

Sustainability Report

FUJI OIL GROUP

2021



We pursue sustainable growth by placing the joy of food and the well-being of all people at the heart of our business.

Message from the CEO



Plant-Based Food Solutions is our approach to sustainability for both business and society.

Message from the C“ESG”O



ESG Management



Stakeholder Engagement



A photograph of four diverse children sitting at a red table in a classroom, eating lunch. They are holding sandwiches and there are clear plastic containers with food on the table. The image is framed by a colorful border at the top and bottom.

Social Impact and ESG Materiality

Social Impact and ESG
Materiality





Environmental Commitment (2030 targets)

40%

CO₂ emissions reduction
(Scopes 1 & 2)

20%

Water use reduction
(intensity)

10%

Waste reduction
(intensity)

[Environmental Vision 2030 >](#)

[Response to the TCFD
recommendations >](#)



Sustainable Procurement Commitment (2030 targets)

100%

Palm oil:
Traceability to plantations
(TTP)

0

Cocoa:
Child labor in the supply
chain of cocoa beans

100%

Soybeans:
Traceability achieved to the
community level /
Procurement of certified
products

75%

Shea kernels:
Traceability to the village
level

Sustainable Procurement
Management >

Sustainable Procurement
of Palm Oil >

Sustainable Procurement
of Cocoa >

Sustainable Procurement
of Soybeans >

Sustainable Procurement
of Shea Kernels >

ESG Activity Report FY2020



Environment

- > Environmental Management
- > CO₂ Emissions Reduction
- > Water Use Reduction
- > Waste Reduction
- > Food Loss and Waste Reduction
- > Plastic Use Reduction
- > Reduction of the Environmental Impact of Products and Raw Materials



Social

- > Human Rights Management
- > Sustainable Procurement Management
- > Solutions to Food Insecurity
- > Provision of Healthy Food
- > Reduction of Sugars Intake
- > Reduction of Trans Fatty Acid Content
- > Sustainable Procurement of Palm Oil
- > Sustainable Procurement of Cocoa
- > Sustainable Procurement of Soybeans
- > Sustainable Procurement of Shea Kernels
- > Ensuring Food Safety and Quality
- > Promoting Occupational Health and Safety
- > Diversity Management
- > Human Resource Development
- > Employee Health (Health Management)
- > Partnership with Communities



Governance

- > Risk Management System
- > Information Security Management
- > Compliance
- > Group Governance
- > Corporate Governance

MSCI  2021 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

MSCI  2021 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)



External Recognition >

Reports and Related Information

[Sustainability Report](#)



[Integrated Report](#)



[ESG Data Book \(400KB\)](#)



[GRI Standards Comparison Table \(476KB\)](#)



[Sustainability Report
Editorial Policy](#)



[Policies and Principles](#)



[Certification Information](#)



[Fuji Oil Group Grievance
Mechanism](#)



[Supply Chain Database](#)



Inquiries about Sustainability

CSV Promotion Team, Sustainability Development Group, Fuji Oil Holdings Inc.

[Contact Us](#)



Editorial Policy


The Fuji Oil Group publishes the Integrated Report and the Sustainability Report annually as tools for communicating with our stakeholders.


The Integrated Report provides a general overview of our Group business and outlines our medium- to long-term strategies. By communicating this information, we hope to encourage our stakeholders to continue engaging with us in enhancing our corporate value. On the other hand, the Sustainability Report complements the ESG information in the Integrated Report and aims to comprehensively and honestly report our approach and initiatives to address the Group's impact on sustainability to a broad range of stakeholders.

Scope of the report	<p>Fuji Oil Group</p> <p>> All Group companies</p>
Period covered	<p>ESG management</p> <p>The contents of this report are based on information as of June 2021.</p> <p>Report on FY2020 activities</p> <p>April 1, 2020 – March 31, 2021</p> <p>Some activities conducted outside the above-mentioned period are also included.</p>
Date of publication	<p>August 2021 (Japanese version)</p> <p>October 2021 (English and Chinese versions)</p>
Guidelines for reference	<p>GRI Standards</p> <p>This report has been prepared in accordance with the GRI Standards: Core option.</p>
How to determine disclosure information based on GRI	<p>The Sustainability Report 2021 presents the themes in which the Fuji Oil Group is expected to contribute to the realization of a sustainable society, based on the following basic approaches.</p> <p>(1) The Group's material ESG issues* are identified as the issues rated with the highest stakeholder interest as well as the highest or higher impact to our business, and higher stakeholder interest as well as the highest impact to our business on the materiality map. We examine these themes at the Group level and disclose information.</p> <p>(2) For themes evaluated as other than (1) as well, we examine them at related companies and divisions and disclose information that may influence the decision making of stakeholders.</p> <p>* Follow the link below to learn more about the material ESG issues.</p> <p>> https://www.fujioilholdings.com/en/sustainability/materiality/</p>

More than 70% of the data on total Scope 1 and Scope 2 CO₂ emissions have been verified by a third party to ensure that the information is correct.

Third Party Verification






Verification Statement

7 June 2021

FUJI OIL HOLDINGS INC.



1. Objective and Scope

Japan Management Association (JMA) was commissioned by FUJI OIL HOLDINGS INC. (hereinafter, referred to as "the Organization") to conduct independent verification on a limited level of assurance. The scope of verification is the following: SCOPE 1 and SCOPE 2 emissions of the offices and the factories^(*) (hereinafter, referred to as "Organizational boundary") within its Monitoring Report (hereinafter, referred to as "the Report") from 1 January 2020 to 31 December 2020.

- 1) SCOPE 1 GHG emissions;
Direct CO₂ emissions from the Organizational boundary by using fuels
- 2) SCOPE 2 GHG emissions;
Indirect CO₂ emissions from the Organizational boundary by using electricity, including renewable energy and heat

The objective of this verification is to confirm that the GHG emissions in the Organization's applicable scope have been correctly calculated and reported in line with the criteria of the monitoring procedures, and to express our views as a third party. Organization's responsibility is to calculate and report the GHG emissions and JMACC's responsibility is to express our views as a third party.

2. Procedure of Verification

The Report was verified in accordance with requirement of ISO14064:2019 (Greenhouse gases Part 3: Specification with guidance for the verification and validation of greenhouse gas statements), and following processes were implemented at limited level of assurance:

- Confirmation of the SCOPE 1 and 2 monitoring procedures, monitoring systems and related documents for the Report
- Interviews with persons in charge of making the Report
- Sampling the evidence for confirmation of the GHG emissions

Verification Statement
of JMACC member

Japan Management Association GHG Certification Center
3-1-121 Nakatama, Nakatama, Tokyo 186-8522 JAPAN

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Message from the CEO

In 2021, Fuji Oil Holdings Inc. entered its seventy-first year. We at the Fuji Oil Group have committed to “Work for people” as a core value shared by all employees under the Group Management Philosophy. Our principle to “achieve ceaseless growth by accomplishing customer satisfaction” in the Group’s Basic Management Principles, the predecessor of the Management Philosophy, has directly led to what is now our commitment to “Work for people.”

My experience with ESG management began in the U.S. when I was appointed to a post at Fuji Vegetable Oil for four years in 2012. At the time, we received a stern letter from an NGO regarding deforestation, human rights and other environmental and social issues associated with palm oil production. While such negative feedback was a problem that management would rather have avoided, the issues they raised were serious. I strongly felt that, contrary to our inclination, we needed to face them squarely. In 2016, after returning to Japan, I created the Supply Chain Management Group as Chief Strategy Officer (CSO) to oversee procurement at the global level and engage in responsible raw material procurement that takes the environment and human rights into account. It was the first step on our path to a sustainable future.

Today, we are still a leader among Japanese companies in advancing sustainable procurement of major raw materials. Soy protein ingredients, which we have been working on for many years, have been attracting a lot of interest as sustainable food. The Group’s ESG initiatives for the environment and human rights have grown to where we are starting to receive social recognition. But the global community is demanding even higher targets on carbon emissions reduction, biodiversity conservation and other environmental measures. For human rights issues, government policies and regulations, as well as investor demands, have grown stronger even in the midst of the COVID-19 pandemic. We feel a sense of urgency in that any delays or failures will sooner or later impact our operations, our reputation, and eventually our corporate value. As information becomes borderless, we must judge our own initiatives fairly, and work steadily and innovatively to meet our stated goals.

To make the leap toward becoming a truly global company, we believe that adding equity to our previous approach of diversity and inclusion and adopting the perspective of DE&I is essential. I have come to realize from my experiences overseas that inequitable educational opportunities lead to poverty and other issues. With offices in 14 countries and around 70% of our employees located outside Japan, we want to give all employees who create our corporate value globally equal opportunities to take on new challenges by fairly assessing their performance in every occupation so that they can work to their full potential.

Social issues and their implications change with the times. The Fuji Oil Group has always been a company that harnesses the power of plant-based food ingredients to address society’s problems. The COVID-19 pandemic has reminded us once again that we are in an essential business of protecting people’s lives with food.

Now that achieving the SDGs is becoming increasingly important, we need to go back to our corporate roots, listen to the expectations and concerns of our stakeholders, and create a place where our employees around the world can continue to work safely and securely. Moving forward, we will continue to work to protect and restore the Earth, place the joy of food and the happiness and the well-being of all people at the heart of our management, and aim for sustainable growth.



Mikio Sakai
President and CEO
Fuji Oil Holdings Inc.

Message from the C“ESG”O

The Fuji Oil Group places importance on the concept “Work for people” as one of our values. The word “people” here does not only mean individual persons; it also encompasses people’s livelihoods and the Earth as a whole, and is meant to convey our intent to serve the global community through business. As a means to this end, the Group practices ESG management to achieve both sustainable growth and positive social impacts through Plant-Based Food Solutions.

As the Chief “ESG” Officer (C“ESG”O), my role is to work closely with the board of directors to meet the expectations of stakeholders. In FY2020, the year after this position was created, we put into practice our philosophy to “Work for people” with the aim of raising our ESG initiatives to global standards. The ESG Committee, an advisory body to the board of directors of Fuji Oil Holdings Inc., reviews the progress of these initiatives. It identified the Group’s material ESG issues for FY2021 in light of the latest situations around the world. The committee has about 30 members — including chief officers and advisors at Fuji Oil Holdings Inc., managing officers of the material ESG issues, and related personnel — whose task is to advance these initiatives through open-minded discussions.

Let me go into some detail on current developments. First, in the area of creative food solutions, we offer meat and milk alternatives made from plant-based food ingredients with the aim of securing stable, environmentally conscious food resources, as well as preventing frailty and improving the health of people of all ages. Beyond food alternatives, we are also developing curating technologies for good taste to help make plant-based food products more diverse and taste better than animal-based ingredients. With an approach unique to the Group as a food ingredient manufacturer, we have been proposing the use of these technologies to revive the taste of foods that can still be eaten and help reduce food loss and waste.

In procurement, we joined the Roundtable on Sustainable Palm Oil (RSPO) in 2004 and have since focused on addressing supply chain issues for our main raw materials — palm oil, cocoa and soybeans — and our strategic raw material, shea kernels. These raw materials provide variety and satisfaction to consumers. However, their production gives rise to issues such as deforestation, exploitation of workers, forced labor and child labor that cannot be overlooked by the Group. We are working to protect and restore forests and biodiversity throughout the supply chain, as well as to protect the rights of farmers and other workers involved in their production. We developed responsible sourcing policies for palm oil and cocoa in 2016 and 2018, respectively. We also set ambitious medium- to long-term goals for each in 2020. Moreover, we established sourcing policies and set medium- to long-term goals for soybeans and shea kernels in June 2021. These sourcing policies and goals by 2030, together with KPIs aimed at addressing issues, complete the Group’s procurement initiatives for the three main raw materials and strategic raw material.

For environmental initiatives, our CO₂ emissions reduction targets in the Environmental Vision 2030 formulated in FY2018 were approved by the Science Based Targets initiative (SBTi) in May 2020. In response to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, we further developed our analysis of climate change scenarios conducted in FY2019, carried out a financial impact assessment of climate risks and opportunities for the Group, and disclosed the assessment results in this report.

In recognition of these efforts, we received a triple A rating on the 2020 investor-requested Forests, Climate Change and Water Security questionnaires from CDP, an international non-profit organization focused on environmental disclosures. We were also selected for their Supplier Engagement Rating Leaderboard.

The Fuji Oil Group is making steady progress in practicing our philosophy to “Work for people.” Meanwhile, the responsibilities and roles expected of corporations are shifting to even higher levels. This is exemplified by the move to adopt mandatory human rights and environmental due diligence in Europe, the growing number of declared commitments to reach net-zero emissions globally, as well as biodiversity conservation and restoration efforts. To “Work for people” is a value that overlaps with the SDGs as well. We will continue working to provide value that has a positive social impact by focusing on ESG initiatives based on feedback from our stakeholders.



Takashi Kadota
Chief “ESG” Officer (C“ESG”O)
Fuji Oil Holdings Inc.

ESG Management

Basic approach

Based on the Fuji Oil Group Management Philosophy,^{*1} the Fuji Oil Group practices ESG management to achieve sustainable business growth and promote sustainable development through Plant-Based Food Solutions.^{*2}

With less than a decade to go before the target year of the SDGs, businesses are under pressure to play an increasing role in building a sustainable society. To strengthen our ESG management even further, we incorporated the concept of Creating Shared Value (CSV), the creation of economic and social value together. With this, we aim at maximizing the value of our business while meeting stakeholder expectations.

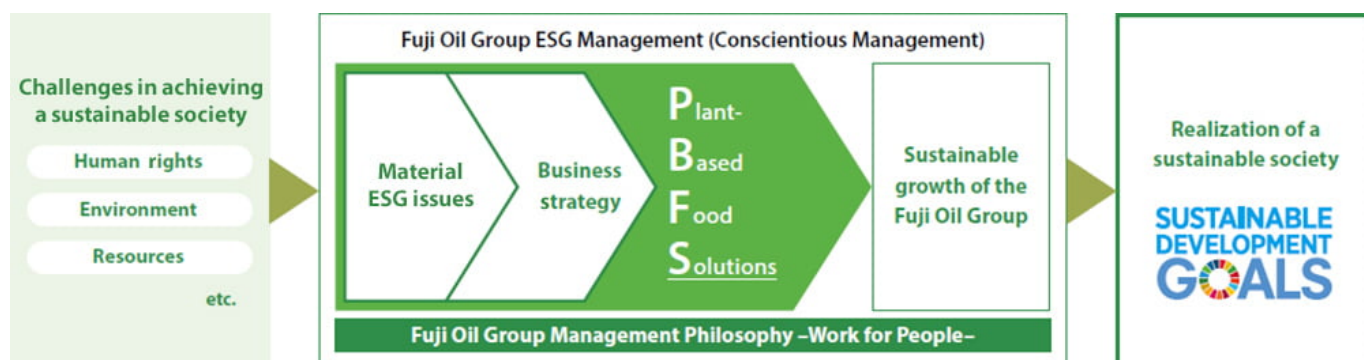
The Fuji Oil Group Management Philosophy articulates the Group's Mission (Our reason for being), Vision, Values (The values that inform our actions) and Principles. The Philosophy sets out the principles of conduct that all directors and employees of the Group must follow. We will conduct our business 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.

^{*1} Follow the link below to learn more about the Fuji Oil Group Management Philosophy.

