall risk management system.

In May 2019, we declared our support to the Task Force on Climate-related Financial Disclosures (TCFD), and conducted the TCFD-recommended climate change scenario analysis in FY 2019.

The analysis has revealed that a 4°C increase in the average temperature will likely have a major impact on our business operations and procurement of some raw materials, due to suspension of plant operations driven by natural disasters. To address such risks, we will continue to reduce our group-wide CO₂ emissions through energy-saving activities and use of renewable energy. In this way we will contribute to achieving a zero-carbon society. Meanwhile, it is expected that a zero-carbon society will see the growth of the market for plant-based food, in which the Fuji Oil Group's strengths lie. This is an opportunity associated with climate change. Backcasting from the perspective of society in 2050, the Fuji Oil Group conducts its businesses under the concept of "plant-based food solutions" (PBFS), that is, solutions to social issues, provided using plant-based food ingredients. There is public concern about shortage of food resources, such as milk and meat, in the future. We will provide delicious and healthy plant-based food ingredients as solutions to future food shortage. From now on, we will conduct scenario analysis globally and assess financial impacts to reflect the results of analysis and assessment in our business strategies.

Risks and opportunities associated with climate change

* Expected risk/opportunity occurrence period: "Short-term": Period until 2025, "Medium-term": Period from 2025 to 2030, and "Long-term": Period from 2030 to 2050.

*2 Relevant scenario: The symbol "○" indicates the scenario (2°C-increase scenario or 4°C-increase scenario) in which the risk or opportunity, described in the column "Details", will become especially prominent.

| Item | | Details | | Expected occurrence period* | Relevant scenario*2 | | |
|------|-----------------|----------------------|---|--|---------------------|------|--|
| | | | | | 2 °C | 4 °C | |
| Risk | Transition risk | Policy & regulations | Increased cost of complying with environmental regulations | Production costs are expected to increase mainly due to tightened CO ₂ emissions regulations and the introduction of a carbon footprint system and a carbon tax, the purchase of emission quotas, and investment in renewable energy equipment. Logistics costs are expected to increase mainly due to restrictions on the number of delivery vehicles and the carbon tax's impact on fuel. As a result, there is a risk of a profit decline. | Medium-term | ○ | |
| | | Technology | Increased R&D cost | A cost increase is expected due to the need to reduce environmental impacts through intensive efforts to explore new raw materials and develop new food ingredients and applications. As a result, there is a risk of a profit decline. | Long-term | ○ | |
| | | Market | Sustainability-conscious consumers • Failure to fully meet needs and product demand | There is a risk of losing market share to competitors and of failing to achieve sales as planned if we cannot promptly or fully respond to the global needs and product demands of sustainability-conscious consumers. | Medium-term | ○ | |
| | | Reputation | Insufficient environmental measures | There is a risk of damage to our reputation, loss of our major customers, and of resulting sales decline if we are criticized by society for our insufficient environmental measures, including CO ₂ reduction measures, or indirect involvement in deforestation through our suppliers. | Short-term | ○ | |

| Item | | | Details | | Expected occurrence period* | Relevant scenario*2 | |
|-------------|---------------------|--|--|--|-----------------------------|---------------------|------|
| | | | | | | 2 °C | 4 °C |
| | Physical risk | Acute risk | Suspension of operations or supply chains | Stockout and sales decline are expected if our plants or suppliers suspend operations, our distribution channels are destroyed, or our warehouses are damaged under the increasing impact and frequency of natural disasters. These include storm surges associated with sea level rise, typhoons, and floods. These factors are also expected to increase the cost of BCP initiatives and insurance premiums. As a result, there is a risk of profit decline. | Medium-term | | ○ |
| | | Chronic risk | Difficulty in procuring some major raw materials | There is the risk that the production of some major raw materials will decrease significantly due to the increased average temperature. As a result we will face procurement difficulties due to decreased cultivated acreage, extreme weather, and intensification of diseases and harmful insects caused. | Long-term | | ○ |
| | | | Increased production and logistics costs | The increased average temperature is expected to raise production costs; for example, costs of occupational safety and health, response to the reduction of the capacity of cooling equipment, production efficiency, and production quality. The temperature rise is also expected to increase logistics costs like the cost of temperature adjustment equipment for delivery vehicles. As a result, there is a risk of a profit decline. | Medium-term | | ○ |
| Opportunity | Resource efficiency | Reduced production and logistics costs | It is expected that energy-saving activities will help reduce the cost of equipment operations, and that promotion of collaborative delivery, modal shift, etc. will enhance the efficiency of delivery. As a result, there is an opportunity for lower logistics costs. | Medium-term | | ○ | |

