CO_2 Emissions Reduction

Material Issue
Climate Change

Policy

The Fuji Oil Group established the Basic Policy of Environmental Integrity in 2015.

Fuji Oil Group Basic Policy of Safety, Quality and Environment (PDF, 331KB)

Governance

The Group's Sustainability Committee*1 is an advisory body to the Board of Directors that is chaired by the President and CEO. It deliberates on and monitors the material ESG issue*2 of Climate Change from a multi-stakeholder perspective, and reports the results to the Board. The ESG Division Officer oversees the progress of initiatives for CO_2 Emissions Reduction, a priority action within this material issue, to achieve our Environmental Vision 2030.*3

*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/

*3 Environmental Management > Metrics and targets
https://www.fujioilholdings.com/en/sustainability/environmental_management/

Strategy

In the movement towards decarbonization, it became clear at COP28 that global progress in reaching the Paris Agreement's 1.5°C target is uneven, and it is required that an approach is taken where each country's circumstances are considered to reliably reduce CO_2 emissions. Climate change is a key issue for our Group, which operates while benefitting from nature in its use of agricultural products as primary raw materials, and while using energy at production sites around the world. Without progressive climate change mitigation, our Group will experience higher natural disaster risk as well as other increased risks such as reduced raw material yield impacting stable procurement, carbon taxes, and other environmental regulations restricting business activities.
The Fuji Oil Group has committed to CO_2 emissions reduction across the Group based on our Environmental Vision 2030. By 2030, we aim to reduce Scope 1 and 2 emissions by 40% and Scope 3 (Category 1) emissions by 18% compared to the base year of FY2016. These targets were approved by the Science Based Targets initiative (SBTi)*1 in May 2020. The Group works together as one to achieve these targets through continued efforts to conserve energy, installing new energy-efficient equipment, and using renewable energy at production sites. In Japan, we also aim to shift to purchasing only carbon-free electricity*2 by 2030.

Environmental Management > Strategy
https://www.fujioilholdings.com/en/sustainability/environmental_management/

*1 Organizations set science-based targets to reduce their greenhouse gas emissions over a 5-to-15-year horizon. Targets are considered "science-based" if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement.

*2 Electricity from energy providers that is generated from renewable energy sources and is carbon-free as an added value. CO_2 emission factor can be taken as zero.

Risk management

Environmental Management > Risk management
https://www.fujioilholdings.com/en/sustainability/environmental_management/

Metrics and targets

GRI：305-5

FY2030 targets[*1]	FY2023 results[*1]	Progress on FY2030 targets
Scopes 1[*2] & 2[*3]: 40% reduction in total CO_2 emissions (All Group companies)	29% reduction	73%
Scope 3[*4] (Category 1[*5]): 18% reduction in total CO_2 emissions (All Group companies[*6])	27% increase	Not achieved

*1 Base year: FY2016

*2 Scope 1: Direct emissions of greenhouse gases from our own operations

*3 Scope 2: Indirect emissions of greenhouse gases from the use of electricity, heat and steam supplied by third parties

*4 Scope 3: Emissions from the activities of non-Group companies in our value chain (Categories 1-15)
Recalculated emissions for FY2016, FY2022, and FY2023 using emissions factors of IDEA ver. 3.3 and LULUC (land use, and land-use change) Regulations.

*5 Category 1: Purchased goods and services

*6 Excluding Industrial Food Services (Australia) and Fuji Brandenburg GmbH (Germany)

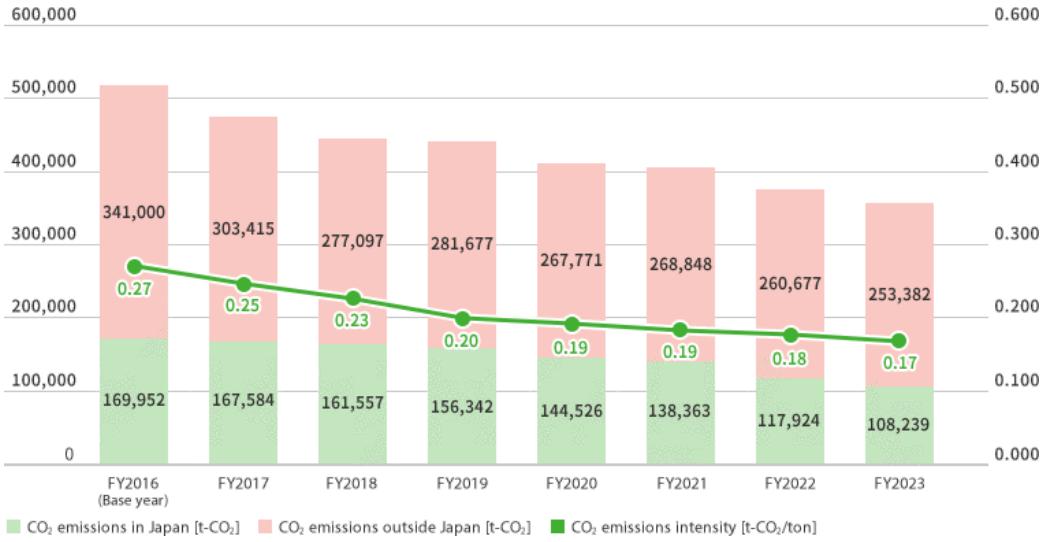
○ At least 90% complete △ At least 60% complete ✕ Less than 60% complete