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

^{*2} A concept we announced as our commitment to addressing social issues with plant-based food ingredients

Overview of the Fuji Oil Group's management

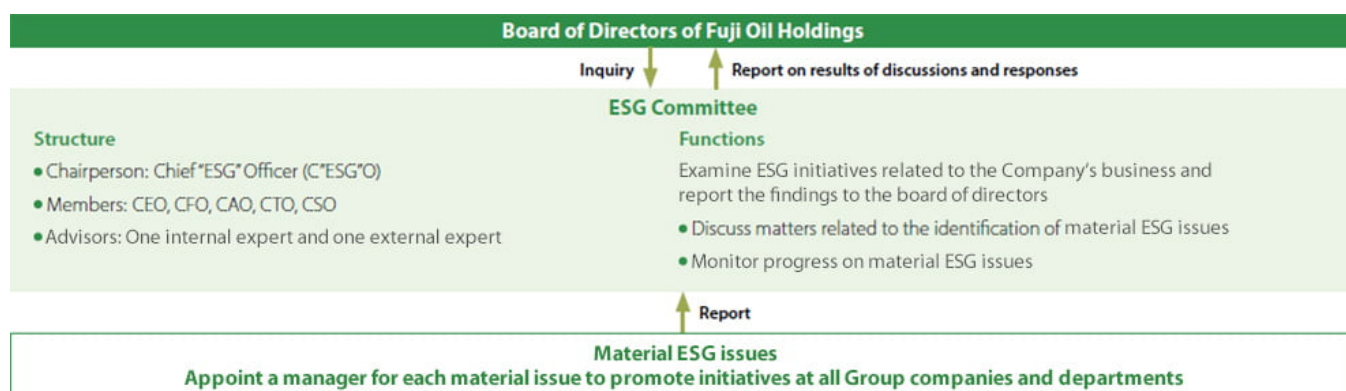


ESG management system

To strengthen ESG management and meet stakeholder expectations, the ESG Committee was established in 2015 as an advisory body to the board of directors of Fuji Oil Holdings Inc. The Chief "ESG" Officer (C"ESG"O) serves as chair of the committee. The Sustainability Development Group of Fuji Oil Holdings Inc., a division positioned directly under the C"ESG"O and tasked with promoting ESG management, serves as the ESG Committee's secretariat.

The ESG Committee meets at least twice a year to identify ESG issues that are material to the Group; discuss issues, targets, and strategies for ESG initiatives; and monitor progress. The committee invites both internal and external experts as advisors to incorporate a social perspective. After each meeting, the committee reports insights to the board of directors for review.

The position of C"ESG"O was created at Fuji Oil Holdings Inc. in April 2019 to reinforce the promotion of the Group's ESG management. The C"ESG"O oversees the Group's ESG management in cooperation with the board of directors to meet stakeholder expectations toward sustainable business growth and positive social impact. The Sustainability Development Group engages with members of society to understand stakeholders' expectations and concerns; and helps with reflecting these into the Group's business activities. The Sustainability Development Group reports feedback from stakeholders to the ESG Committee, where it is used to review and make decisions on the Group's material ESG issues.



— Education

At the Fuji Oil Group, we conduct educational and awareness-raising activities for executives and employees to inform them of the Group's basic approach, activities of ESG management and society's expectations. We work to improve employees' understanding of ESG management through various activities, such as publishing an article series on ESG management in in-house newsletters (Japanese, English and Chinese), conducting e-learning on the SDGs and ESG management at Group companies in Japan, and explaining the Fuji Oil Group Management Philosophy and ESG management to Group companies outside Japan.

We also invite external experts to provide training to all directors (including outside directors), auditors, executive officers, and senior employees. The training focuses on four themes: sustainability, governance, internal systems, and legislation.

Training topics (examples)

- ESG management trends in the EU
- ESG and sustainable business value growth
- Companies Act amendments and trends in changes to corporate governance codes
- Stakeholder feedback on the integrated report
- Compliance with important fair-trade laws (e.g., anti-trust, bribery prevention)

— Incentives

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

Awardees are selected based on quantitative factors (number of occupational accidents or customers complaints, CO₂ emissions, water use, waste) and qualitative factors (contributions to environmental or safety initiatives or to solving a social issue).

In FY2020, two awards were given: one to Fuji Oil Co., Ltd. Chiba Plant and the other to the Risk Management Team, ESG Management Group (now: Risk Management Team, Production Productivity Management Group) at Fuji Oil Holdings Inc. The Chiba Plant was applauded for achieving zero complaints and for contributing to all reduction targets in the Environmental Vision 2030. The Risk Management Team was praised for building a Groupwide risk management system, identifying and disclosing information on the Group's climate risks and opportunities based on TCFD recommendations, and supporting the Group as the COVID-19 emergency response headquarters secretariat.

Stakeholder Engagement

The Fuji Oil Group's stakeholders

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

Main stakeholders	Communication examples (frequency)
Employees	<ul style="list-style-type: none"> • Employee training (as needed) • Compliance hotline (as needed) • Employee satisfaction survey (annually) • Intranet posts and company newsletters (as needed)
Shareholders and investors	<ul style="list-style-type: none"> • General meeting of shareholders (annually) • Results briefings/ teleconferences (as needed) • Small meetings (as needed) • Individual meetings (as needed)
Customers	<ul style="list-style-type: none"> • Daily sales activities (as needed)
Consumers	<ul style="list-style-type: none"> • Dissemination of information through mass media (as needed)
Business partners and subcontractors	<ul style="list-style-type: none"> • Daily purchasing activities and transactions (as needed) • Supplier engagement (as needed) • Individual briefings on our sourcing policies (as needed)
Local communities	<ul style="list-style-type: none"> • Participation in and sponsorship of community events (as needed) • Support activities for local communities (food education project) (as needed) • Support in the event of natural disasters (as needed)
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)
Academic organizations	<ul style="list-style-type: none"> • Joint research (as needed) • Lectures (as needed)

Dialogue with stakeholders

Stakeholder dialogue is an essential activity for the Fuji Oil Group and sets the foundation for our ESG management. Through dialogue, we identify stakeholders' expectations and concerns regarding our activities, which allows us to make improvements and meet our

responsibilities as a corporate citizen. We also use the results of this dialogue to identify material ESG issues and formulate our Sustainability Report.

— Example: Incorporating expert opinion

For example, in FY2016, we started holding an annual dialogues with a panel of experts on business and human rights.* These sessions are always joined by executives from Fuji Oil Holdings, including senior executives who also sit on the Group's board of directors. We use the insights and advice gained in these dialogues to carry out human rights initiatives. For example, in FY2020 we updated our palm oil grievance procedure based on dialogues held in FY2019.

Actions taken following dialogues with experts

- Formulated the Human Rights Policy and introduced human rights due diligence (April 2017)
- Established and announced a grievance mechanism (May 2018)
- Published a list of oil mills in our supply chain (June 2018)
- Disclosed an updated Grievance Procedure (April 2020)
- Published a Supplier Code of Conduct (April 2021)

* Follow the link below to learn more about the expert dialogue.

> https://www.fujioilholdings.com/en/sustainability/social/human_rights/

External initiatives we support and participate in

- UN Global Compact (UNGC)
- The Consumer Goods Forum
- Roundtable on Sustainable Palm Oil (RSPO)
- Global Shea Alliance
- World Cocoa Foundation (WCF)
- Science Based Targets initiative (SBTi)
- 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)

Endorsing the UN Global Compact

The Fuji Oil Group agreed to and signed the United Nations Global Compact in January 2013. We aim to improve the sustainability not only of our Group but also of society by practicing the 10 principles of four areas: human rights, labor standards, the environment, and anti-corruption. This commitment remains unchanged following the appointment of a new president and CEO on April 1, 2021.

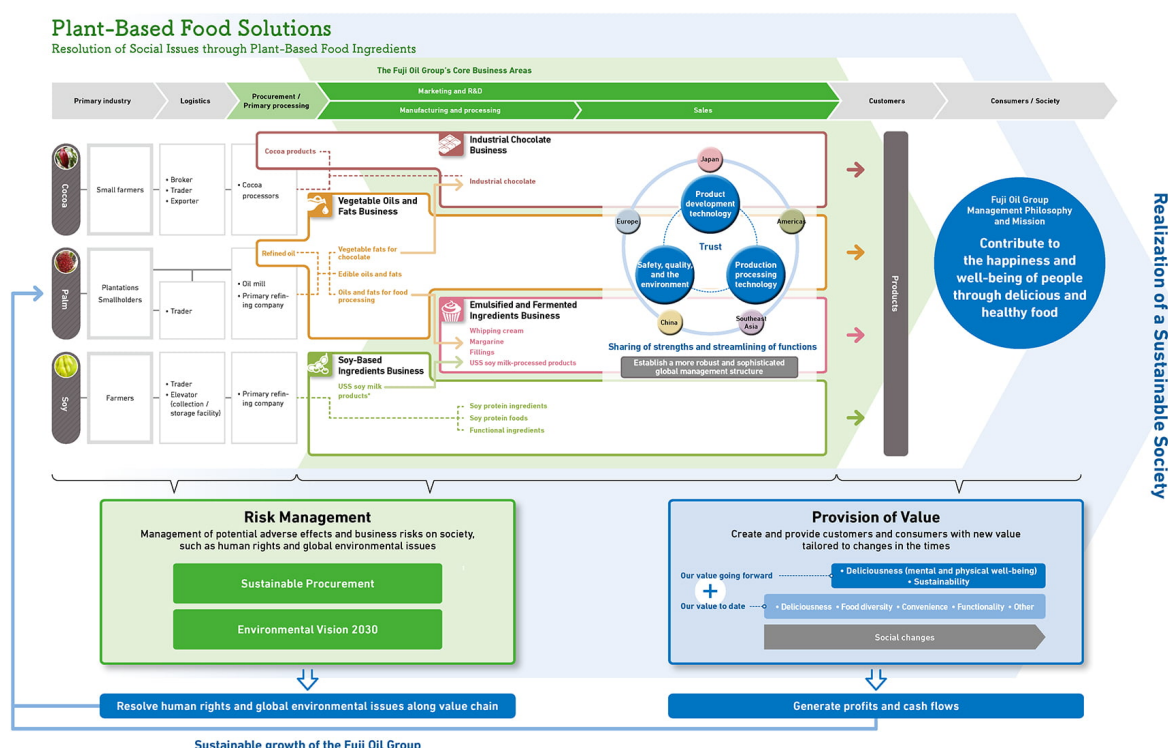


Social Impact and ESG Materiality

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 business segments: 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 oils and fats for chocolate, industrial chocolate, whipping cream, margarine, and soy protein ingredients, mainly made from agricultural products, such as palm oil, cocoa and soybeans. Our customers range widely from B-to-C food manufacturers to restaurants, convenience stores and retail stores.



Our positive impacts and negative impacts

The Fuji Oil Group recognizes the following positive and negative impacts of its business.

Positive impacts (examples)

- Addressing food shortages and supporting healthy lives with plant-based food ingredients
- Improving sustainability in the supply chain of raw materials
- Reducing impacts on the global environment by reducing consumption of energy, water, and other natural resources and the generation of CO₂, waste, and other emissions at Group companies, primarily in their manufacturing processes

Negative impacts (examples)

- Environmental degradation and human rights violations in the value chain
- Impact on the global environment through the consumption of energy, water and other natural resources and the generation of CO₂, waste, and other emissions by Group companies, primarily in their manufacturing processes

Four areas of ESG activity

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.

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 higher-priority themes as material ESG issues.)

Advancing the SDGs

At the Fuji Oil Group, we understand that private business has a vital role to play in advancing the Sustainable Development Goals (SDGs), the international goals adopted by the UN in 2015. We also recognize that our business activities can directly and indirectly impact the SDGs in positive and negative ways. We strive to solve social issues through plant-based food ingredients and to create a world where no one is left behind.






























Our material ESG issues

— Basic approach

The Fuji Oil Group identifies material ESG issues as areas where we can contribute, through our business activities, to the sustainable development of society, our own sustainable growth and the creation of value for society. Material ESG issues contribute to two of the four activity areas for promoting ESG management: “Creation of positive impact” and “Reduction of negative impact.”

— Material ESG issues for FY2021

Our material ESG issues for FY2021 are listed below. Please refer to the relevant webpages for details on our basic approach, goals and the status of initiatives concerning each issue.


Category	Priority area	Priority theme	Our vision	SDGs we aim to support	FY2021 Goals	CxO in charge	Relevant page
Sustainable procurement	1 Creative food solutions	Solutions to Food Insecurity	<ul style="list-style-type: none"> Establish alternative technologies and disseminate environment-friendly plant-based food ingredients—a substitute for animal protein and dairy products—to address the concerning issue of food resource shortages in the future 		<ul style="list-style-type: none"> Develop delicious soy meat ingredients and products that look and taste like real meat Develop plant-based milk 	CTO	Solutions to Food Insecurity
		Provision of healthy food	<ul style="list-style-type: none"> Contribute to wellbeing among seniors by addressing health issues and removing lifestyle limitations 		<ul style="list-style-type: none"> Verify the functional effects of next-generation core technologies that help to solve health issues in aging societies Prepare an action plan for delivering wellbeing solutions to aging societies 	CTO	Provision of healthy food
		Reduction of sugars intake	<ul style="list-style-type: none"> Provide nutritionally balanced food products that help prevent lifestyle-related diseases by replacing certain sugars with plant-based protein ingredients 		<ul style="list-style-type: none"> Develop food ingredients to increase percentage of protein in staple foods to help customers reduce their product's sugar content Provide protein-fortified staple food ingredients 	CTO	Reduction of sugars intake
		Reduction of trans fatty acid content	<ul style="list-style-type: none"> Reduce the amount of trans-fatty acids (TFA) contained in products in compliance with the WHO's recommendations and the laws and regulations of each country 		<ul style="list-style-type: none"> Woodlands Sunny Foods (Singapore), Freyabadi Indonesia (Indonesia), and Harald (Brazil): Reduce TFA in all products to less than 2g TFA/100g oil 	CSO	Reduction of trans fatty acid content
Sustainable procurement	2 Sustainable procurement	Sustainable procurement of palm oil	<ul style="list-style-type: none"> Achieve "No Deforestation, No Peatland Development, No Exploitation (NDPE)" throughout the supply chain Achieve 100% traceability to plantation (TPP) by 2020 Implement the Labour Transformation Programme (LTP) at all suppliers of Palmajaya Edible Oil by 2025 	  	<ul style="list-style-type: none"> Traceability to mill (TMM): 100% Traceability to plantation (TPP): 73% Conduct regular monitoring using satellite images to prevent deforestation; use results to improve the supply chain and respond to grievance list Implement the Labour Transformation Programme (LTP) at Palmajaya Edible Oil (Malaysia) 	CSO	Sustainable procurement of palm oil
		Sustainable procurement of cocoa	<ul style="list-style-type: none"> Promote Responsible Cocoa Beans Sourcing Policy Plant one million trees on cocoa-growing regions by 2030 End the "worst forms of child labour" defined by ILO Convention by 2025 	  	<ul style="list-style-type: none"> Plant 100,000 trees in cocoa-growing regions of Ghana Increase transparency by GPS mapping of cocoa farms Conduct support program for 2,350 cocoa farming families in Ghana Begin gathering information on the family conditions of farmers participating in the program to prepare for child labor monitoring Provide farming assistance by introducing "GAP" and market the beans produced in the program to Japan and the U.S. 	CSO	Sustainable procurement of cocoa
		Sustainable procurement of soybeans (including GMO issues)	<ul style="list-style-type: none"> Promote sustainable procurement of soybeans and soy protein raw materials 	 	<ul style="list-style-type: none"> Set traceability goals and KPIs (completed in June 2021) Finalize the definition of "community" in 2030 targets 	CSO	Sustainable procurement of soybeans
		Assurance of product quality and safety	<ul style="list-style-type: none"> Ensure that the Fuji Oil Group is never a cause for complaints for any of the products it manufactures 		<ul style="list-style-type: none"> Raise quality awareness of employees in order to achieve zero serious quality-related complaints Encourage use of the quality-related information platform, which is directly accessible to quality control managers, and strengthen relationships between quality control managers 	C'SG/O	Assurance of product quality and safety
Sustainable procurement	4 Occupational health and safety	Promoting occupational health and safety	<ul style="list-style-type: none"> Place top priority on safety and respect for humanity. Keep all Group companies accident free by creating safe and comfortable workplaces 		<ul style="list-style-type: none"> Study measures to introduce the prioritizing and calling method, as well as to establish and maintain awareness programs Continue programs that promote understanding of the effectiveness of risk prediction training Launch initiatives that help raise safety awareness, such as by adopting safer simulation using virtual reality (VR) 	C'SG/O	Promoting occupational health and safety
		CO ₂ emissions reduction	<ul style="list-style-type: none"> Environmental Vision 2030 Reduce Scope 1 and 2 CO₂ emissions (total volume) by 40% and Scope 3 (Category 1) emissions by 18% by 2030 (base year: 2016) Note: Approved by the Science Based Targets initiative (SBTi) 		<ul style="list-style-type: none"> Make sure all employees are familiar with Environmental Vision 2030 Take CO₂ emissions reduction efforts to the next level through environmental audits Support Group companies in putting together a CO₂ emissions reduction strategy (e.g., introduce data collection systems that make it easier for managers to check their CO₂ data quickly and easily; share best practices, such as solar installation projects, between Group companies) Start a questionnaire survey of suppliers (supplier engagement) as a Scope 3 (Category 1) emissions reduction initiative 	C'SG/O	CO ₂ emissions reduction
	6 Conservation of water resources	Water use reduction	<ul style="list-style-type: none"> Environmental Vision 2030 20% reduction in water intensity by 2030 (base year: 2016) 		<ul style="list-style-type: none"> Make sure all employees are familiar with Environmental Vision 2030 Take water use reduction efforts to the next level through environmental audits Support Group companies in putting together a water use reduction strategy (e.g., introduce data collection systems that make it easier for managers to check their water data quickly and easily; share best practices, such as water recycling methods and installation of water-efficient equipment, between Group companies) 	C'SG/O	Water use reduction
		Waste reduction	<ul style="list-style-type: none"> Environmental Vision 2030 10% reduction in waste intensity by 2030 (base year: 2016) 		<ul style="list-style-type: none"> Make sure all employees are familiar with Environmental Vision 2030 Take waste reduction efforts to the next level through environmental audits Support Group companies in putting together a waste reduction strategy (e.g., introduce data collection systems that make it easier for managers to check their waste data quickly and easily; share best practices, such as ways to make use of animal and plant byproducts*) and convert industrial waste into valuable material, between Group companies) 	C'SG/O	Waste reduction
	8 Environmentally conscious manufacturing	Food loss and waste reduction	<ul style="list-style-type: none"> Contribute to reducing food loss and waste throughout the value chain through technology innovation 		<ul style="list-style-type: none"> Develop and propose technologies that maintain product quality (extend freshness) and technologies for secondary processing (reprocessing) 	CTO	Food loss and waste reduction
		Reduction of the environmental impact of products and raw materials	<ul style="list-style-type: none"> Advance Environmental Vision 2030 by finding and using alternative raw materials and developing new technologies that reduce environmental impact 		<ul style="list-style-type: none"> Develop manufacturing methods that achieve higher efficiency and reduced environmental impact through the application of a new enzyme-based oil and fat processing technology in commercial production Conduct a survey on the environmental impact of our granulated soy protein products. Draft a strategy to reduce lifecycle impact 	CTO	Reduction of the environmental impact of products and raw materials
	9 DEI**	Diversity management	<ul style="list-style-type: none"> Foster a workplace free of discrimination and harassment and where the basic human rights, diversity, character, and individuality of every associate is respected 	 	<ul style="list-style-type: none"> Instill the Fuji Oil Group Management Philosophy Seek to understand region-specific issues and current status of initiatives Select and train future/interim managerial talent Appoint new local staff to positions outside Japan previously filled by employees dispatched from Japan Develop executive candidates outside Japan who are fit for a global business environment Japan: Encourage diverse work styles Japan: Ensure equity Japan: Support long-term, meaningful employment of people with disabilities 	CAO	Diversity management
		Risk management system	<ul style="list-style-type: none"> Earn the trust of society by demonstrating high reliability and risk management capability 	 	<ul style="list-style-type: none"> Properly manage significant Groupwide risks and disclose information in a manner that is easy for stakeholders to understand Following TCFD recommendations, select appropriate climate risks and opportunities for the Group and prepare and disclose information on realistic climate change scenarios for embedding a climate strategy into our business and operations 	C'SG/O	Risk management system
	10 GRC**	Information security management	<ul style="list-style-type: none"> Reform processes through the use of information and communications technology (ICT) and create corporate value Facilitate the achievement of Group governance through the use of safe and secure ICT 		<ul style="list-style-type: none"> Continue to conduct internal security audits that reflect risk trends and expand the scope of audited systems under the control of the IT Division 	CFO	Information security management
		Compliance	<ul style="list-style-type: none"> Earn the trust of all stakeholders by conducting business fairly, transparently, and with integrity 		<ul style="list-style-type: none"> Strengthen collaboration with the Legal Affairs Department of Fuji Oil Holdings Inc. by appointing staff responsible for legal affairs at the regional headquarters or their subsidiary Group companies Have regional headquarters or their subsidiary Group companies conduct a self-assessment on compliance management, and have the Legal Affairs Department of Fuji Oil Holdings Inc. review the results Conduct compliance training 	CAO	Compliance
		Group governance	<ul style="list-style-type: none"> Enhance corporate value through the establishment of an effective Group governance system 		<ul style="list-style-type: none"> Amend Group policies to clarify the responsibilities and scopes of authority of supervisory and executive roles in the Fuji Oil Group Reinforce communication methods with regional headquarters for instilling the Group Management Philosophy and ensuring implementation of Group strategies Strengthen coordination with the Internal Audit Group for confirming the status of management execution (execution monitoring) 	CSO	Group governance
		Corporate governance	<ul style="list-style-type: none"> Improve corporate value through appropriate functioning of the Board of Directors 		<ul style="list-style-type: none"> Establish the Board of Directors as a function focused on supervising (monitoring) corporate management 	CAO	Corporate governance