| Item | | Details | | Expected occurrence period* | Relevant scenario*2 | |
|------|---------------------|--|---|-----------------------------|---------------------|------|
| | | | | | 2 °C | 4 °C |
| | Energy sources | CO ₂ and cost reduction through use of renewable energy | Promotion of the introduction of solar panels and the purchase of Renewable Energy Certificates helps reduce CO ₂ and costs. | Short-term | ○ | |
| | Products & services | Increased demand for heat-resistant foods, emergency foods and highly nutritious foods | The increased average temperature and the growing impact of natural disasters are expected to increase demand for long-life and highly nutritious foods. We can use our technologies for antioxidation, heat-resistance, and soybean processing, to develop heat-resistant foods, emergency foods, foods for heat stroke patients, etc. As a result, we can create an opportunity for our sales growth. | Short-term | | ○ |
| | | Increased demand for some products due to temperature rise | The average temperature rise is expected to increase demand for beer-like beverages, ice cream, and refrigerated noodles. We can create an opportunity for the sales growth of our ingredients used in those products. | Medium-term | | ○ |
| | Market | Expanded PBF market | Public awareness of the environment and ethics-driven consumption are expected to increase the demand for PBF* products and to expand the PBF market. As a result, there will be an opportunity for growing sales through wider applications of our original alternative and hybrid technologies. * PBF: Plant-based food | Short-term | ○ | |
| | Resilience | Corporate value increased by building the optimal sustainable business portfolio | Promotion of energy savings and the use of renewable energy will help us reduce environmental impacts and build the optimal sustainable business portfolio, which meets social needs. As a result, there will be an opportunity to earn social trust and increase our corporate value. | Medium-term | ○ | |

| Item | | Details | | Expected occurrence period* | Relevant scenario*2 | |
|------|--|---|---|-----------------------------|---------------------|------|
| | | | | | 2 °C | 4 °C |
| | | Corporate value increased by formulating a reliable BCP | The formulation of a reliable BCP in anticipation of natural disasters will help us meet customer demand and build strong trust relationships. As a result, there will be an opportunity to earn social trust and increase our corporate value. | Short-term | | ○ |

Business continuity plan (BCP)

The Fuji Oil Group could neither “contribute to the society by creating the future of delicious and healthy foods” nor do “Work for people” if it fails to ensure business continuity. This requires having and implementing a good business continuity plan (BCP). We will promote our BCP initiatives under the following BCP Policy in order to ensure employee safety, minimize damage to business assets, and enable the continuation or early restoration of our core businesses. More specifically, we review our BCP in anticipation of natural disasters, major accidents, and epidemics or pandemics, and strive to formulate a BCP for ICT (ICT-BCP) to ensure the continued functioning of information systems in the event of natural disasters.

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.

Education and incentives

Educational and awareness-raising activities

We conduct risk management education and awareness-raising activities for our Group companies through regular visits, video conferences etc. In this way, we establish firmly the PDCA cycle for risk management and improve the quality of risk management at each Group company. In addition, we educate new posted employees abroad on the

fundamentals of risk management and the risk management system of the Fuji Oil Group. This is done as part of their pre-assignment training.

Incentives

We established ESG management awards as a system to praise departments and Group companies for their good ESG practices. Achievements in the field of risk management are also included in this award.