FY2023 Goals	FY2023 Results	Self-assessment
Promote energy conservation efforts, renewable energy use and other initiatives	• Raised awareness through environmental audits of seven Group companies • Explained internal carbon pricing system at Group companies outside Japan ahead of FY2024 introduction • Began energy conservation patrols at Fuji Oil Co., Ltd. to enhance conservation efforts and make them more autonomous • Installed solar panels on the rooftop and carports at Fuji Oil Co., Ltd.'s Kanto Plant • Installed solar panels for the first time at Fuji Oil (Zhaoqing) Co., Ltd. (China) • Installed solar panels at Blommer Chocolate Manufacturing (Shanghai) Company Ltd.	○
Engage with key suppliers	Conducted engagement with 16 suppliers around the world through online meetings, surveys and other activities	○

Analysis

Scope 1 and 2 emissions in FY2023 were 29% lower than the baseline, an additional improvement of three points from the previous fiscal year's 26% reduction compared to the base year. This represents a 73% achievement rate relative to our target (40% reduction by FY2030). At business sites in Japan, approximately 50% of purchased energy is now carbon free. Outside Japan, Group companies worked on electricity conservation, equipment maintenance and other energy-saving efforts, along with introducing renewable energy, which contributed to reduced CO_2 emissions. We also aimed to improve environmental management through environmental audits. In addition, we prepared for trial introduction of the internal carbon pricing system (reference: 10,000 yen/t-CO_2) at some Group companies outside Japan in order to promote environmentally responsible investments.
At the result of recalculating emissions for FY2016, FY2022, and FY2023 using emissions factors of IDEA ver. 3.3 and LULUC (land use, and land-use change) Regulations, scope 3 emissions in FY2022 were changed from 12% increase to 30% increase, and scope 3 emissions in FY2023 were 27% higher than the base year, an improvement of three points from the previous fiscal year. This represents a 0% achievement rate relative to our 18% reduction target by FY2030. Increased production led to an increase in Scope 3 Category 1 emissions. In efforts to reduce emissions, we engaged with 16 supplier companies around the world — which make up 10% of all suppliers — through meetings, surveys and other activities.

Total annual CO_2 emissions (Scopes 1 & 2) and CO_2 emissions intensity



Next steps

Our Group has been successfully reducing CO_2 emissions since the base year, and has set the following goals for FY2024 as we work towards a decarbonized society.

- Set new CO_2 emissions reduction targets
- Further reduce Scope 1 and 2 emissions
  - Continue energy conservation and introduction of renewable energy
  - Further introduction of the internal carbon pricing system at Group companies outside Japan
- Further reduce Scope 3 emissions
  - Continue conducting supplier engagement

Specific initiatives

Energy management in Japan

As part of achieving the Environmental Vision 2030, Fuji Oil Co., Ltd. and Group companies in Japan are working to manage and improve their energy usage. In particular, we have started energy conservation patrols in order to enhance conservation efforts and make them more autonomous. First, in order to increase energy conservation awareness, we visualized energy loss in the Hannan Business Operations Complex using ultrasonic and thermal cameras. Moving forward, we are planning to apply loss-reducing measures at this plant and introduce them to other facilities. With these activities in place, we expect to achieve Japan's Energy Conservation Act[*1] non-binding target[*2] once again in FY2023.
Fuji Oil Co., Ltd. has also agreed to a trial of the regular reporting and disclosure system under the Energy Conservation Act,[*3] scheduled for official operation in FY2024, and is proactively disclosing information. In additional efforts to significantly reduce our CO_2 emissions, we have also decided to update the cogeneration equipment[*4] at the Hannan Business Operations Complex,[*5] and are aiming to begin operation in FY2025. The equipment is designed so that it can be modified to co-fire with hydrogen, and we will investigate making shift to use non-fossil fuels.