*1 Good Agricultural Practices
 *2 Such as processing residues and product samples
 *3 Diversity, equity and inclusion
 *4 Governance, risk, and compliance

Areas to create initiatives that lead the industry, leveraging our business strength

Priority Area 1: Creative food solutions



Priority theme	Our vision	SDGs we aim to support	FY2021 Goals	CxO in charge	Relevant page
Solutions to Food Insecurity	<ul style="list-style-type: none"> Establish alternative technologies and disseminate environment-friendly plant-based food ingredients—a substitute for animal protein and dairy products—to address the concerning issue of food resource shortages in the future 		<ul style="list-style-type: none"> Develop delicious soy meat ingredients and products that look and taste like real meat Develop plant-based milk 	CTO	 Solutions to Food Insecurity
Provision of healthy food	<ul style="list-style-type: none"> Contribute to wellbeing among seniors by addressing health issues and removing lifestyle limitations 		<ul style="list-style-type: none"> Verify the functional effects of next-generation core technologies that help to solve health issues in aging societies Prepare an action plan for delivering wellbeing solutions to aging societies 	CTO	 Provision of healthy food

Reduction of sugars intake	<ul style="list-style-type: none"> Provide nutritionally balanced food products that help prevent lifestyle-related diseases by replacing certain sugars with plant-based protein ingredients 		<ul style="list-style-type: none"> Develop food ingredients to increase percentage of protein in staple foods (to help customers reduce their products' sugar content) Provide protein-fortified staple food ingredients 	CTO	 Reduction of sugars intake
Reduction of trans fatty acid content	<ul style="list-style-type: none"> Reduce the amount of trans-fatty acids (TFA) contained in products in compliance with the WHO's recommendations and the laws and regulations of each country 		<ul style="list-style-type: none"> Woodlands Sunny Foods (Singapore), Freyabadi Indotama (Indonesia), and Harald (Brazil): Reduce TFA in all products (to less than 2g-TFA/100g-oil) 	CSO	 Reduction of trans fatty acid content

Priority Area 2: Sustainable procurement



Priority theme	Our vision	SDGs we aim to support	FY2021 Goals	CxO in charge	Relevant page
Sustainable procurement of palm oil	<ul style="list-style-type: none"> Achieve "No Deforestation, No Peatland Development, No Exploitation (NDPE)" throughout the supply chain Achieve 100% traceability to plantation (TTP) by 2030 Implement the Labour Transformation Programme (LTP) at all suppliers of Palmaju Edible Oil by 2025 	   	<ul style="list-style-type: none"> Traceability to mill (TTM): 100% Traceability to plantation (TTP): 73% Conduct regular monitoring using satellite images to prevent deforestation; use results to improve the supply chain and respond to grievance list Implement the Labour Transformation Programme (LTP) at Palmaju Edible Oil (Malaysia) 	CSO	 Sustainable procurement of palm oil
Sustainable procurement of cocoa	<ul style="list-style-type: none"> Promote Responsible Cocoa Beans Sourcing Policy Plant one million trees on cocoa-growing regions by 2030 End the "worst forms of child labour" defined by ILO Convention by 2025 	    	<ul style="list-style-type: none"> Plant 100,000 trees in cocoa-growing regions of Ghana Increase transparency by GPS mapping of cocoa farms Conduct support program for 2,350 cocoa farming families in Ghana Begin gathering information on the family conditions of farmers participating in the program, to prepare for child labor monitoring Provide farming assistance by introducing GAP* and market the beans produced in the program to Japan and the U.S. 	CSO	 Sustainable procurement of cocoa
Sustainable procurement of soybeans (including GMO issues)	<ul style="list-style-type: none"> Promote sustainable procurement of soybeans and soy protein raw materials 	  	<ul style="list-style-type: none"> Set traceability goals and KPIs (completed in June 2021) Finalize the definition of "community" in 2030 targets 	CSO	 Sustainable procurement of soybeans

* Good Agricultural Practices

Business foundation areas

Priority Area 3: Assurance of product quality and safety



Priority theme	Our vision	SDGs we aim to support	FY2021 Goals	CxO in charge	Relevant page
Ensuring food safety and quality	<ul style="list-style-type: none"> Ensure that the Fuji Oil Group is never a cause for complaints for any of the products it manufactures 		<ul style="list-style-type: none"> Raise quality awareness of employees in order to achieve zero serious quality-related complaints Encourage use of the quality-related information platform, which is directly accessible to quality control managers, and strengthen relationships between quality control managers 	C“ESG”O	 Ensuring food safety and quality

Priority Area 4: Occupational health and safety

Priority theme	Our vision	SDGs we aim to support	FY2021 Goals	CxO in charge	Relevant page
Promoting occupational health and safety	<ul style="list-style-type: none"> Place top priority on safety and respect for humanity. Keep all Group companies accident free by creating safe and comfortable workplaces 	 	<ul style="list-style-type: none"> Study measures to introduce the pointing and calling method, as well as to establish and maintain awareness programs Continue programs that promote understanding of the effectiveness of risk prediction training Launch initiatives that help raise safety awareness, such as by adopting safety simulators using virtual reality (VR) 	C“ESG”O	 Promoting occupational health and safety




Priority Area 5: Climate change mitigation and adaptation



Priority theme	Our vision	SDGs we aim to support	FY2021 Goals	CxO in charge	Relevant page
CO ₂ emissions reduction	<p><u>Environmental Vision 2030</u></p> <ul style="list-style-type: none"> Reduce Scope 1 and 2 CO₂ emissions (total volume) by 40% and Scope 3 (Category 1) emissions by 18% by 2030 (base year: 2016) <p>Note: Approved by the Science Based Targets initiative (SBTi)</p>	 	<ul style="list-style-type: none"> Make sure all employees are familiar with Environmental Vision 2030 Take CO₂ emissions reduction efforts to the next level through environmental audits Support Group companies in putting together a CO₂ emissions reduction strategy (e.g., introduce data collection systems that make it easier for managers to check their CO₂ data quickly and easily; share best practices, such as solar installation projects, between Group companies) Start a questionnaire survey of suppliers (supplier engagement) as a Scope 3 (Category 1) emissions reduction initiative 	C“ESG”O	 CO ₂ emissions reduction

Priority Area 6: Conservation of water resources



Priority theme	Our vision	SDGs we aim to support	FY2021 Goals	CxO in charge	Relevant page
Water use reduction	<p><u>Environmental Vision 2030</u></p> <ul style="list-style-type: none"> 20% reduction in water intensity by 2030 (base year: 2016) 	 	<ul style="list-style-type: none"> Make sure all employees are familiar with Environmental Vision 2030 Take water use reduction efforts to the next level through environmental audits Support Group companies in putting together a water use reduction strategy (e.g. introduce data collection systems that make it easier for managers to check their water data quickly and easily; share best practices, such as water recycling methods and installation of water-efficient equipment, between Group companies) 	C“ESG”O	 Water use reduction

Priority Area 7: Resource circularity



Priority theme	Our vision	SDGs we aim to support	FY2021 Goals	CxO in charge	Relevant page
Waste reduction	<p><u>Environmental Vision 2030</u></p> <ul style="list-style-type: none"> 10% reduction in waste intensity by 2030 (base year: 2016) 		<ul style="list-style-type: none"> Make sure all employees are familiar with Environmental Vision 2030 Take waste reduction efforts to the next level through environmental audits Support Group companies in putting together a waste reduction strategy (e.g. introduce data collection systems that make it easier for managers to check their waste data quickly and easily; share best practices, such as ways to make use of animal and plant byproducts* and convert industrial waste into salable material, between Group companies) 	C“ESG”O	Waste reduction
Food loss and waste reduction	<ul style="list-style-type: none"> Contribute to reducing food loss and waste throughout the value chain through technology innovation 		<ul style="list-style-type: none"> Develop and propose technologies that maintain product quality (extend freshness) and technologies for secondary processing (repurposing) 	CTO	Food loss and waste reduction

* Such as processing residues and product samples

Priority Area 8: Environmentally conscious manufacturing



Priority theme	Our vision	SDGs we aim to support	FY2021 Goals	CxO in charge	Relevant page
Reduction of the environmental impact of products and raw materials	<ul style="list-style-type: none"> Advance Environmental Vision 2030 by finding and using alternative raw materials and developing new technologies that reduce environmental impact 		<ul style="list-style-type: none"> Develop manufacturing methods that achieve higher efficiency and reduced environmental impact through the application of a new enzyme-based oil and fat processing technology in commercial production Conduct a survey on the environmental impact of our granulated soy protein products. Draft a strategy to reduce lifecycle impact 	CTO	Reduction of the environmental impact of products and raw materials

Priority Area 9: DE&I*









Priority theme	Our vision	SDGs we aim to support	FY2021 Goals	CxO in charge	Relevant page
Diversity management	<ul style="list-style-type: none"> Provide fulfilling workplaces free of discrimination and harassment and where the basic human rights, diversity, character, and individuality of every associate is respected 	  	<ul style="list-style-type: none"> Instill the Fuji Oil Group Management Philosophy Seek to understand region-specific issues and current status of initiatives Select and train future/successive managerial talent Appoint more local staff to positions outside Japan previously filled by employees dispatched from Japan Develop executive candidates outside Japan who are fit for a global business environment Japan: Encourage diverse work styles Japan: Ensure equity Japan: Support long-term, meaningful employment of people with disabilities 	CAO	➔ Diversity management

* Diversity, equity and inclusion

Priority Area 10: GRC*



Priority theme	Our vision	SDGs we aim to support	FY2021 Goals	CxO in charge	Relevant page
Risk management system	<ul style="list-style-type: none"> Earn the trust of society by demonstrating high reliability and risk management capability 	 	<ul style="list-style-type: none"> Properly manage significant Groupwide risks and disclose information in a manner that is easy for stakeholders to understand Following TCFD recommendations, select appropriate climate risks and opportunities for the Group and prepare and disclose information on realistic climate change scenarios for embedding a climate strategy into our business and operations 	C“ESG”O	➔ Risk management system
Information security management	<ul style="list-style-type: none"> Reform processes through the use of information and communications technology (ICT) and create corporate value Facilitate the achievement of Group governance through the use of safe and secure ICT 		<ul style="list-style-type: none"> Continue to conduct internal security audits that reflect risk trends and expand the scope of audited systems under the control of the IT Division 	CFO	➔ Information security management

Compliance	<ul style="list-style-type: none"> Earn the trust of all stakeholders by conducting business fairly, transparently, and with integrity 		<ul style="list-style-type: none"> Strengthen collaboration with the Legal Affairs Department of Fuji Oil Holdings Inc. by appointing staff responsible for legal affairs at the regional headquarters or their subsidiary Group companies Have regional headquarters or their subsidiary Group companies conduct a self-assessment on compliance management, and have the Legal Affairs Department of Fuji Oil Holdings Inc. review the results Conduct compliance training 	CAO	 Compliance
Group governance	<ul style="list-style-type: none"> Enhance corporate value through the establishment of an effective Group governance system 		<ul style="list-style-type: none"> Amend Group policies to clarify the responsibilities and scopes of authority of supervisory and executive roles in the Fuji Oil Group Reset communication methods with regional headquarters for instilling the Group Management Philosophy and ensuring implementation of Group strategies Strengthen coordination with the Internal Audit Group for confirming the status of management execution (execution monitoring) 	CSO	 Group governance
Corporate governance	<ul style="list-style-type: none"> Improve corporate value through appropriate functioning of the Board of Directors 		<ul style="list-style-type: none"> Establish the Board of Directors as a function focused on supervising (monitoring) corporate management 	CAO	 Corporate governance

* Governance, risk, and compliance

Process of selecting material ESG issues for FY2021

The Fuji Oil Group reviews and selects its material ESG issues once a year based on new social issues and input received from stakeholder dialogue.

