







Sustainable Procurement Management

Policy

The Fuji Oil Group first formulated the Fuji Oil Co., Ltd. CSR Procurement Guidelines in 2012 and then revised it in 2016 and 2021. We subsequently established our sourcing policies for key raw materials, through the Responsible Palm Oil Sourcing Policy in 2016 and the Responsible Cocoa Beans Sourcing Policy in 2018. In addition, we enacted the Supplier Code of Conduct and established our Responsible Soybeans and Soy Products Sourcing Policy, and Responsible Shea Kernels Sourcing Policy in 2021.

Group policies on sustainable procurement

| | Policy name | Scope | Year enacted |
|------------------------|--|--|-------------------------|
| Groupwide |  Supplier Code of Conduct (PDF, 2.3MB) | All suppliers of products and services to the Group | 2021 |
| Specific raw materials |  Responsible Palm Oil Sourcing Policy (PDF, 1.66MB) | All suppliers of palm oil, palm kernel oil, and palm-derived materials purchased, traded, processed, and sold by the Group | 2016 |
| |  Responsible Cocoa Beans Sourcing Policy (PDF, 79KB) | All suppliers of cocoa beans and cocoa products purchased, traded, processed, and sold by the Group | 2018 |
| |  Responsible Soybeans and Soy Products Sourcing Policy (PDF, 922KB) | All suppliers of whole soybeans and soybean protein products procured by the Group | 2021 |
| |  Responsible Shea Kernel Sourcing Policy (PDF, 945KB) | All suppliers of shea kernels procured by the Group | 2021 |
| Specific companies |  CSR Procurement Guidelines (3rd Edition) (PDF, 223KB) | Suppliers to Fuji Oil Co., Ltd. | First published in 2012 |

Governance

GRI:3-3

The Group's Sustainability Committee,^{*1} an advisory body to the Board of Directors of Fuji Oil Holdings Inc., deliberates on and monitors the Group's response to environmental and social issues including climate change and human rights, and recommends and reports the results to the Board. Chaired by the President and CEO, the committee is composed of chief officers with voting rights, other executive officers, heads of each business division, outside directors, and the ESG advisor, and meets at least twice a year. The Chief Strategy Officer (CSO) oversees initiatives for the material ESG issue^{*2} of Sustainable Procurement. Under this committee, the Subcommittee on Group Significant Risks discusses and manages Group-wide risks and opportunities across the supply chain, and reports the results to the Management Committee Meeting and Board of Directors for approval at least once a year.

*1 Governance, Strategy, Metrics and Targets, Risk Management > Governance
https://www.fujioilholdings.com/en/sustainability/sustainability_management/

*2 Governance, Strategy, Metrics and Targets, Risk Management > Strategy, metrics and targets
https://www.fujioilholdings.com/en/sustainability/sustainability_management/

Collaboration with our suppliers is essential to resolving the social issues involving the Group. We set our vision in the Fuji Oil Group Management Philosophy* as “Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy.” A sustainable supply chain is essential to achieve this vision. We foster relationships of trust with suppliers to address environmental and social issues in the supply chain, and engage in environmental conservation, respect for human rights, fair business practices, risk management and other initiatives with the aim of achieving sustainable growth for all three parties: suppliers, the Group and society.

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

Risk management

Engagement with suppliers

Group-wide engagement with suppliers

Suppliers are our Group’s key partners in creating a sustainable society. Through co-creation with our suppliers, we aim for sustainable growth of all three parties: suppliers, the Group, and society. This approach is also stipulated in the Fuji Oil Group Supplier Code of Conduct formulated in April 2021. We ask our suppliers in all countries and regions where we do business to comply with the Code and follow other applicable procurement policies of the Group. At the end of January 2024, we received the signatures of 70% of our suppliers. Going forward, the Group will continue to walk in step with suppliers who have agreed to work with us toward realizing a sustainable society. On the other hand, we will keep reaching out to suppliers who have not yet declared their alignment.