Information Security Management

Focus SDGs



Management information

Relation between themes and business activities

Risk management is important for Fuji Oil Group's business activities and its contribution to society. In the context of the growing value of digital data, an essential aspect of risk management is information security management. Information security management is also important to protect data rigorously; not only the company's management data but also those of customers and employees.

Basic approach

The Fuji Oil Group works to improve its security level to safeguard its information systems against surrounding threats, and protect and maintain the confidentiality, integrity and availability of its information assets. We formulated Information Management and Information Security Regulations. Employees are trained on a continual basis to ensure that they understand and follow these regulations. On a technical level we are taking multilayered measures 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.

Promotion system

We promote our initiatives for effective risk management under the supervision of the Chief Financial Officer (CFO). Under the CFO, the Chief Information Management Officer and a Computer Security Incident Response Team (CSIRT) were appointed. Each Group company also has a CSIRT, which includes a person in charge of information management and a person in charge of information security. We aim at raising all Group companies' information security levels according to a well-planned schedule, with the advice of external experts.

Moreover, the ESG Committee,* which is an advisory body to the Board of Directors, confirms the progress and results of initiatives for information security management as a priority theme for ESG management.

* Refer to the URL below for details on the ESG Committee.

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

Objectives / Results

FY 2019 objectives

- Achieving maturity level 3 of COBIT (Control Objectives for Information Technologies)*

* COBIT: A framework for assessing the maturity level of IT governance on a scale of 0 to 5. The highest maturity level is 5 (optimizing). As of April 2019, we were placed between levels 1 and 2.

FY 2019 results

In FY 2019, we focused on adopting countermeasures against ransomware* infection and fulfilled the above-mentioned objective of achieving the desirable COBIT maturity level. We have not suffered damage from ransomware since adopting the countermeasures. Some Group companies in China have not yet completed some of the countermeasures due to the impact of COVID-19. They will resume the implementation of the countermeasures after the situation stabilizes.

* Malware that makes infected computers and files inaccessible and demands a ransom from users for access to the computers and files

Next Step

We will ensure that safe and secure ICT is available to the Fuji Oil Group in order to achieve process reforms, corporate value creation, and group governance. The Fuji Oil Group aims to become an enterprise that can earn the trust of society, including business partners, by devoting Group-wide efforts to information security activities. In FY 2020, we will continue implementing the same measures as in FY 2019 and adopt additional measures for new themes, such as prevention of information leakage. With this, we aim at achieving COBIT maturity level 4. In addition, we will continue providing Group company employees in and outside Japan with training programs to raise their awareness on information security.

Sustainability

Group Governance

Focus SDGs



Management information

Relation between themes and business activities

The Fuji Oil Group began expanding to overseas markets on a full scale in the 1980s, and by March 2020, has major business sites in 15 countries around the world. Amid accelerating social changes, continuing to create value for society requires the Fuji Oil Group to respond promptly to the social issues and needs in each region in which it operates. To localize management and pursue the Group's total optimization, the Fuji Oil Group has adopted a management system based on a holding company structure since October 2015. We believe that Group governance is essential as the basis of Group management.

Basic approach

We established the Fuji Oil Group Management Philosophy to ensure our corporate values are shared among all Fuji Oil Group employees. To put the Group Management Philosophy into practice, we formulated a Management Group Policy, based on our ambition to build an effective Group governance system.

Promotion system

We promote our Group governance initiatives under the supervision of the Chief Strategy Officer (CSO). Moreover, the ESG Committee*, which is an advisory body to the Board of Directors, confirms the progress and results of these initiatives as a priority theme for ESG management.

* Refer to the URL below for details of the ESG Committee.

▸ <https://www.fujioilholdings.com/en/csr/approach/>

Objectives / Results

FY 2019 objectives

- Increasing the effectiveness of decision-making and operations in each area (at each area controlling office)

FY 2019 results

The decision that the Fuji Oil Group made in FY 2018 to establish Fuji Europe Africa B.V. (Netherlands) as the controlling office in Europe and to acquire Blommer Chocolate Company (U.S.) led the Group to a new stage of Group governance in FY 2019.