In FY2020, the secretariat of the ESG Committee created a list of social issues taking into consideration the GRI^{*1} and SASB^{*2} disclosure items, the WBA^{*3} benchmarks, the SDGs, ESG themes promoted by industry groups, and expert guidance. It then grouped together similar social issues and gauged their importance by plotting them on two axes, stakeholder interest and impact on the Fuji Oil Group's business, creating a draft ESG materiality map for FY2021.

The ESG Committee — which has around 30 members, including Group chief officers in charge of specific ESG issues, the managers responsible for promoting ESG initiatives in FY2020 (selected from corporate, business, and R&D divisions), and experts — then reviewed the validity of the materiality map.

Based on the ESG Committee's conclusions, the committee's secretariat reported the ESG materiality issues for FY2021 to the Fuji Oil Holdings Inc. board of directors for approval.

As a result of this process, the Fuji Oil Group decided to shift from managing “packaging materials reduction,” a ESG material issue selected for FY2020, on a Group level to managing it at the level of each company,^{*4} and to add two new material issues: “provision of healthy food” and “compliance.”

*1 Global Reporting Initiative

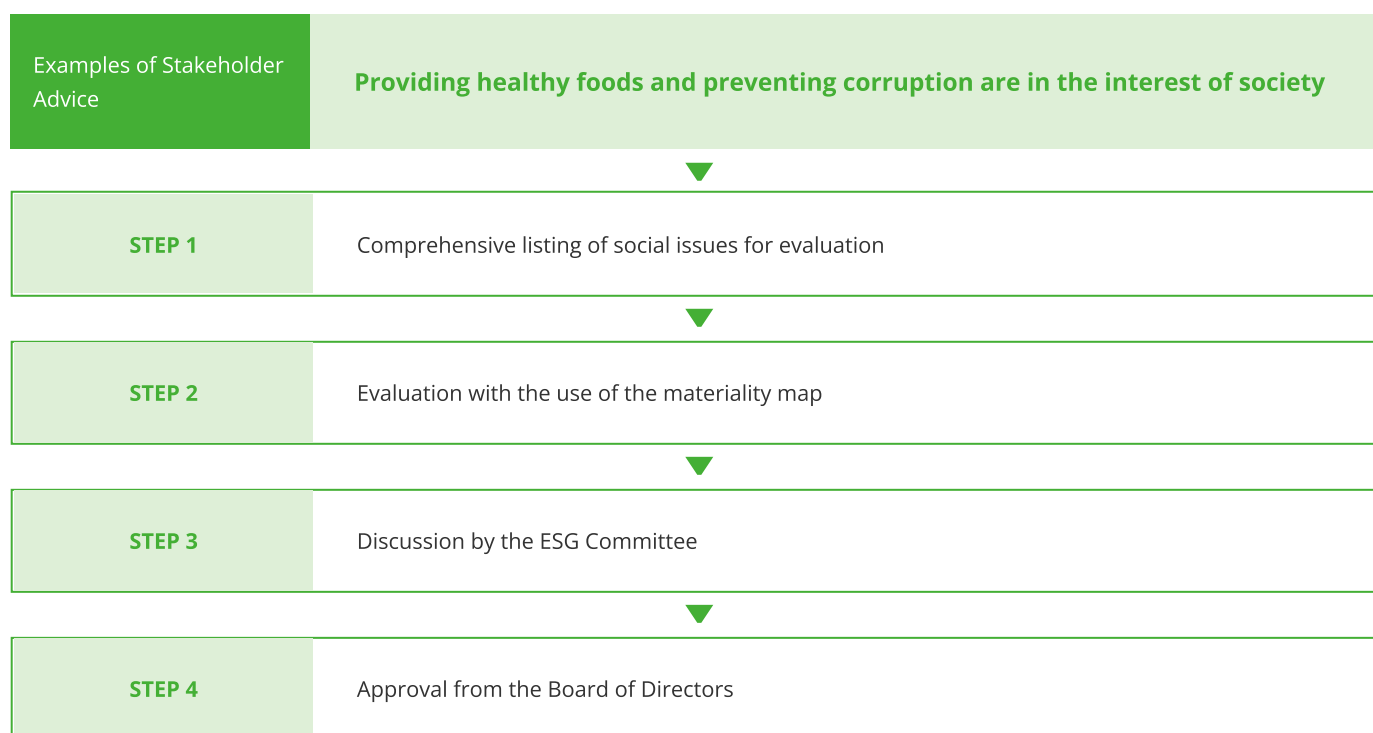
*2 Sustainability Accounting Standards Board

*3 World Benchmarking Alliance

*4 For details, see “Plastic Use Reduction” following the link below.

> https://www.fujioilholdings.com/en/sustainability/environment/packaging_materials/

— Identification and selection process



— FY2021 ESG materiality map

Stakeholder interest	Highest	<ul style="list-style-type: none"> Plastic use reduction 	<ul style="list-style-type: none"> GRC^{*3} Conservation of water resources Resource circularity Environmentally conscious manufacturing 	<ul style="list-style-type: none"> Creative food solutions Sustainable procurement^{*1} DE&I^{*2} Climate change mitigation and adaptation
	Higher	<ul style="list-style-type: none"> Animal welfare 		<ul style="list-style-type: none"> Assurance of product quality and safety Occupational health and safety
	High	<ul style="list-style-type: none"> Partnership with communities 		<ul style="list-style-type: none"> Human resource development
		High	Higher	Highest
Impact to the Fuji Oil Group's business				

*1 “Sustainable procurement” includes important issues such as respect for human rights, biodiversity conservation, and forest conservation.

*2 Diversity, equity and inclusion

*3 “GRC” includes corporate governance (e.g. improving the effectiveness of the board of directors) and internal control (e.g. Group governance, risk management). The ESG Committee is in charge of monitoring internal control. The board of directors is in charge of monitoring corporate governance.



Environment

Environmental initiatives in numbers



**CO₂ emissions reduction
(FY2020 result)**

2030 target:
Scopes 1 & 2: 40% reduction in
total CO₂ emissions
(base year: FY2016)



**Water use reduction
(FY2020 result)**

2030 target:
20% reduction in water intensity
(base year: FY2016)



**Waste reduction
(FY2020 result)**

2030 target:
10% reduction in waste intensity
(base year: FY2016)



**Recycling
(FY2020 result)**

2030 target:
Maintain a recycling rate of at least
99.8%

Management

Environmental management

- > Basic approach
- > Environmental audits
- > Training
- > External recognition
- > Management system
- > Acquisition of management certifications
- > Compliance with environmental laws and regulations
- > Goals / Results

Activity report

■ Areas to create initiatives that lead the industry, leveraging our business strength
■ Business foundation areas



Climate change mitigation and adaptation

Priority theme: CO₂ emissions reduction

- > Relevance to our business
- > Basic approach
- > Management system
- > Goals / Results
- > Next step
- > Specific initiatives



Conservation of water resources

Priority theme: Water use reduction >

- > Relevance to our business
- > Basic approach
- > Management system
- > Goals / Results
- > Next step
- > Specific initiatives



Resource circularity

Priority theme: Waste reduction >

- > Relevance to our business
- > Basic approach
- > Management system
- > Goals / Results
- > Next step
- > Specific initiatives

Priority theme: Food loss and waste reduction >

- > Relevance to our business
- > Basic approach
- > Management system
- > Goals / Results
- > Next step
- > Specific initiatives

Plastic use reduction >

- > Relevance to our business
- > Basic approach
- > Management system
- > Goals / Results
- > Specific initiatives



Environmentally conscious manufacturing

Priority theme: Reduction of the environmental impact of products and raw materials >

- > Relevance to our business
- > Basic approach
- > Management system
- > Goals / Results
- > Next step



Creative food solutions

Follow the link below to learn more about creative food solutions (solutions to food insecurity).

> https://www.fujioilholdings.com/en/sustainability/social/food_resources/



Sustainable procurement

Refer to the URL below for Sustainable Procurement.

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

Related documents

ESG Data Book (PDF 400KB)

Environmental Management

Management information

— Basic approach

Global issues such as global warming and climate change are intensifying, seriously impacting people's lives. With "Work for people" as one of our core values, the Fuji Oil Group hopes to contribute through our business to a sustainable society as advocated by the UN SDGs. Extreme weather events and biodiversity loss caused by accelerating climate change also threaten the supply of the agricultural products we use to make our products. Environmental stewardship is therefore essential for the sustainability of our business as well. In October 2015, the Fuji Oil Group established the Basic Policy of Environmental Integrity, which comprises the four items listed below. We have accelerated this work by announcing Environmental Vision 2030, in which we commit to reducing CO₂ emissions, water use, and waste across the Group with a target year of 2030. Our reduction targets for CO₂ emissions have been approved by Science Based Targets initiative (SBTi).^{*1} We also recognize the importance of disclosing the climate impacts of our business to stakeholders properly. In May 2019, we announced our support for the Task Force on Climate-related Financial Disclosures (TCFD)^{*2} and have disclosed information voluntarily in four areas: governance, strategy, risk management, and metrics and targets.


^{*1} Organizations set science-based targets to reduce their greenhouse gas emissions over a five 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} Follow the link below for disclosed information in line with the TCFD recommendations.

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

Basic Policy of Environmental Integrity

1. We strive to continuously improve our environmental protection activities.
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.

➤ [Fuji Oil Group Basic Policy of Safety, Quality and Environment \(PDF, 331KB\)](#) 

— Management system

In 2015, Fuji Oil Holdings Inc. established the ESG Committee^{*1} as an advisory body to the board of directors. The ESG Committee monitors the progress and results of ESG initiatives and regularly reports insights to the board of directors for review. This ensures continual improvement of our ESG management.

The Fuji Oil Group also has processes for identifying our material ESG issues.^{*2} We designate Chief Officers^{*2} to take responsibility for managing specific issues in line with their functions.

^{*1} Follow the link below to learn more about the ESG Committee.

➤ <https://www.fujioilholdings.com/en/sustainability/approach/>

^{*2} Follow the link below to learn more about material ESG issues and a list of Chief Officers by material issue.

➤ <https://www.fujioilholdings.com/en/sustainability/materiality/>

— Goals / Results

Environmental Vision 2030

	2030 targets*1	FY2020 results*1	Progress
CO ₂ emissions	Scopes 1*2 & 2*3: 40% reduction in total CO ₂ emissions (All Group companies)	19% reduction	48%
	Scope 3*4 (Category 1*5): 18% reduction in total CO ₂ emissions (All Group companies*6)	6% increase	0%
Water use	20% reduction in water intensity*7 (All Group companies)	22% reduction	100%
Waste	10% reduction in waste intensity*8 (All Group companies*9)	1% increase	0%
Resource recycling	Maintain a recycling rate of at least 99.8% (All Group companies in Japan)	99.37%	Not achieved

*1 Base year: 2016

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

*3 Scope 2: Indirect emissions 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)

*5 Category 1: Raw materials

*6 Excluding Industrial Food Services (Australia)

*7 Water use per unit of production

*8 Amount of waste per unit of production

*9 Excluding waste volume generated at Industrial Food Services (Australia)

Analysis

A detailed review of initiatives in FY2020 and changes from the previous year are provided below.

CO₂ emissions (Scope 1 & 2)

Scope 1 and 2 emissions in FY2020 were 19% lower than baseline, an additional reduction of five percent from the previous year's 14% reduction. In addition to a drop in production due to the COVID-19 pandemic, contributing factors included the following: Fuji Oil Co., Ltd. in Japan began operating a new cogeneration system and reusing waste heat from the cooling processes for oils and fats production at the Hannan Business Operations Complex. Additionally a solar photovoltaic generation system was installed at the Chiba Plant. Woodlands Sunny Foods Pte. Ltd. in Singapore installed a solar power generation system. Multiple Group companies outside Japan switched to LED lighting, among other initiatives.

CO₂ emissions (Scope 3)

We added this target in FY2020 and worked to further improve the accuracy of aggregated data. Scope 3 emissions in FY2020 were 6% higher than baseline as a result of Blommer Chocolate Company (U.S.) joining the Group after the base year. Going forward, we will strengthen the engagement with suppliers to achieve a reduction.

Water use (intensity)

Water use in FY2020 was 22% lower than baseline, an increase of two points from the previous year's 24% reduction. Despite a drop in production due to the COVID-19 pandemic, factors contributing to the increase included longer cleaning times on production lines as a COVID-19 sanitation measure. However, Group companies took steps to reduce water use, including strengthening their management

systems and addressing points of low water efficiency. They also reused clean-in-place (CIP) rinse water and steam condensate to reduce water use.

Waste (intensity)

Waste generation (intensity) in FY2020 was 1% higher than baseline, a reduction of two points from the 3% increase in the previous year. In addition to a drop in production due to the COVID-19 pandemic, factors contributing to the reduction included reduced product waste and reduced waste generation from raw material packaging in and outside Japan. Group companies took steps to reduce waste: In Japan, Group companies continued to reduce production losses; in the U.S., Fuji Vegetable Oil recycled pallets; and in China, Blommer Chocolate Manufacturing (Shanghai) Company Ltd. reduced the disposal of expired products by shifting from make-to-stock production to make-to-order production.

Resource recycling

The resource recycling rate in FY2020 was 99.37%, slightly higher than 99.33% in the previous year. A drop in production due to the COVID-19 pandemic led to a decrease in waste generated in Japan. Group companies took steps to increase their resource recycling rates. In the U.S., for example, Blommer Chocolate Company carried out an initiative to reuse cocoa shells. The Hannan Business Operations Complex in Japan increased its recycling rate by sorting waste more thoroughly. Other Group companies found ways to convert metal scraps or waste clay into salable material.

Specific initiatives

— Environmental audits

Fuji Oil Co., Ltd. undergoes both external and internal audits of its environmental management. External audits are conducted annually in accordance with ISO 14001 (surveillance audit for years one and two and a recertification audit for year three). Internal audits are conducted annually and include safety, quality, and environmental checks at ISO 14001-certified operating sites to improve production management at Group companies. The FY2019 external audit* and the FY2020 internal audit each found one environmental nonconformity. The causes of nonconformity were investigated and properly addressed. The corrective actions have been completed. Our internal audits do not simply check for compliance or conformity with all relevant environmental laws, regulations and internal rules. 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 conservation activities.

Outside Japan, the Production Productivity Management Group and Sustainability Development Group conduct safety, quality, and environmental audits to examine and evaluate each Group company's environmental efforts and give advice on areas needing improvement. This helps to raise management standards for the entire Group. In FY2020, three production sites outside Japan were audited.

* The FY2020 external audit was postponed until FY2021 due to COVID-19.

— Acquisition of management certifications

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

In Japan, two out of five Group companies with production sites have obtained ISO 14001 certification (a 50% certification rate). These two companies are Fuji Oil Co., Ltd. and Omu Milk Products Co., Ltd., which together account for about 99% of the Group's total production volume in Japan.

Outside Japan, seven out of 17 Group companies with production sites are certified (a 41% certification rate). These seven companies account for about 48% of the Group's total production volume outside Japan.

One production site in China is certified to ISO 50001*, an international standard for improving energy use through the development of an energy management system (EnMS).

* Follow the link below to learn more about Group companies' latest certification statuses.

➤ <https://www.fujioilholdings.com/en/sustainability/authen/iso14001/>

— Training

The Environmental Management Team of the Sustainability Development Group at Fuji Oil Holdings Inc., together with the company's Production Productivity Management Group, a strategy development unit with specialized knowledge in the fields of quality and safety, periodically visit Fuji Oil Group companies outside Japan to provide training and raise awareness on safety, quality, and the environment among management and staff in relevant departments. In FY2020, the team provided training at three production sites outside Japan. The team also held briefings and discussions on Environmental Vision 2030 and other topics via video conferencing.

— Compliance with environmental laws and regulations

In FY2020, there were no serious violations of environmental laws and regulations in the Fuji Oil Group.

— External recognition

- December 2020: Triple A (highest rating) in CDP A List 2020, scoring an "A" in all three categories: forests, climate change, and water security
- February 2021: Leaderboard (highest rating) in CDP Supplier Engagement Rating 2020

* Follow the link below to learn more about our external recognition.

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

Related documents

ESG Data Book (PDF 400KB) 

CO₂ Emissions Reduction

Management information

— Relevance to our business

Global issues such as global warming and climate change are intensifying, seriously impacting people's lives and business activities. As a food ingredient manufacturer, the Fuji Oil Group uses energy and emits CO₂ in all value chain processes, including our factory operations as well as the procurement and transportation of raw materials.