Engagement with suppliers in Japan

Fuji Oil Co., Ltd. conducted a survey in FY2022 for suppliers in Japan, in order to check whether the products and services delivered by each company considers compliance, human rights, and the environment, and whether they are produced in a way that ensures a clear line of responsibility in line with the third edition of the CSR Procurement Guidelines (revised in November 2021). The survey results revealed large variations among suppliers in their response levels to environmental and social issues. In light of this, we updated our annual supplier evaluation table to a new format in FY2023. We added perspectives from risk management and environmental considerations, which had notably large differences in response levels, to the usual evaluation of quality, price, and delivery time, and used the new table to evaluate around 100 key suppliers. Moving forward, we will continue evaluating suppliers from a sustainability perspective.

We also held an appreciation gathering for approximately 100 of our key suppliers in Japan. The gathering provided an opportunity to engage more with our suppliers. In addition to expressing our constant gratitude, we shared the Group’s efforts to address Japan’s logistics problem in 2024 caused by truck driver shortages and asked for their support in creating an efficient and sustainable purchasing and logistics system that takes people and the environment into consideration.



President Tatsuji Omori of Fuji Oil Co., Ltd. giving a speech at the 2023 appreciation gathering

Metrics and targets

Commitments to sustainable procurement

The Fuji Oil Group set medium- to long-term goals and KPIs for the sustainable procurement of palm oil and cocoa in June 2020, and of soybeans and shea kernels in June 2021.

| Raw material | Social issues in the supply chain | | Our vision, medium- to long-term goals | KPIs | | FY2023 results | Solution-based approach |
|--------------|-----------------------------------|--|--|--|--|--|--|
| | | | | 2030 | 2025 | | |
| Palm oil | Global environment | Climate change, deforestation, peatland development, biodiversity loss | No Deforestation, No Peatland Development and No Exploitation (NDPE) | Traceability to plantation (TTP ¹): 100% | TTP: 85% | TTP: 95% | <ul style="list-style-type: none"> Trace supply chain to plantations Monitor deforestation by satellite images Implement a supply chain transformation program Improve supply chain (reduce environmental/human rights risks) by collaborating with NGOs and oil mills, and engaging direct suppliers Operate a grievance mechanism Participate in landscape initiatives³ Procure RSPO⁴-certified oil |
| | Human rights | Forced labor; child labor; exploitation of Indigenous Peoples, local residents and workers | | Labour Transformation Programme (LTP) implementation rate: 100% (of all direct suppliers) | LTP implementation rate: 100% (of all suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia) ²) | LTP implementation rate to suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia): 74% | |
| Cocoa | Global environment | Deforestation, climate impacts on producing regions, biodiversity loss | Reforestation, elimination of child labor | One million trees planted ⁵ | 500,000 trees planted | 145,748 trees planted in our direct supply chain in Côte d' Ivoire (315,748 trees in total) | <ul style="list-style-type: none"> Map out boundary lines (polygon) of supplier farms Conserve and restore forests Protect children (promote implementation of CLMRS) Implement community support programs (Côte d' Ivoire, Ghana) |
| | Human rights | Child labor, poverty among farming families | | Elimination of child labor | No worst forms of child labor ⁶ | 100% of farmer groups across our direct supply chain covered by CLMRS ⁷ (Côte d' Ivoire, Ghana) 60% of farms across our direct supply chain covered by effective and sustainable child protection and human rights due diligence system that assess and address child labor (Côte d'Ivoire, Ghana) | |
| Soybeans | Global environment | Deforestation, biodiversity loss | No deforestation, no exploitation | Traceability achieved to the community level, or 100% procurement of RTRS ⁸ -certified products or products certified to equivalent standards | Traceability achieved to primary collection points, or 100% procurement of RTRS-certified products or products certified to equivalent standards | Facilitated dialogues with suppliers in North America and China to determine the progress of traceability Traceability achieved to primary collection points: 83% | Promote continuous direct dialogue with suppliers in China |
| | Human rights | Exploitation of Indigenous Peoples, local residents and workers | | | | | |
| Shea kernels | Global environment | Loss of parkland | Forest conservation, support to women's empowerment | 6,000 trees planted/year ⁹ | 6,000 trees planted/year | 9,364 trees planted/year | <ul style="list-style-type: none"> Implement Tebma-Kandu program Conserve parkland in habitat of shea trees Reduce environmental impact by shifting energy sources |
| | Human rights | Poverty among farming families | | Traceability to the regional level, including procurement from Tebma-Kandu cooperatives ¹⁰ : 75% | 70% | 88% | |
| | | | | Procurement of shea kernels from the Tebma-Kandu program ¹¹ : 50% | 30% ¹² | 19% | |
| | | | | Percentage of shea kernels crushed and fractionated (separated) in West Africa: 100% | 100% | 100% | |
| | | | | Non-fossil fuel energy ¹³ used by Fuji Oil Ghana Ltd. (for steam generation): 100% | 100% | 97.6% | |
| | | | | Utilization rate of warehouses donated by our Group that generate alternative income for Tebma-Kandu cooperatives: 80% ¹⁴ | 20% | — | |