*1 Also called the Act on Rationalizing Energy Use and Shifting to Non-Fossil Energy

*2 To reduce specific energy consumption by 1% or more on average for 5 years.

*3 Established by the Agency for Natural Resources and Energy for disclosure of information from periodic reports based on the Energy Conservation Act. A total of 47 companies agreed to the trial for Tokyo Stock Exchange Prime-listed companies.

*4 A system that uses natural gas or oil as fuel to generate electricity with turbines or other mechanisms, and simultaneously recovers the waste heat that is generated (quote taken from the METI website and partially modified).

*5 An initiative selected to receive energy conservation subsidies (FY2022 subsidy for energy-saving investments and demand structure transformation projects)

Enhancing the energy efficiency of production equipment

Below are examples of the initiatives that were implemented in FY2023 to enhance energy efficiency.

- The Hannan Business Operations Complex worked to reduce energy consumption by reusing waste heat recovered from production processes as a heat source for cleaning water.
- The Fuji Oil Co., Ltd.'s Chiba Plant worked to reduce steam use during equipment shutdowns by introducing a proprietary automatic system to control the steam supply for equipment heat retention.
- Fuji Oil (Zhang Jia Gang) Co., Ltd. (China) reduced steam usage, which led to a reduction in CO_2 emissions.
- Fuji Global Chocolate (M) Sdn. Bhd. (Malaysia) optimized the flow volume of their cold-water pump to reduce energy usage.
- Fuji Oil (Thailand) Co., Ltd. installed small boilers to improve energy efficiency during small-lot production.
- Palmaju Edible Oil Sdn. Bhd. (Malaysia) switched to high-efficiency motors to reduce energy usage.

Introducing renewable energy

GRI：302-4

Of the 20 production sites in our Group, 11 are now equipped with photovoltaic (PV) power generation. Fuji Oil Co., Ltd.'s Kanto Plant and Fuji Oil (Zhaoqing) Co., Ltd. (China) began using PV power generation facilities for the first time, and PV panels were also installed at Blommer Chocolate Manufacturing (Shanghai) Company Ltd. (China).
Blommer Chocolate Company (U.S.) partly uses renewable energy as required by state laws in Pennsylvania, Illinois, and California, where it has production sites, and also purchases Renewable Energy Certificates (RECs).
At Fuji Oil Co., Ltd.'s Hannan Business Operations Complex and Chiba Plant and Fuji Oil Ghana Ltd., we introduced biomass boilers and use by-product oil, which we produce as a by-product in the manufacturing process, as fuel. This has helped reduce both CO_2 and waste.
The Tokyo Regional Office of Fuji Oil Holdings Inc. uses power from Green Power

The solar panels installed on carports for the first time at Fuji Oil Co., Ltd.'s Kanto Plant

Certificates.* Since electricity with Green Power Certificates is considered to be sourced from natural energy that does not emit CO_2, the purchase represents a CO_2 emissions reduction of approximately 31 t-CO_2 equivalent in FY2023.
By the end of FY2023, the share of renewable energy use in our CO_2 emissions assumed as equivalent fossil fuel sources was 7% of our total Scope 1 and 2 CO_2 emissions (25,240 t-CO_2 equivalent). We will continue efforts to increase our renewable energy use.

* A certificate issued to indicate the added environmental value of renewable energy

PV panels installed at Fuji Oil (Zhaoqing) Co., Ltd. (China)

PV panels at Blommer Chocolate Manufacturing (Shanghai) Company Ltd. (China)

Activities to reduce Scope 3

To reduce Scope 3 CO_2 emissions, we used interviews and surveys to engage with 16 supplier companies around the world, which make up approximately 10% of our Category 1 emissions. Along with encouraging understanding of the importance of reducing CO_2 emissions, and our Group policies, environmental targets and reduction activities, we had them share with us their own CO_2 reduction targets and initiatives.
We will continue to engage with suppliers so that the effects of their CO_2 reduction efforts can be reflected in our Group Scope 3 calculations, in efforts to reduce CO_2 emissions throughout the supply chain.

Related documents

ESG Data Book (PDF 2.85MB)