— Basic approach

As a corporate citizen, the Fuji Oil Group seeks not only to create economic value but also to be mindful of the global environment at every stage in our value chain. The Paris Agreement, an international framework that aims to “[hold] the increase in global average temperature to well below 2°C above pre-industrial levels and [pursue] efforts to limit the temperature increase to 1.5°C above pre-industrial levels,” requires countries to set targets for reducing greenhouse gas emissions and to “achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century.” In 2021, the Japanese Government decided to aim to achieve at least a 46% reduction (base year: FY2013) in greenhouse gas emissions by FY2030 as a medium-term target, with strong efforts to achieve a 50% reduction. Against this backdrop, the Fuji Oil Group, based on our Basic Policy of Environmental Integrity,^{*1} has committed to CO₂ emissions reduction with the announcement of Environmental Vision 2030 in 2018.^{*2} By 2030, we aim to reduce Scope 1 and 2 emissions by 40% and Scope 3 (Category 1) emissions by 18% compared to the baseline year of 2016. These targets were approved by the Science Based Targets initiative (SBTi) in May 2020.^{*3} We aim to advance CO₂ emissions reduction and achieve these targets through continued efforts to conserve energy, install energy-efficient equipment, and use renewable energy at production sites. To strengthen management of these efforts, in FY2020 we created an energy management department in Japan that is directly overseen by the Group president.

*1 Follow the link below to learn more about the Basic Policy of Environmental Integrity.

> https://www.fujioilholdings.com/en/sustainability/policy/basic_policy/

*2 Follow the link below to learn more about the Environmental Vision 2030.

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

*3 Organizations set science-based targets to reduce their greenhouse gas emissions over a five 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.

— Management system

The Chief “ESG” Officer (C“ESG”O) oversees initiatives in this area. The ESG Committee,^{*1} an advisory body to the board of directors, has been monitoring the progress and results of initiatives as a material ESG issue. ^{*2} The ESG Committee reports insights to the board of directors for review.

*1 Follow the link below to learn more about the ESG Committee.

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

*2 Follow the link below to learn more about material ESG issues.

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

— Goals / Results

2030 targets*1	FY2020 results*1	Progress
Scopes 1*2 & 2*3: 40% reduction in total CO ₂ emissions (All Group companies)	19% reduction	48%
Scope 3*4 (Category 1*5): 18% reduction in total CO ₂ emissions (All Group companies*6)	6% increase	0%

*Follow the link below to learn more about analysis on results for 2030 targets:

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

*1 Base year: 2016

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

*3 Scope 2: Indirect emissions 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)

*5 Category 1: Raw materials

*6 Excluding Industrial Food Services (Australia)

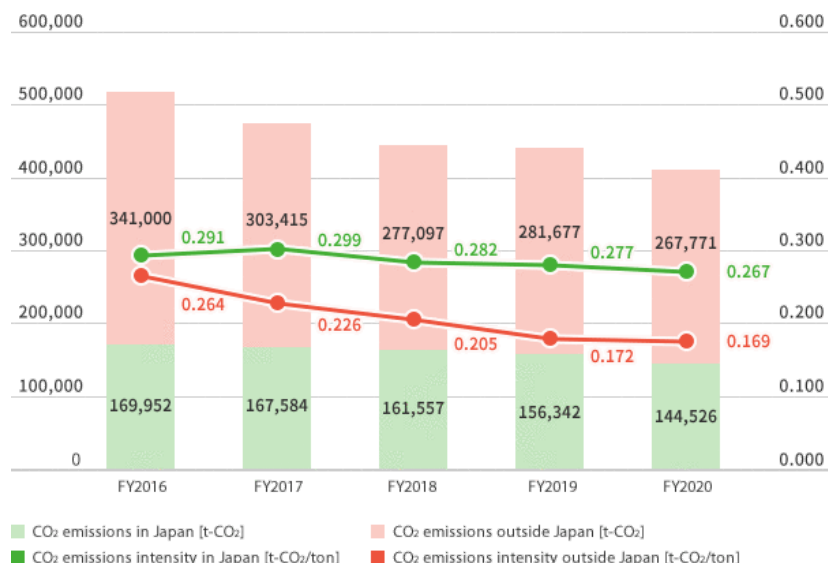
○ At least 90% complete △ At least 60% complete ✕ Less than 60% complete

FY2020 Goals	FY2020 Results	Self-assessment
Promote the reduction of CO ₂ emissions in an effort to realize Environmental Vision 2030 by providing support and raising awareness at Group companies	<ul style="list-style-type: none"> Sent FY2019 environmental data (including CO₂ emissions, water use, and waste generation) to Group companies as feedback and facilitated the sharing of best practices between companies Distributed introductory learning materials (on approaches to energy conservation and CO₂ emissions calculation, for example) and held briefings on Environmental Vision 2030 for Group companies (online for companies outside Japan) 	○
Consider the implementation of internal carbon pricing	Performed an initial calculation of the impact of carbon taxes on revenue in 2030 and 2040	△
Introduce an environmental data collection system	Completed basic design of the system. To be introduced in FY2021	✕
Increase the accuracy of our Scope 3 emissions data and devise measures toward their reduction	<p>Revised the data collection format for Scope 3 emissions. This improved data quality by making the data collection process easier to understand for employees who input data.</p> <p>We will create measures for reducing category 1 emissions in the next fiscal year</p>	△

Analysis

To realize Environmental Vision 2030, we shared energy conservation ideas and other information with Group companies through online environmental audits. For internal carbon pricing, we completed an initial calculation of the impact of carbon taxes on the Fuji Oil Group based on carbon taxes in various countries and on International Energy Agency (IEA) data. Going forward, we will look at ways to implement an internal price on carbon. For collecting environmental data, we focused on the basic design of a data collection system.

Total annual CO₂ emissions (Scopes 1 & 2) and CO₂ emissions intensity



Next step

Raising awareness of environmental issues at the level of each employee is essential for driving reduction of our CO₂ emissions. To address this issue, we set the following goals for FY2021.

- Make sure all employees are familiar with Environmental Vision 2030
- Take CO₂ emissions reduction efforts to the next level through environmental audits
- Support Group companies in putting together a CO₂ emissions reduction strategy (e.g., introduce data collection systems that make it easier for managers to check their CO₂ data quickly and easily; share best practices, such as solar installation projects, between Group companies)
- Start a questionnaire survey of suppliers (supplier engagement) as a Scope 3 (Category 1) emissions reduction initiative

Specific initiatives

Energy management in Japan

To promote effective energy management in Japan, we rebuilt and strengthened our energy management system using the requirements of Japan's Energy Conservation Act* as a foundation. These requirements are to establish an energy management system and set action policies and targets.

In April 2020 we organized the Energy Management Department, and in October 2020 we formulated our Energy Management Regulations and launched an Energy Management Committee. Our action targets for Japan are to reduce energy intensity by 1% each year from the previous year (to comply with the Energy Conservation Act) and to achieve the CO₂ emissions reduction targets of Environmental Vision 2030.

The Energy Management Committee is chaired by the president of Fuji Oil Co., Ltd. and the Energy Management Department serves as its secretariat. Committee members organize activities to achieve the targets, with a core member holding legally mandated responsibility. These activities include measuring and visualizing energy use, using our energy management rules, training personnel on energy management, and distributing energy-related information.

* Also titled the Act on the Rational Use of Energy.

Enhancing the energy efficiency of production equipment

Below are examples of the initiatives that we implemented in FY2020 to enhance energy efficiency.


- The Hannan Business Operations Complex at Fuji Oil Co., Ltd. (Japan) began operating a new cogeneration system, achieving improved efficiency and balance of electricity and steam. It also began reusing waste heat from cooling processes in oils and fats production (the heat was previously vented to the outside) to create hot water.

- Omu Milk Products Co., Ltd. upgraded to a higher-efficiency boiler and changed the type of fuel it uses.
- The Chiba Plant at Fuji Oil Co., Ltd. (Japan) and Woodlands Sunny Foods Pte. Ltd. (Singapore) installed solar power generation systems.
- Blommer Chocolate Company (U.S.), PT. Freyabadi Indotama (Indonesia), and Harald Indústria e Comércio de Alimentos Ltda (Brazil) raised energy efficiency by switching to LED lighting and installing motion sensors.
- Shanghai Xuyang Food Co., Ltd. (China) and Blommer Chocolate Manufacturing (Shanghai) Company Ltd. (China) saved energy by adjusting the start conditions of cooling equipment.

— Introducing renewable energy

The Fuji Oil Group is also using renewable energy to realize Environmental Vision 2030. This began in 2016, when the Fuji Oil Tsukuba Research and Development Center installed solar panels. Thereafter, Fuji Oil Europe (Belgium) in June 2019 and Fuji Oil Co., Ltd. Rinku Plant in February 2020 installed solar panels and started generating electricity. In FY2020, Fuji Oil Co., Ltd. Chiba Plant in August and November 2020 and Woodlands Sunny Foods Pte. Ltd. (Singapore) in September 2020 began using new solar power generation systems, meeting a portion of their electricity needs with renewable energy. Blommer Chocolate Company (U.S.) has begun using renewable energy as required by state laws in Pennsylvania, Illinois, and California and purchased a Renewable Energy Certificate (REC). For offices, the Fuji Oil Holdings Inc. office in Osaka uses power certified as green. Purchasing Green Power Certificates enables us to use solar power generated off-site in Kochi Prefecture, contributing to a CO₂ emissions reduction of approximately 24t-CO₂ in FY2020. We plan to continue using green power in FY2021.

Related documents

ESG Data Book (PDF 400KB) 

Water Use Reduction

Management information

— Relevance to our business

The Fuji Oil Group's business requires the use and discharging of water to grow produce (our raw materials) and manufacture our products. We therefore recognize water resource problems as a material environmental issue.

— Basic approach

Water resource problems are intensifying around the world. Because of global warming, hundreds of millions of people will face rising water stress in the coming decades.^{*1} By 2080, an additional 1.8 billion people may no longer have access to the water they need.^{*2} The Fuji Oil Group aims to conserve water resources in its product manufacturing processes based on the Basic Policy of Environmental Integrity.^{*3} The Environmental Vision 2030,^{*4} to be fulfilled by 2030, shows our Groupwide commitment to water use reduction. At the Fuji Oil Group, we believe that we can contribute directly to the conservation of water resources by enhancing the efficiency of water use 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 use water in manufacturing and treat wastewater according to the standards and regulations of each country or region in which we operate.

^{*1} Intergovernmental Panel on Climate Change (IPCC) Special Report on Global Warming of 1.5°C

^{*2} UNDP Human Development Report 2007/8

^{*3} Follow the link below to learn more about the Basic Policy of Environmental Integrity.

➤ https://www.fujioilholdings.com/en/sustainability/policy/basic_policy

^{*4} Follow the link below to learn more about the Environmental Vision 2030.

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

— Management system

The Chief “ESG” Officer (C“ESG”O) oversees initiatives in this area. The ESG Committee,^{*1} an advisory body to the board of directors, has been monitoring the progress and results of initiatives as a material ESG issue. ^{*2} The ESG Committee reports insights to the board of directors for review.

^{*1} Follow the link below to learn more about the ESG Committee.

➤ <https://www.fujioilholdings.com/en/sustainability/approach/>

^{*2} Follow the link below to learn more about material ESG issues.

➤ <https://www.fujioilholdings.com/en/sustainability/materiality/>

— Goals / Results

2030 targets ^{*1}	FY2020 results ^{*1}	Progress
20% reduction in water intensity ^{*2} (All Group companies)	22% reduction	100%

* Follow the link below to learn more about analysis on results for 2030 targets:

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

^{*1} Base year: 2016

^{*2} Water use per unit of production

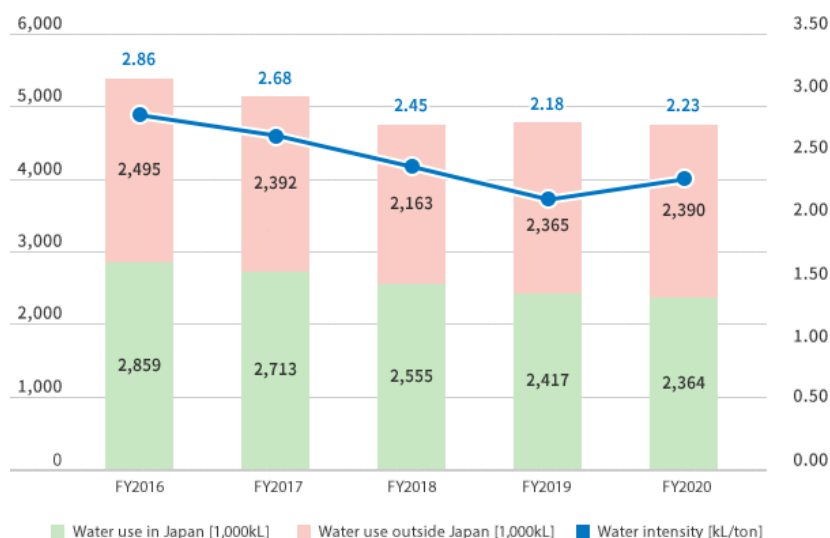
○ At least 90% complete △ At least 60% complete ✕ Less than 60% complete

FY2020 Goals	FY2020 Results	Self-assessment
Promote the reduction of water use in an effort to realize Environmental Vision 2030 by providing support to and raising awareness at Group companies	<ul style="list-style-type: none"> Sent FY2019 environmental data (including CO₂ emissions, water use, and waste generation) to Group companies as feedback and facilitated the sharing of best practices between companies Improved our method of collecting water data 	○
Introduce an environmental data collection system	Completed basic design of the system. To be introduced in FY2021	✕

Analysis

Due to the COVID-19 pandemic, we were unable to carry out in-person awareness-raising activities by traveling to Group companies outside Japan. However, we made efforts to raise awareness by having local staff wear wearable cameras and communicating with them via live video as they walked through the facilities. We also held multiple online meetings to deepen their understanding and improve the quality of water-related data. For collecting environmental data, we focused on the basic design of a data collection system.

Annual water use and water intensity



Next step

Raising awareness at the level of each employee is essential for driving reduction of our water use. To address this issue, we set the following goals for FY2021.

- Make sure all employees are familiar with Environmental Vision 2030
- Take water use reduction efforts to the next level through environmental audits
- Support Group companies in putting together a water use reduction strategy (e.g. introduce data collection systems that make it easier for managers to check their water data quickly and easily; share best practices, such as water recycling methods and installation of water-efficient equipment, between Group companies)

Specific initiatives

— Risk management and countermeasures

The Fuji Oil Group manages water risks as one of many risks to its business. Water risks include water withdrawal, impact on water quality, storms, floods, and violations of wastewater regulations. To manage these risks, each Group company follows a PDCA cycle, which includes identifying material risks, planning and implementing a management strategy, evaluating results, and making improvements. To reinforce management of water risks in the Group, in FY2020 we assessed water risks in each region where Group companies have operations. This assessment took into account Aqueduct* analysis results and was based on the Group's risk management system, which utilizes risk maps. This assessment led us to identify flooding risk at a Group company in Indonesia as a new material risk, and we are now developing measures to mitigate potential flood damage. This risk follows the identification of wastewater compliance risks at Group companies in China.

* A global water-risk mapping tool provided by the World Resources Institute (WRI)

— Water conservation efforts at Group companies

In FY2020, Group companies carried out the following initiatives to conserve water.

- Fuji Oil Co., Ltd. Kanto Plant (Japan) stored cooling water in a tank and reused it to clean equipment.
- Fuji Oil Co., Ltd. Hannan Business Operations Complex (Japan) reduced steam use at multiple plants.
- F&F Co., Ltd. (Japan) switched from water-cooled to air-cooled air-conditioning systems.
- Fuji Vegetable Oil (U.S.) reused processing water.
- Fuji Oil (Singapore) Pte. Ltd., Unifuji (Malaysia), PT. Freyabadi Indotama (Indonesia), Shanghai Xuyang Food Co., Ltd. (China), and Fuji Vegetable Oil (U.S.) improved their water management systems, enabling more rigorous analysis of water use. They identified and addressed areas of low water efficiency.