*1 Traceability to plantation

*2 An oils and fats manufacturer wholly owned by the Fuji Oil Holdings Inc.

*3 An approach to making improvements at the regional level with the participation of not only palm plantations but also multiple stakeholders, including NGOs, local communities, and the government, in identified regions

*4 Roundtable on Sustainable Palm Oil

*5 We plan to plant a variety of shade tree saplings, totaling one million trees over a 10-year period from 2021 through 2030.

*6 The International Labour Organization (ILO) Convention No. 182, known as the Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, prohibits hazardous work that may harm the health, safety, or morals of children. This includes the sale and trafficking of children, debt bondage, forced or compulsory labor, prostitution and pornography, illegal activities such as crime, and recruitment of children for use in armed conflict.

*7 Child Labour Monitoring & Remediation System

*8 Round Table on Responsible Soy Association

*9 We plan to plant mainly shea tree saplings at a pace of 6,000 trees per year starting in 2021.

*10 Cooperatives that have joined the Tebma-Kandu program.

*11 The KPI was changed from "direct procurement of shea kernels from Tebma-Kandu cooperatives" to "procurement of shea kernels from the Tebma-Kandu program." This includes procurement volumes from new partners who have aligned with the aims of Tebma-Kandu, in addition to the cooperatives that have been active from the outset based on the concept of the Tebma-Kandu program.

*12 Our KPIs for years 2021, 2022 and 2023 are 10%, 10% and 15%, respectively.

*13 We use shea olein, a byproduct obtained when fractionating shea butter, as biomass fuel.

*14 Because the KPI for value creation in local communities, "permanent, direct employees at Fuji Oil Ghana Ltd.: 50% increase (base year: 2017)," was achieved as of FY2022, we set a new KPI to replace it from FY2024. Percentage of warehouses for shea kernel storage donated by Fuji Oil Ghana Ltd. that are generating income through the use of vacant space or periods outside the shea season to store harvests other than shea.

Specific initiatives

Sustainable procurement information by raw material

Follow the links below to learn more about our Group's sustainable procurement initiatives for our main raw materials — palm oil, cocoa, and soybeans — and our strategic raw material, shea kernels.

Sustainable Procurement of Palm Oil

https://www.fujioilholdings.com/en/sustainability/palm_oil/

Sustainable Procurement of Cocoa

<https://www.fujioilholdings.com/en/sustainability/cocoa/>

Sustainable Procurement of Soybeans

<https://www.fujioilholdings.com/en/sustainability/soy/>

Sustainable Procurement of Shea Kernels

https://www.fujioilholdings.com/en/sustainability/shea_kernel/

Related documents

ESG Data Book (PDF 2.85MB) 