Accordingly, we formulated regulations and detailed rules to facilitate appropriate and prompt decision-making and operations in each area or business.

Furthermore, area management monitors each area/country in response to the continuously changing COVID-19 situation.

Next Step

We will continue to build an effective Group governance system. In FY 2020, we will organize meetings based on the Group Policy, facilitate employees' understanding of the Group Management Philosophy and Group Policy, and promote other Group governance activities.

Improvement of Corporate Governance

Focus SDGs



Management information

Relation between themes and business activities

The Fuji Oil Group monitors the direction of its business and operations fitness in a timely manner. We do this to respond to expectations of society and stakeholders, and to keep improving our corporate value. Our stakeholders include shareholders, investors and business partners. Corporate Governance is the basis of a system intended for this, and we believe that it is crucial to continue improving and developing it.

Basic approach

Through effective corporate governance, the Group aims at preventing situations that would harm corporate value, such as violation of laws and regulations, fraud, and misconduct. We also aim at the sustainable growth of the company and the improvement of corporate value over the medium to long term. We position corporate governance as an important mechanism for decision-making to meet the expectations of society as well as stakeholders, such as shareholders, customers, business partners, and our officers and employees, which is transparent, fair, prompt, and resolute.

To accelerate decision-making, the Group shifted its management structure to a pure holding company. This was done through an incorporation-type company split; separating

management from execution, thereby promoting delegation of authority to the regional headquarters, which are also operating companies. Meanwhile, FUJI OIL HOLDINGS INC. formulates strategies for group management and managing Group companies from a global perspective.

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

Promotion system

We promote corporate governance improvement initiatives under the supervision of the Chief Administrative Officer (CAO). Moreover, the ESG Committee*, which is an advisory body to the Board of Directors, confirms the progress and results of these initiatives as a priority theme for ESG management.

* Refer to the URL below for details of the ESG Committee.

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

Objectives / Results

FY 2019 objectives

- Formulate and implement an action plan based on the results of the evaluation of board effectiveness.

FY 2019 results

* Refer to “Evaluation of the effectiveness of the Board of Directors” of the “Specific initiatives” section.