Related documents

ESG Data Book (PDF 400KB) 

Waste Reduction

Management information

— Relevance to our business

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. Reducing waste is important because it conserves the environment through the efficient use of materials and energy resources necessary for our business, and because it helps to reduce the cost of manufacturing. Reducing waste and reusing resources will be increasingly important in the coming years as the circular economy grows.

— Basic approach

The Fuji Oil Group aims to reduce waste in its product manufacturing processes based on the Basic Policy of Environmental Integrity.^{*1} The Environmental Vision 2030,^{*2} to be fulfilled by 2030, shows our Groupwide commitment to waste reduction.

^{*1} Follow the link below to learn more about the Basic Policy of Environmental Integrity.

➤ https://www.fujioilholdings.com/en/sustainability/policy/basic_policy/

^{*2} Follow the link below to learn more about the Environmental Vision 2030.

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

— Management system

The Chief "ESG" Officer (C"ESG"O) oversees initiatives in this area. The ESG Committee,^{*1} an advisory body to the board of directors, has been monitoring the progress and results of initiatives as a material ESG issue.^{*2} The ESG Committee reports insights to the board of directors for review.

^{*1} Follow the link below to learn more about the ESG Committee.

➤ <https://www.fujioilholdings.com/en/sustainability/approach/>

^{*2} Follow the link below to learn more about material ESG issues.

➤ <https://www.fujioilholdings.com/en/sustainability/materiality/>

— Goals / Results

2030 targets ^{*1}	FY2020 results ^{*1}	Progress
10% reduction in waste intensity ^{*2} (All Group companies ^{*3})	1% increase	0%
Maintain a recycling rate of at least 99.8% (All Group companies in Japan)	99.37%	Not achieved

* Follow the link below to learn more about analysis on results for 2030 targets:

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

^{*1} Base year: 2016

^{*2} Amount of waste per unit of production

^{*3} Excluding waste volume generated at Industrial Food Services (Australia)

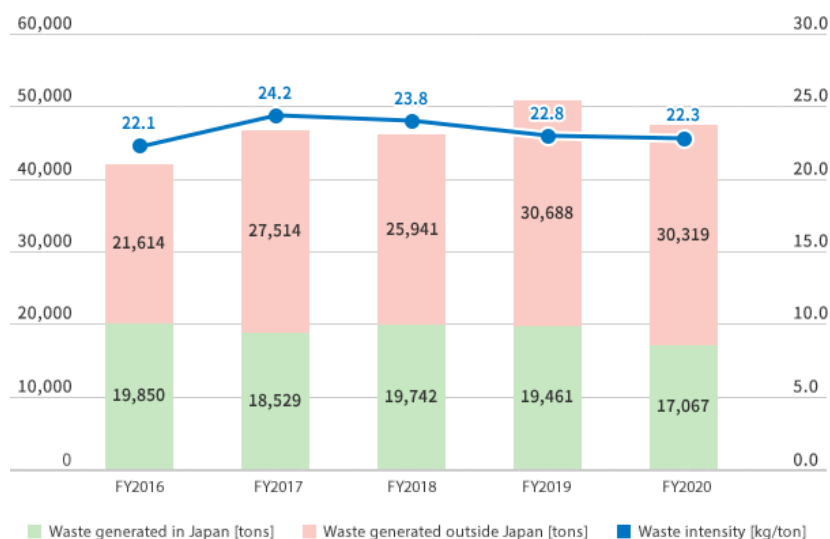
○ At least 90% complete △ At least 60% complete ✕ Less than 60% complete

FY2020 Goals	FY2020 Results	Self-assessment
Promote the reduction of waste in an effort to realize Environmental Vision 2030 by providing support to and raising awareness at Group companies	<ul style="list-style-type: none"> Sent FY2019 environmental data (including CO₂ emissions, water use, and waste generation) to Group companies as feedback and facilitated the sharing of best practices between companies Categorized the types of waste generated by Group companies Sought to raise awareness of our approach to waste reduction through environmental audits 	○
Introduce an environmental data collection system	Completed basic design of the system. To be introduced in FY2021	✕

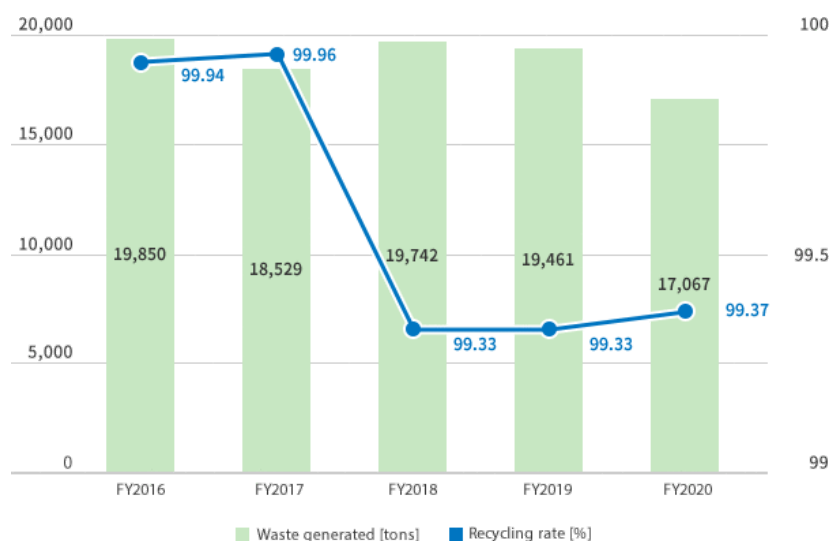
Analysis

Due to the COVID-19 pandemic, we were unable to carry out in-person awareness-raising activities by traveling to Group companies outside Japan. However, we made efforts to raise awareness by having local staff wear wearable cameras and communicating with them via live video as they walked through the facilities. For collecting environmental data, we focused on the basic design of a data collection system.

Annual waste generation and waste intensity



Annual waste generation and recycling rate at Fuji Oil Group companies in Japan



Next step

Raising awareness at the level of each employee is essential for driving reduction of our waste generation. To address this issue, we set the following goals for FY2021.

- Make sure all employees are familiar with Environmental Vision 2030
- Take waste reduction efforts to the next level through environmental audits
- Support Group companies in putting together a waste reduction strategy (e.g. introduce data collection systems that make it easier for managers to check their waste data quickly and easily; share best practices, such as ways to make use of animal and plant byproducts* and convert industrial waste into salable material, between Group companies)

* Such as processing residues and product samples

Specific initiatives

Waste reduction initiatives

In FY2020, Group companies carried out the following initiatives to reduce waste.

- Omu Milk Products Co., Ltd. (Japan) worked to recycle wood scraps.
- Fuji Sunny Foods Co., Ltd. (Japan) worked to reduce product waste by managing inventory more strictly, striving to raise the turnover ratio, and revising the number of product categories.
- Blommer Chocolate Manufacturing (Shanghai) Company Ltd. (China) reduced the disposal of expired products by shifting from make-to-stock production to make-to-order production.
- Shanghai Xuyang Food Co., Ltd. (China) improved its product defect rate, which led to a reduction in sludge generated from product disposal. It also reduced waste mass by removing water content and processing sludge into a solid.
- Fuji Vegetable Oil (U.S.) began recycling pallets.
- Blommer Chocolate Company (U.S.) found a way to reuse cocoa shells it previously discarded.


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 33,026 tons in FY2020, decreasing by approximately 1,384 tons from the previous fiscal year. The recycling rate decreased by 4% from the previous year to 99.3%.

For the food industry, the Act sets a recycling target of 95% for recyclable food resources. The Fuji Oil Group has exceeded a food recycling rate of 97.3% since FY2007, when it first set a food recycling target, and has maintained the rate at such a level or higher.

However, expanding production in the future could increase the absolute volume of waste we generate, and we recognize this as an issue. For this reason, we will continue our efforts to maintain a high recycling rate while also developing new ways to reuse byproducts.

Related documents

ESG Data Book (PDF 400KB) 

Food Loss and Waste Reduction

Management information

— Relevance to our business

As a manufacturer of food ingredients, the Fuji Oil Group recognizes the efficient use of limited food resources as a material issue, given concerns over population growth and future food supply challenges. Leveraging our position as a B-to-B food ingredient manufacturer, we can help to reduce food loss in our operations and the operations of our customers, B-to-C food manufacturers, and to reduce food waste at retailers through our product development.

— Basic approach

The Fuji Oil Group develops technologies to reduce waste at several steps in the food value chain. The goal of these technologies is to reduce losses in our manufacturing and distribution processes, extend the best-before date of our products and customers' products that use our products, and to enable reprocessing of customers' products. Upcycling materials that otherwise would be wasted through the remarketing of food resources is an important strategy for reducing loss during manufacturing.

— Management system

The Chief Technology Officer (CTO) oversees initiatives in this area. The ESG Committee,^{*1} an advisory body to the board of directors, has been monitoring the progress and results of initiatives as a material ESG issue.^{*2} The ESG Committee reports insights to the board of directors for review.

*1 Follow the link below to learn more about the ESG Committee.

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

*2 Follow the link below to learn more about material ESG issues.

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

— Goals / Results

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

FY2020 Goals	FY2020 Results	Self-assessment
Reduce food loss by extending the best-before date of products and reprocessing products in the bread market	We offer ingredients such as cheese to our customers that make it possible to reprocess or extend the best-before date of bread. The number of customers using our ingredients for reprocessing increased.	△

Analysis

Food loss and waste is emerging as an important issue in the bread market. Partnering with customers to find solutions led to an increase in the use of our solutions for this issue.

— Next step

Food ingredients that remain safe and delicious over a longer period of time are necessary to reduce food loss and waste in the bread market. To address this issue, we set the following goal for FY2021.

- Develop and propose technologies that maintain product quality (extend freshness) and technologies for secondary processing (repurposing)

Specific initiatives

— Developing ingredients that enable food reprocessing

The Fuji Oil Group is working to reduce food loss through food reprocessing by selling ingredients, combining manufacturing technologies, and co-creating solutions with customers.

For example, we propose and offer ingredients for reprocessing unsold freshly baked bread into dressed bread. We plan to keep offering this type of solution to customers, and in this way, continue contributing to food loss reduction and culinary diversity.



Unsold surplus baguettes



Reprocessed with
our plant-based
food ingredients



Crispy gorgonzola toast

— Creating functional food ingredients through upcycling

The Fuji Oil Group sells food ingredients made by separating plant-based raw materials into their constituent elements, such as oils, fats and protein. Using components of a raw material effectively is a crucial aspect of resource efficiency. Upcycling process streams in the production of soybean oil is an example of this. After pressing the soybeans for oil, we separate the soy protein, and from the curd by-product we separate the water-soluble soy polysaccharides.

In addition to food loss reduction through upcycling, we also work on creating new functional ingredients. One example of this is our effective use of starch residues, that tend to go to waste. The manufacturing process for pea starch, which is used to make noodles, generates large volumes of fiber as a by-product. Making effective use of this fiber, we developed an upcycling technology for manufacturing pea polysaccharides that can be used as a stabilizer to prevent whey separation of drinkable yogurt. As of July 2021, we are now building a plant in Germany dedicated to manufacturing pea polysaccharides from pea fiber, large quantities of which go to waste in Europe.

We will continue to increase food resource efficiency and to reduce food losses, focusing on unutilized food resources around the world and creating added value through upcycling.

Plastic Use Reduction

Management information

— Relevance to our business

Due to the fact our customers are businesses, many of our products, such as oils and fats, are shipped in bulk via tank trucks, ton containers, and steel drums. Other products, such as chocolate, whipping cream and solid fats, are packaged in plastic and shipped in cardboard boxes. Plastic accounts for about 20% of the entire volume of packaging materials we use. Although this percentage is not high, we recognize the problems with plastic and believe it is essential to reduce our usage.

— Basic approach

Packaging serves three key functions: keeping food safe to eat; maintaining food quality; and communicating product information. Amid growing concerns about resource depletion and marine plastic pollution, we aim to reduce our plastic use by reducing (thinning, decreasing weight, and replacing with a recyclable material), reusing, and recycling plastic packaging materials in a manner that also maintains these three functions.

— Management system

In FY2021 we shifted from managing this issue as a Groupwide issue (material ESG issue^{*1}) to having it addressed by each Group company.

Under the direction of our Chief “ESG” Officer (C“ESG”O), in FY2020 we conducted an internal survey to inform future policy on what was then the “packaging materials reduction” theme. The ESG Committee,^{*2} an advisory body to the board of directors, then discussed the results of that survey. As a result, in FY2021 we changed the name of this theme from “packaging materials reduction” to “plastic use reduction,” in order to more accurately reflect stakeholder interest. We also decided that it would be more effective to implement measures at the level of each Group company, considering the share of plastic packaging use among all packaging materials used by the Group and the size of our impact on marine plastic pollution, among other factors.

*1 Follow the link below to learn more about material ESG issues.

➤ <https://www.fujioilholdings.com/en/sustainability/materiality/>

*2 Follow the link below to learn more about the ESG Committee.

➤ <https://www.fujioilholdings.com/en/sustainability/approach/>

— Goals / Results

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

FY2020 Goals	FY2020 Results	Self-assessment
Survey the amount of packaging materials used at overseas Group companies	We surveyed Group companies on the amount and types of packaging materials they used and their efforts to reduce use in FY2019. We found that Group companies are processing the plastic waste generated by factories in accordance with the laws of each country where they operate and that customers are also properly managing their waste.	○

Analysis

The survey results indicate a low possibility of marine pollution caused by plastic packaging associated with Fuji Oil Group products. Our findings also suggest the difficulty of recommending specific materials and setting a reduction target that applies equally to all Group companies. Reasons include: the Group's B-to-B business model, the fact that Group companies have already been reducing packaging while maintaining a minimum standard of functional performance (maintaining food safety and quality; cost), the variety of materials used between companies, and requirements based on national laws and quality design.

| Specific initiatives

— Sharing useful information, reducing plastic use within the Group

The Production Productivity Management Group at Fuji Oil Holdings gathers information on various solutions and initiatives for cutting petroleum products and reducing environmental impact, such as circular economy, the 3Rs (reduce, reuse, recycle), and plastic alternatives; it then shares this information within the Fuji Oil Group.

To reduce plastic use, Fuji Oil Co., Ltd. buys pallets made of recycled plastic and sells plastic pallets it can no longer use at its factories to other companies.

UPGRADE Plant based kitchen, a pop-up restaurant we opened in Daimaru Shinsaibashi Main Building in Osaka, Japan (it closed on March 14, 2021), used shopping bags made partially from limestone instead of plastic.

Reduction of the Environmental Impact of Products and Raw Materials

Management information

— Relevance to our business

Some Fuji Oil Group products have a high environmental impact. These products require large volumes of water or emit high levels of CO₂ during their manufacture. We have a responsibility to identify such environmental impacts and reduce them as much as possible. It is also important that we assess environmental impacts at every stage in the lifecycle of our products and reduce such impacts efficiently. These stages include the cultivation of raw materials and processing of our products by customers, in addition to our own manufacturing processes.

— Basic approach

We will work to develop processing technologies that have a low environmental impact and help us achieve our reduction targets for CO₂ emissions, water usage, and waste outlined in our Environmental Vision 2030. * We will also conduct a comprehensive assessment and pursue technological innovation to reduce the environmental impact of our products on a lifecycle basis; our goal in this endeavor is to prevent that reductions in our own operations increase the impacts that occur upstream and downstream.

* Follow the link below to learn more about the Environmental Vision 2030.

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

— Management system

In FY2021, we changed the name of this material ESG issue^{*1} from “development of manufacturing methods with low environmental impact,” which was used until FY2020, to “reduction of the environmental impact of products and raw materials,” which reflects the approach described above. The Chief Technology Officer (CTO) oversees initiatives in this area, while the ESG Committee, ^{*2} an advisory body to the board of directors, monitors progress and results. The ESG Committee reports insights to the board of directors for review.

*1 Follow the link below to learn more about material ESG issues.

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

*2 Follow the link below to learn more about the ESG Committee.

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

— Goals / Results

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

FY2020 Goals	FY2020 Results	Self-assessment
Develop oil and fat processing technologies that do not use chemical catalysts or organic solvent processing	We developed a technology that reduces environmental impact by replacing chemicals with enzymes in the processing of oils and fats. We began testing the technology with the aim of using it in our commercial operations.	○

FY2020 Goals	FY2020 Results	Self-assessment
Develop technologies that significantly reduce CO ₂ emissions	We also changed the raw material we use in the manufacturing of granulated soy protein products, one of our most carbon-intensive manufacturing processes, to determine whether this would reduce CO ₂ emissions. However, changing the raw material increased the environmental impact of these products at the cultivation stage. This revealed how impact reductions in our operations do not necessarily result in reduced impact for the entire product lifecycle.	×

Analysis

We made steady progress in developing a low-impact technology for processing oils and fats using enzymes instead of chemicals. On the other hand, the CO₂ emissions reduction from our granulated soy protein ingredient manufacturing process has no substantive environmental benefit as it increases the environmental impacts during raw material production. Therefore, we need to explore a different approach to solve this issue.

Next step

We see lifecycle thinking as an important part of reducing the environmental impact of our products and the raw materials we use. To address this issue, we set the following goals for FY2021.

- Develop manufacturing methods that achieve higher efficiency and reduced environmental impact through the application of a new enzyme-based oil and fat processing technology in commercial production.
- Conduct a survey on the environmental impact of our granulated soy protein products. Draft a strategy to reduce lifecycle impact.



Social

Social initiatives in numbers



Palm oil traceability to plantations (TTP) (FY2020 result)

2030 target: 100%



Implementing Labour Transformation Programme (LTP) at all suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia) (FY2020 result)

2025 target: 100%



Planting trees on cocoa-growing regions (FY2020 result)

2030 target: 1 million



Establishing the CLMRS* in cocoa cooperatives from which Blommer Chocolate Company (U.S.) directly purchases cocoa beans (FY2020 result)

2030 target: Zero child labor

* Child Labour Monitoring & Remediation System

Management

Human rights management

- > Basic approach
- > Educational, promotion and awareness activities
- > Grievance mechanisms
- > Management system
- > Human rights due diligence
- > Review of initiatives (expert dialogue)

Sustainable procurement management

- > Basic approach
- > Sustainable procurement information by raw material
- > Management system
- > Cooperation with suppliers in Japan
- > Goals / Results

Activity report

— Areas to create initiatives that lead the industry, leveraging our business strength
— Business foundation areas



Creative food solutions

Priority theme: Solutions to Food Insecurity >

- > Relevance to our business
- > Basic approach
- > Management system
- > Goals / Results
- > Next step
- > Specific initiatives

Priority theme: Provision of healthy food >

- > Relevance to our business
- > Basic approach
- > Management system
- > Next step
- > Specific initiatives

Priority theme: Reduction of sugars intake >

- > Relevance to our business
- > Basic approach
- > Management system
- > Goals / Results
- > Next step
- > Specific initiatives

Priority theme: Reduction of trans fatty acid content >

- > Relevance to our business
- > Basic approach
- > Management system
- > Goals / Results
- > Next step
- > Specific initiatives



Sustainable procurement

Priority theme: Sustainable procurement of palm oil >

- > Relevance to our business
- > Basic approach
- > Management system
- > Goals / Results
- > Next step
- > Specific initiatives

Priority theme: Sustainable procurement of cocoa >

- > Relevance to our business
- > Basic approach
- > Management system
- > Goals / Results
- > Next step
- > Specific initiatives

Priority theme: Sustainable procurement of soybeans >

- > Relevance to our business
- > Basic approach
- > Management system
- > Goals / Results
- > Next step
- > Specific initiatives

Sustainable procurement of shea kernels >

- > Relevance to our business
- > Basic approach
- > Management system
- > Goals / Results
- > Specific initiatives



Assurance of product quality and safety

Priority theme: Ensuring food safety and quality >

- > Relevance to our business
- > Basic approach
- > Management system
- > Goals / Results
- > Next step
- > Specific initiatives



Occupational health and safety

Priority theme: Promoting occupational health and safety >

- > Relevance to our business
- > Basic approach
- > Management system
- > Goals / Results
- > Next step
- > Specific initiatives



Diversity, equity and inclusion (DE&I)

Priority theme: Diversity management >

- > Relevance to our business
- > Basic approach
- > Management system
- > Goals / Results
- > Next step
- > Specific initiatives

Human resource development >

- > Relevance to our business
- > Basic approach
- > Management system
- > Specific initiatives

Employee health (health management) >

- > Relevance to our business
- > Basic approach
- > Management system
- > Specific initiatives

Partnership with communities >

- > Relevance to our business
- > Basic approach
- > Management system
- > Specific initiatives

Related documents

ESG Data Book (PDF 400KB) 

Human Rights Management

Management information

Basic approach

The Fuji Oil Group has a responsibility to respect the human rights of all who can be impacted by our global business. This responsibility is expressed in our Group Management Philosophy, which upholds a commitment to “Work for people” as a core value. Due to the environmental and human rights risks associated to agricultural products such as palm oil and cocoa, which are key raw materials for the Fuji Oil Group, respecting human rights is crucial not just in our own operations but at every step in our supply chain. Based on stakeholders dialogue and our participation in the 2016 United Nations Forum on Business and Human Rights, we reformulated our view on human rights and announced the Fuji Oil Group Human Rights Policy in April 2017.

➤ [Fuji Oil Group Human Rights Policy PDF \(388KB\)](#) 

Management system

Under the supervision of the Chief “ESG” Officer (C“ESG”O), the Sustainability Development Group promotes Groupwide efforts to raise awareness of human rights issues, to identify and manage human rights risks, and to ensure that human rights are respected at all workplaces and business sites.

Key human rights risks are incorporated into our material ESG issues.^{*1} The ESG Committee,^{*2} an advisory body to the board of directors, monitors the progress and results of initiatives and reports insights to the board of directors for review.

^{*1} Follow the link below to learn more about material ESG issues.

➤ <https://www.fujioilholdings.com/en/sustainability/materiality/>

^{*2} Follow the link below to learn more about the ESG Committee.

➤ <https://www.fujioilholdings.com/en/sustainability/approach/>

Specific initiatives

Educational, promotion and awareness activities

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

We designated the week of December 10, international Human Rights Day, as Fuji Oil Group Human Rights Week to raise awareness among all Group employees on our Human Rights Policy and the issue of business and human rights. In FY2020, the Chief Administrative Officer (CAO) and Chief “ESG” Officer (C“ESG”O) co-directed a program to raise internal awareness by issuing leadership statements on business and human rights and distributing articles and videos explaining the Group’s approach and initiatives.



A leadership message on human rights posted on the intranet

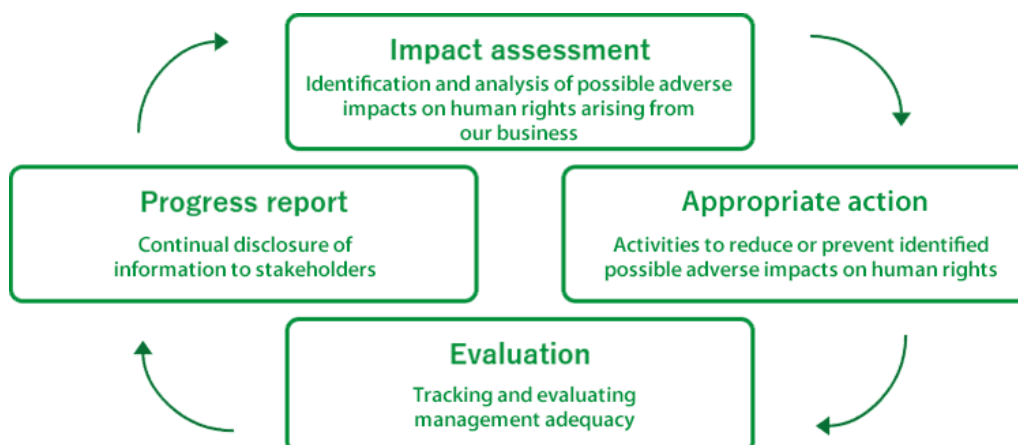
Business and human rights e-learning video



Human rights due diligence

Overview

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



Impact assessment process

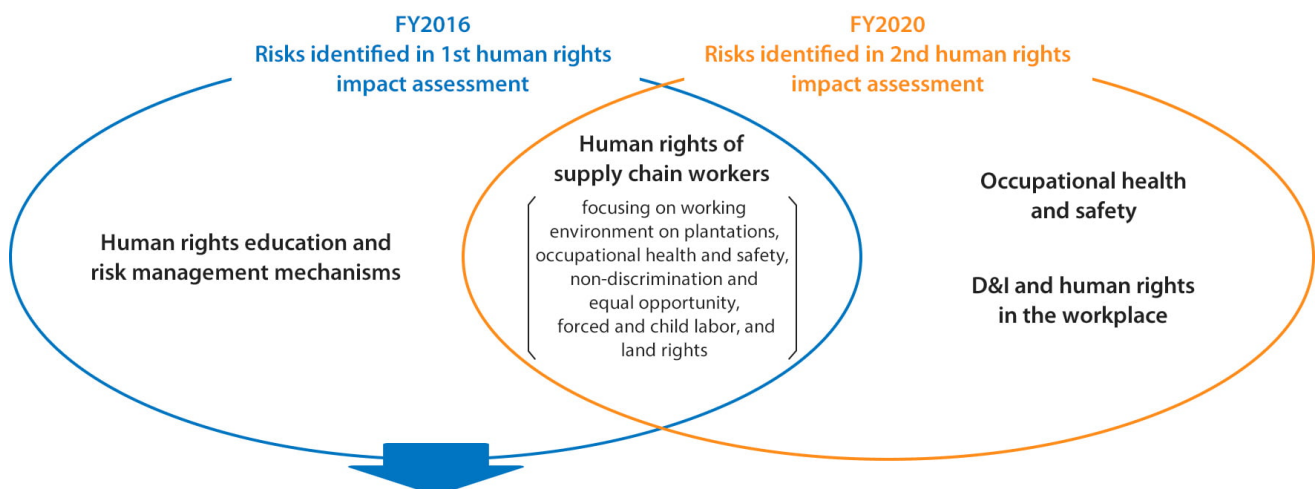
The Fuji Oil Group conducts human rights impact assessments following the process advocated by the UN Guiding Principles on Business and Human Rights and with guidance from outside experts to identify and evaluate the possible adverse impacts of our business activities on human rights and to identify priority key issues. We conducted our first human rights impact assessment in FY2016. Due to significant changes in the Group's business environment since then, including mergers and acquisitions and the COVID-19 pandemic, we conducted a second assessment in FY2020 to reidentify our human rights risks. During the assessment, we received guidance from BSR, a third-party expert on business and human rights.

In the first stage, based on BSR's expertise, we identified human rights risks based on the nature of the Group's business and its operating locations.

In the second stage, we conducted interviews with relevant in-house parties to incorporate as much information from our actual operations as possible. In this stage, done in collaboration with BSR, we identified six categories where our business can have a human rights impact: 1) Occupational health and safety, 2) Human rights of supply chain workers, 3) Diversity and inclusion (D&I) and human rights in the workplace, 4) Food safety, 5) GRC,* and 6) Climate impact on human rights. In the third stage, following expert guidance, we selected three categories of human rights risks to address as priority issues: 1) Occupational health and safety, 2) Human rights of supply chain workers, and 3) D&I and human rights in the workplace. These identified risks have been reported to our executive team. We plan to carry out medium-term initiatives to reduce these risks and disclose our progress to stakeholders through future sustainability reports and other channels.

* Governance, risk, and compliance

Results of 1st and 2nd human rights impact assessments and progress on addressing risks identified in 1st assessment



Summary of progress since FY2016

Human rights education and risk management mechanisms

- Conducted human rights education within the Group (held Human Rights Week, distributed educational videos)
- Explained human rights risks to Group companies
- Incorporated human rights risks into Group companies' risk assessment process

Human rights of supply chain workers

(focusing on working environment on plantations, occupational health and safety, non-discrimination and equal opportunity, forced and child labor, and land rights)

- Promoted sustainable procurement of palm oil
- Promoted sustainable procurement of cocoa
- Built and began operating a grievance mechanism for palm oil

In-depth look at risks identified in 2nd human rights risk assessment

Risks identified in 2nd human rights impact assessment	Relevant stakeholder group	Special points to confirm/consider (recommended by experts)	Next Steps
Occupational health and safety	Employees	<ul style="list-style-type: none"> Prevent spread of infection during COVID-19 pandemic Strengthen management system by third-party assessment 	<ul style="list-style-type: none"> Continue applying strict measures to prevent infection in the workplace Continue to improve our occupational health and safety management system by incorporating perspectives of third-party organizations
Human rights of supply chain workers (focusing on working environment on plantations, occupational health and safety, non-discrimination, and equal opportunity, forced and child labor, and land rights)	Supply chain workers	<ul style="list-style-type: none"> General: Establish supplier code of conduct that applies to all suppliers and expand grievance mechanisms Palm oil and cocoa: Implement measures based on sourcing policies and medium-to-long-term targets Soy: Formulate sourcing policy and establish monitoring system 	<ul style="list-style-type: none"> Ensure suppliers are well informed of supplier code of conduct Evaluate effectiveness of revised palm oil grievance mechanism Monitor human rights due diligence trends in the EU and apply to the supply chain in a timely manner For child labor risks in West Africa, conduct traceability and mapping, promote the Child Labour Monitoring and Remediation System (CLMRS), and participate in educational assistance program Establish and disclose responsible sourcing policy and KPIs for soybeans and soy products Establish and disclose responsible sourcing policy and KPIs (especially to empower women) for West African shea kernels
D&I and human rights in the workplace (harassment, forced labor)	Employees	<ul style="list-style-type: none"> Strengthen system for promoting D&I globally Strengthen harassment prevention measures Identify and reduce forced labor risks 	<ul style="list-style-type: none"> Promote diversity, equity and inclusion (DE&I) globally Consider possible mechanisms/systems for identifying and addressing human rights issues in the workplace

Grievance mechanisms

Internal hotline system for employees

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

* Follow the link below to learn more about the internal hotline system.

➤ <https://www.fujioilholdings.com/en/sustainability/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 webpage in English on the Fuji Oil Group website to announce the mechanism and its progress.

* Follow the link below to learn more about the grievance mechanism.

➤ https://www.fujioilholdings.com/en/sustainability/grievance_mechanism/

— Review of initiatives (expert dialogue)

Every year since 2016, the Fuji Oil Group has held a dialogue with business and human rights experts to seek their advice on our human rights initiatives. In FY2020, the fifth year, we invited Yukio Okubo of Vocational Ability Laboratory Co., Ltd to offer his expert guidance on diversity and inclusion, a human rights risk newly identified in our 2nd human rights impact assessment. Attending were the Chief “ESG” Officer (C“ESG”O), Chief Administrative Officer (CAO), Executive Adviser to CEO, and staff from the HR and sustainability departments.

Mr. Okubo offered a comprehensive, multi-stakeholder view of the importance for companies to promote D&I in their organizations. He also outlined key points to consider when promoting D&I. His valuable advice and perspective will be useful for carrying out stakeholder dialogue, particularly with employees, and for implementing D&I measures going forward.



At the expert dialogue in FY2020

Related documents

ESG Data Book (PDF 400KB) 

Sustainable Procurement Management

Management information

Basic approach



The Fuji Oil Group has a vision to “contribute to the society by creating the future of delicious and healthy foods.” Building a responsible supply chain is essential for realizing this vision.

We view suppliers as key partners for addressing environmental and social issues in the supply chain. By promoting environmental conservation, respect for human rights, fair business practice, risk management and other initiatives in cooperation with our suppliers, we aim to achieve sustainable growth for all three of us: suppliers, the Group and society.

In 2012, we formulated CSR Procurement Guidelines (1st Edition) for Group companies in Japan. In April 2021, we published the Fuji Oil Group Supplier Code of Conduct as a high-level policy that precedes existing policies and guidelines that apply to specific companies and raw materials. Our goal in publishing this policy was to communicate to all suppliers a comprehensive approach to procurement that applies to the entire Group.

For specific raw materials, in 2016 and 2018 we published the Responsible Palm Oil Sourcing Policy and the Responsible Cocoa Beans Sourcing Policy, respectively. In 2020, we set medium- to long-term goals and KPIs for sustainable procurement of palm oil and cocoa beans. And in June 2021, we published the Responsible Soybeans and Soy Products Sourcing Policy and the Responsible Shea Kernel Sourcing Policy, and set medium- to long-term goals and KPIs for sustainable procurement of soybeans and shea kernels.