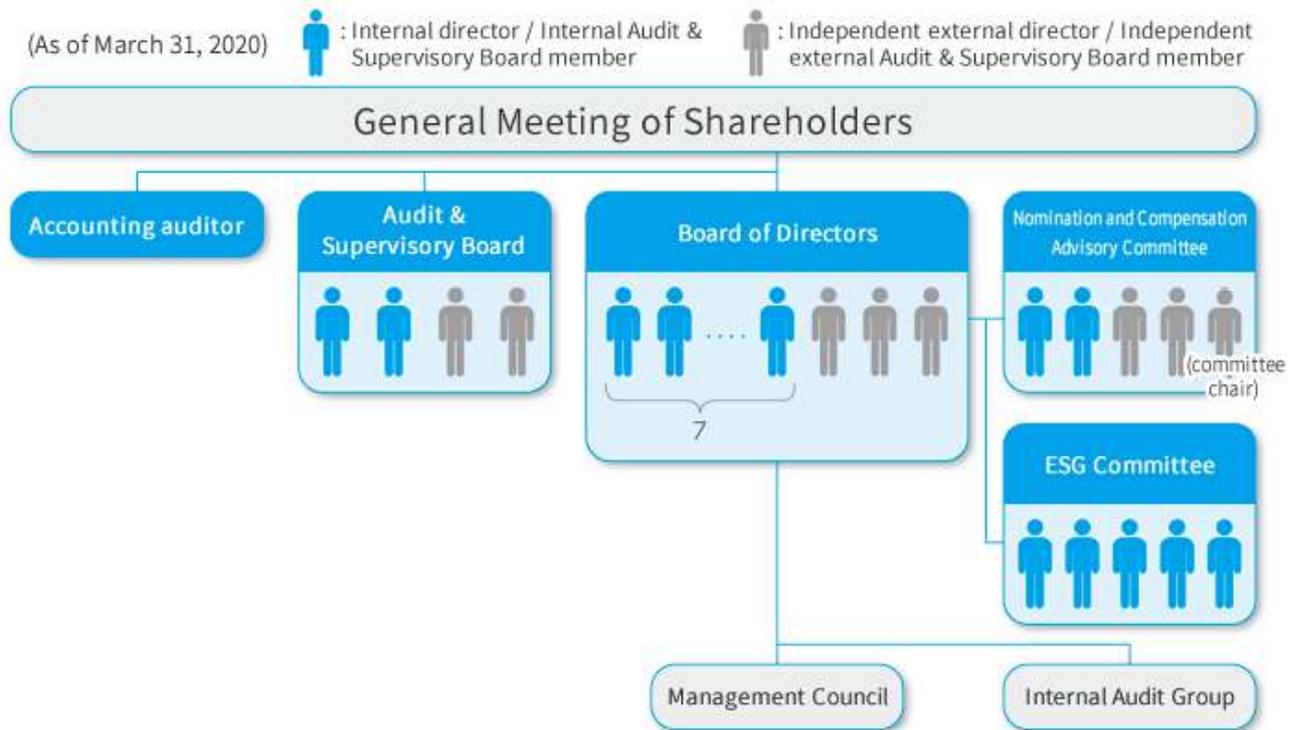
Next Step

* Refer to “Evaluation of the effectiveness of the Board of Directors” of the “Specific initiatives” section.

Specific initiatives

Corporate Governance Structure

Corporate Governance Functions



Board of Directors

Following the rules of the Board of Directors, this Board meets once a month. Additionally, extraordinary meetings are held from time to time when necessary. The Board of Directors deliberates matters stipulated by laws and regulations, important matters related to business management; and monitors the status of operations.

Audit & Supervisory Board

The Audit & Supervisory Board deliberates and decides on audit policies, audit plans, and other important activities related to auditing. It also reports and gives advice to directors and executive departments regarding important matters that have been identified through audit activities.

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. This Committee is formed mainly by external directors, to ensure transparency in the processes of officer appointments and

executive compensation. A total of 15 Meetings were held during the 92nd term (April 1, 2019 to March 31, 2020).

ESG Committee

The ESG Committee deliberates on important matters related to ESG (Environment, Social, and Governance), makes proposals and reports to the Board of Directors. These matters include: solutions through foods creation, assurance of product quality and safety, sustainable procurement, environment, diversity, occupational safety and health, governance, and risk management.

Evaluation of the effectiveness of the Board of Directors

FUJI OIL HOLDINGS INC. undertakes a yearly third-party evaluation of the Board of Directors effectiveness through a questionnaire and an interview. The evaluation results are fed back to the Board of Directors. This is followed up by deliberations on how to operate from the following fiscal year on. In the FY 2019 evaluation, we mainly checked the progress of the measures taken to address the issues identified in the FY 2018 evaluation (e.g.: enhancing global and group governance, in particular, at companies that were incorporated into the Group through M&A).

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

Targets: Questionnaire: 10 directors and 4 auditors

Interview: Progress check of the identified issues; President and CEO

General questions for a newly appointed director and a newly appointed auditor (one person each)

Evaluation process: Third-party anonymous survey and analysis of results

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 . Structure and activity status of the Nomination and Compensation Advisory Committee
- VI . Status of improvement activities concerning the issues to be tackled in FY 2019

3. Results of evaluation

Through the Board of Directors effectiveness evaluation which involved a third-party institution, the following two points were confirmed: (1) The President exerts strong leadership in improving governance, and the Board of Directors members also have a high level of awareness, and (2) Each officer is aware that our transformation into a global company is an urgent task under drastic changes in the business environment. Two major points were confirmed as future issues for the Board of Directors: (1) Need to strengthen improvement activities, although some improvements have been made on the issues identified in the FY 2019 evaluation, and (2) It is necessary to further enhance its supervisory (monitoring) function as the Board of Directors of the holding company. FUJI OIL HOLDINGS INC. will continue to evaluate the Board of Directors effectiveness, through the PDCA improvement cycle, to improve its operation and to enhance corporate governance. We will also promote the continuous improvement of corporate value.

Internal control system

As part of the internal control processes, the Internal Audit Group and each functional group conduct audits and operating audits, respectively. The Internal Audit group operates under the direct control of the Board of Directors.

Sustainability

Compliance Awareness

Focus SDGs



Management information

Relation between themes and business activities

As a member of society, the Fuji Oil Group believes that it is important to promote compliance activities. We work to spread compliance awareness throughout the Group as a basis for remain essential to society.

Basic approach

The Fuji Oil Group complies with laws and regulations as well as internal policies and rules as usual practice. Acting with a strong sense of ethics in daily business operations is crucial to meet the expectations and needs of society (stakeholders). 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 Code of Conduct Principles to clarify specific behaviors that all Group members are expected to follow in order to ensure 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 reports 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.

Promotion system

We promote compliance initiatives for the entire Group, with the Chief Administrative Officer (CAO) as top person in charge. The Legal Affairs Department of FUJI OIL HOLDINGS INC. plans of various measures and improvements increase compliance awareness throughout the Group. The Management Council of FUJI OIL HOLDING INC. reviews compliance efforts upon reception of the appropriate reports from the Legal Affairs Department.

Specific initiatives

Education

Business Conduct Guidelines

We established the Fuji Oil Group Business Conduct Guidelines. These guidelines explain the action principles of the Fuji Oil Group Management Philosophy using representative case studies encountered in several daily duties. The guidelines are available in eight

languages, including Japanese, and are distributed to employees in booklet and PDF forms.

Compliance training

Since FY 2019, the Legal Affairs Department has been working to systematize compliance training to provide necessary compliance education to departments. This has been done in cooperation with the HR and other related departments. In addition, the Legal Affairs Department visits business locations in and outside Japan to review their compliance status and needs; and to help raise employee awareness in areas requiring priority attention. Since FY 2018, we have conducted e-learning training for Fuji Oil Group's employees in Japanese, English, Chinese, and Portuguese. The trainings take place every October, designating this month as "Compliance and Information Security Reinforcement Month."

Monitoring

We monitor the compliance status at Group companies, including those outside Japan, 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 a compliance checklist (prepared in consideration of laws, regulations, and risks specific to each region).

Hotline system

The Fuji Oil Group Whistleblower Hotline is in place at Group companies in Japan. Moreover, we have outsourced a whistleblowing hotline to an outside law firm in order to ensure confidentiality and anonymity of informants by creating an environment that facilitates reporting. As part of efforts to promote fair transactions, a fair trade helpline operates as a whistleblowing contact point. This helpline serves cooperating companies in specified fields since FY2018.

Overseas, the Fuji Oil Group's Compliance Helpline is available for employees at Group companies outside Japan.

FUJI OIL HOLDINGS INC 's whistleblowing regulations prohibit the dismissal and unfair treatment of an employee by informing to the Fuji Oil Group Whistleblower Hotline, the outsourced whistleblowing hotline and the Fuji Oil Group's Compliance Helpline. They also stipulate that those who have unfairly treated or harassed an informant employee may be punished in accordance with the work, or other, rules and other rules.

Over the last few years, the number of reports received annually throughout the entire Group has remained in the range of five to ten. 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 also conduct a Group-wide yearly survey on the hotline system to ensure that the hotline system is well known and to improve its operation.

Corruption Prevention

In addition to comply with the Antimonopoly Law, the prevention of bribery and corruption is one of our priority compliance areas related to fair transactions. We set global anti-bribery and corruption rules, and we actively raise awareness of anti-bribery and corruption among employees. To systematize compliance activities, we also established departments dedicated to raise awareness on anti-bribery and corruption. These departments conduct yearly trainings on corruption prevention.

Political contributions

The Fuji Oil Group does not make political donations.

Compliance Violation

There were no serious compliance violations linked to the Fuji Oil Group's operations in FY 2019.