Group policies on sustainable procurement

	Policy name	Scope
Groupwide	 Supplier Code of Conduct (PDF, 2.3MB)	All suppliers of products and services to the Fuji Oil Group
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 Fuji Oil Group
	 Responsible Cocoa Beans Sourcing Policy (PDF, 79KB)	All suppliers of cocoa beans and cocoa products purchased, traded, processed, and sold by the Fuji Oil Group
	 Responsible Soybeans and Soy Products Sourcing Policy (PDF, 922KB)	All suppliers of whole soybeans and soybean protein products procured by the Fuji Oil Group
	 Responsible Shea Kernel Sourcing Policy (PDF, 945KB)	All suppliers of shea kernels procured by the Fuji Oil Group
Specific companies	 CSR Procurement Guidelines (2nd Edition) (PDF, 137KB)	Suppliers of Fuji Oil 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.

Management system

The Chief Strategy Officer (CSO) oversees the sustainable procurement of our main raw materials — palm oil, cocoa and soybeans — and the strategic raw material, shea kernels. In September 2020, we created the Global Sustainable Sourcing Committee. This committee meets monthly and has a subcommittee on each raw material (palm oil, cocoa, soybeans, shea kernels). Working group members are selected from each geographical region (Japan, Southeast Asia, China, Americas, EU) and discuss issues specific to their

raw materials.

Additionally, the ESG Committee, ^{*1} an advisory body to the board of directors, monitors the progress and results of sustainable procurement initiatives as a material ESG issue. ^{*2} The ESG Committee reports insights to the board of directors for review.

*1 Follow the link below to learn more about the ESG Committee.

➤ <https://www.fujioilholdings.com/en/sustainability/approach/>

*2 Follow the link below to learn more about material ESG issues.

➤ <https://www.fujioilholdings.com/en/sustainability/materiality/>

— Goals / Results

Commitments to sustainable procurement

We 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		Medium- to long-term goals	KPI		FY2020 results	Solution-based approach	
				2030	2025			
Palm oil	Global environment	Deforestation, peatland development	No Deforestation, No Peatland Development and No Exploitation (NDPE)	TTP ¹ : 100%	TTP: 75%	71%	<ul style="list-style-type: none">Trace supply chain to plantationsCollaborate with NGOs and oil mills; improve supply chain (reduce environmental/human rights risks) by engaging direct suppliersMonitor deforestation by satellite imagesImplement Labour Transformation Programme (LTP)Participate in landscape initiativesProcure RSPO³-certified oilOperate a grievance mechanism	
	Human rights	Forced labor; child labor; exploitation of indigenous peoples, local residents and workers		Labour Transformation Programme (LTP) implementation rate: 100% (all direct suppliers)	Labour Transformation Programme (LTP) implementation rate: 100% (all suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia)) ²	10% (all suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia))		
Cocoa	Global environment	Deforestation, climate impacts on producing regions, biodiversity loss	Reforestation, elimination of child labor	One million trees planted ⁴	500,000 trees planted	10,000 trees	<ul style="list-style-type: none">Restore forests by planting treesIntroduce CLMRSProvide educational opportunities to childrenImplement community support programs (Ghana, Côte d' Ivoire, Ecuador)	
	Human rights	Child labor, poverty among farming families		Elimination of child labor	No WFCL ⁵	Continue GPS mapping of cocoa farms from which Blommer Chocolate Company directly purchases cocoa beans		83% of farms GPS mapped
						Establish CLMRS ⁶ at 100% of cocoa cooperatives from which Blommer Chocolate Company directly purchases cocoa beans		
Soybeans	Global environment	Deforestation, biodiversity loss	No deforestation, no exploitation	Traceability achieved to the community level, or 100% procurement of RTRS ⁷ -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	N/A	<ul style="list-style-type: none">Trace supply chain to primary collection pointsGather information through RTRS membership	
	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 ⁸	6,000 trees planted/year	N/A	<ul style="list-style-type: none">Trace supply chain to cooperativesConserve parkland where shea trees growReduce environmental impact by shifting energy sourcesCreate value in local communities	
	Human rights	Poverty among farming families		Traceability to the village level: 75%	50%			
				Traceability to cooperatives for shea kernels directly procured: 75%	N/A			
				Out of the above cooperatives, direct procurement of shea kernels from Tebma-Kandu cooperative: 50%	30% ⁹			
				Percentage of shea kernels crushed and fractionated (separated) in Ghana: 100%	N/A			
				N/A	Non-fossil fuel energy ¹⁰ used by Fuji Oil Ghana Ltd.: 100% (2023 target, base year: 2021 ¹¹)			
				N/A	Permanent, direct employees at Fuji Oil Ghana Ltd.: 50% increase (base year: 2017)			

*1 Traceability to plantation

*2 An oils and fats manufacturer wholly owned by the Fuji Oil Group

*3 Roundtable on Sustainable Palm Oil

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

*5 Worst forms of child labour

*6 Child Labour Monitoring & Remediation System

*7 Round Table on Responsible Soy Association

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

*9 Our KPIs for years 2021, 2022 and 2023 are 10%, 15% and 20%, respectively.

*10 We plan to use shea kernel meal, a byproduct of oil production, and other raw materials as non-fossil fuels.

*11 Our current non-fossil fuel rate as of 2021 is 75%.

Analysis

Social issues such as environmental and human rights impacts are reportedly linked to the production of palm oil, cocoa, and other raw materials used by the Fuji Oil Group. However, the cause of these issues — and the best approach to solving them — varies depending on the raw material. For palm oil, we have been partnering with NPOs to raise performance to an across-the-board standard since we formulated our sourcing policy in 2016. In FY2020, we were able to focus our efforts on plantation companies. Progress on cocoa, however, has been less than satisfactory due to a complex of factors. These include the fact that small farms make up the majority of suppliers, the great geographical distance between Japan and suppliers, and the difficulties posed by the COVID-19 pandemic of visiting suppliers to identify issues in person, as we had planned. For soybeans and shea kernels, we expect to be able to identify the issues unique to each raw material based on our new sourcing policies. As we identify the problems specific to each raw material we use and its producing regions, we at the Fuji Oil Group will seek to implement our policies by securing the resources we need to scale up our sustainable procurement efforts.

Specific initiatives

— Sustainable procurement information by raw material

* Follow the links below to learn more about the Fuji Oil 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/social/palm_oil/

Sustainable Procurement of Cocoa

➤ <https://www.fujioilholdings.com/en/sustainability/social/cacao/>

Sustainable Procurement of Soybeans

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

Sustainable Procurement of Shea Kernels

➤ https://www.fujioilholdings.com/en/sustainability/social/she_kernel/

Comment from a sustainability manager



Carmen Alvarado Ascencio
Senior Manager ESG and Leader Sustainable
Development Team
Fuji Europe Africa

Fuji Oil Group takes the possibility of human rights violations taking place in our supply chain very seriously. Although we expect our suppliers to pay as much attention on promoting human rights as we do, the globality and complexity of our supply chains presents a challenge for the traceability of our raw materials to their origin. Traceability is essential to identify risks, implement and monitor improvement initiatives and remedy human rights incidents. Through transatlantic expert teams, Fuji Oil Group is developing responsible sourcing policies for our main raw materials, which include targets for traceability and relevant social impacts. Additionally, we take a proactive and constructive approach in the dialogue with other stakeholders through our participation in industry associations. Our objective is to ensure a future-proof supply chain which considers resilience against sustainability issues and upcoming legislation like the EU-wide environmental and human right due diligence law.

— Cooperation with suppliers in Japan

Three Fuji Oil Group companies in Japan — Fuji Oil Co., Ltd., Fuji Fresh Foods Co., Ltd. and Omu Milk Products Co., Ltd. — have published the CSR Procurement Guidelines (2nd Edition) as requests for suppliers. We explain these guidelines to suppliers, including both manufacturers and trading companies, to facilitate two-way communication. We also conduct supplier questionnaires and use the results in our supplier selection process.

In FY2020, we carried out a risk management project in which we reviewed our supply system for producing high-priority products in emergencies, using a Nankai Trough megaquake as an operational scenario. We held several discussions with suppliers to secure inventory in areas supposed to be unaffected and designated backup manufacturers in cases where primary production facilities become inoperable, among other preparations. We also set up opportunities for divisions that interface with suppliers to improve their understanding of environmental issues by taking online lectures taught by third parties.

Related documents

ESG Data Book (PDF 400KB) 

Solutions to Food Insecurity

Management information

— Relevance to our business

Since its early days, the Fuji Oil Group has aimed to provide solutions to food scarcity, a problem caused and exacerbated by population growth, through plant-based food ingredients. For more than 60 years since 1957, we have explored the possibilities of soy protein with the belief that plant-based protein can compensate for a shortage of animal protein sources.

With the world population expected to grow to 9.7 billion by 2050, we believe this mission is a critical one. By providing food ingredients that use plant-based protein, we hope to contribute to food security.

— Basic approach

There is a growing sense of crisis in the global community toward food insecurity 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.

— Management system

The Chief Technology Officer (CTO) oversees initiatives in this area. The ESG Committee,^{*1} an advisory body to the board of directors, has been monitoring the progress and results of initiatives as a material ESG issue.^{*2} The ESG Committee reports insights to the board of directors for review.

*1 Follow the link below to learn more about the ESG Committee.

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

*2 Follow the link below to learn more about material ESG issues.

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

— Goals / Results

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

FY2020 Goals	FY2020 Results	Self-assessment
Commercialize meat alternative products ^{*1} made of plant-based food ingredients	Commercialize and market meat alternatives and ingredients using core technologies for improving flavor and satisfaction	○
Commercialize plant-based ingredients using core technologies for improving flavor and satisfaction		
Expand lineup of plant-based cheese alternatives	Market a variety of plant-based cheese alternatives (e.g. Soy Delice SHRED ^{*2})	○

*1 Plant-based products made to look and taste like conventional processed meat products, such as patties and nuggets

*2 See the section “Expanding our lineup of animal protein alternatives through R&D” below.

Analysis

Growing awareness of health and the environment has increased consumer interest in plant-based foods. This has led to a rise in demand for meat alternatives and ingredients using core technologies for improving flavor and satisfaction.

— Next step

Creating an enjoyable experience with food, rather than simply offering plant-based protein as a meat alternative, is a key aspect of addressing the challenges of food insecurity. To address this issue, we set the following goals for FY2021.

- Develop delicious soy meat ingredients and products that look and taste like real meat
- Develop plant-based milk

Specific initiatives

— Expanding our lineup of animal protein alternatives through R&D

The Fuji Oil Group strives to develop animal protein alternatives that bring out the flavor of plant-based ingredients to help solve food insecurity and global environmental challenges. These alternatives harness the soy protein development technologies we have cultivated over many years.

In FY2020, we developed Soy Delice SHRED, a cheese made by fermenting soy milk, as a new product that utilizes the Group's Ultra Soy Separation (USS) technology.* In developing Soy Delice SHRED, we paid special attention to the fermentation process, creating a smooth, rich soy cheese that is finely shredded. Carefully selected lactic acid bacteria and proprietary fermentation technology lend the cheese a deep umami richness. Being shredded makes it versatile; it can be used on a range of dishes from pizza to gratin.

* A technology for separating soy milk into soy cream and low-fat milk, similar to methods of separating raw dairy milk. In 2012, we acquired a patent for USS as the world's first soy separation and fractionation technology.



Soy Delice SHRED

— Proposing new values to consumers

Mainstreaming of the SDGs has spurred a growing interest in plant-based food. To bring popular plant-based dishes to consumers, in 2019 we opened a pop-up restaurant at Daimaru Shinsaibashi Main Building in Osaka, Japan, named "UPGRADE Plant based kitchen" (it closed on March 14, 2021). We then held pop-up events based at a store in Yurakucho, Tokyo, in 2020. At both locations, customers got to experience our menu, and we got to survey customers and analyze their purchasing data to help us popularize plant-based food going forward.

We plan to use the data obtained through UPGRADE to develop and promote new products. In FY2021, we will continue our UPGRADE

operations in various forms albeit at irregular intervals, including using a food truck to deliver the food to more convenient locations even during the COVID-19 pandemic.

The Fuji Oil Group has earned recognition for proactively gathering input and promoting ethical consumption among consumers, despite being a B-to-B business. In FY2020, we received an award from the Commissioner of the Consumer Affairs Agency for setting a good example of a consumer-oriented business. We also won the Legend Award in the 2020 Sustainability Awards organized by Japan's Ministry of Agriculture, Forestry and Fisheries.



UPGRADE Plant based kitchen at the Daimaru Shinsaibashi Main Building in Osaka



— Partnering with other companies on sustainable food

Unlike in other countries, the concept of plant-based food is not well known in Japan. Options are limited, awareness of the social issues behind plant-based food is weak, and there is little consumer action focused on solutions. To address this, in March 2021 the Fuji Oil Group helped to launch Plant Based Lifestyle Lab (P-LAB).*

Organized by 15 companies from a range of business domains (lead organizers: Fuji Oil Holdings Inc., Kagome Co., Ltd., and Pasona Group Inc.), P-LAB will partner with government, academia, and civil society to promote fun, healthy, delicious lifestyles where plant-based food is the norm, with the health of people, the environment and sustainable development as overarching goals.

Through P-LAB, the Fuji Oil Group plans to carry out R&D projects with other member companies for creating plant-based food products and menus, raise awareness of sustainability and plant-based food in partnership with universities and government agencies, and co-create value by integrating plant-based food into other fields such as agriculture, health, beauty, tourism, and education.

Through P-LAB activities, the Fuji Oil Group will help to create culinary lifestyles that are healthy, filled with joy, in harmony with the planet, and that contribute to the development of sustainable food systems.

* Follow the link below to learn more about P-LAB.

> <https://pbl-lab.net/> (In Japanese) 

— Developing a soy business to improve nutrition and increase women farmers' income in Burkina Faso

Fuji Oil Ghana Ltd., a Fuji Oil Group company in Ghana, imports most of the shea kernels it uses from the neighboring Burkina Faso. Many of the women who harvest shea kernels in the region are also engaged in soybean production.

Since 2019, the Fuji Oil Group has been conducting 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 increase local farmers' income. This study 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.

In FY2020, we studied distribution structures in the region, including neighboring Côte d'Ivoire, and conducted market research, including school lunches. We also began prototyping soy meat products made from Burkina Faso soybeans. Going forward, we plan to conduct more research at every stage in the value chain so we can contribute to a rich dietary lifestyle in the region using the Group's protein technologies.

* 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.



Local-style meal using soy meat

Provision of Healthy Food

Management information

— Relevance to our business

Since its early days, the Fuji Oil Group has sought to address social challenges with plant-based food ingredients. In R&D, we have focused especially on the nutritional and health functions and benefits of soy, oils and fats, and on technologies for improving the chemical stability of DHA and EPA.^{*1}

The global incidences of dementia and lifestyle diseases such as diabetes are expected to rise significantly in the years ahead. We believe that daily prevention is key to addressing these health issues and that food plays a critical role in such prevention. Our Research Institute for Creating the Future^{*2} conducts research into the nutritional and health functions of plant-based food ingredients with the aim of solving existing and emerging health issues through food. We also aspire to contribute to greater enjoyment of healthy food by developing technologies that make food taste better.

^{*1} Docosahexaenoic acid (DHA) and eicosapentaenoic acid (EPA) are two types of essential fatty acids — meaning that they cannot be synthesized by the body but must be obtained from food. Studies have shown that DHA and EPA have several health benefits, including supporting memory and concentration and reducing neutral fats in the body.

^{*2} This is the Fuji Oil Group's R&D organization directly overseen by our chief technology officer (CTO). The institute conducts research with a social mission, focusing on the global environment, human health, and other sustainability challenges.

— Basic approach

The Research Institute for Creating the Future uses a backcasting method to envision a better society in the year 2050 and carries out research and development to solve future social issues. For example, Japan, China, the EU, the US, and other parts of the world are expected to become super-aged societies^{*1} by 2050. Maintaining wellbeing among larger populations of older individuals will pose a significant societal challenge.

Wellbeing is a complex phenomenon with many elements, including physical and mental health, day-to-day mobility, and connection to society. The Fuji Oil Group focuses on the use of food to prevent health problems experienced in old age, including frailty,^{*2} dementia, mental health problems and lifestyle diseases. To that end, we are developing next-generation core technologies and studying the health functions of plant-based food ingredients such as soy, oils and fats.

^{*1} A society in which more than 20% of the population is 65 or older.

^{*2} A state between good health and the need for living assistance that is associated with declining motor and cognitive function with increasing age.

— Management system

The Chief Technology Officer (CTO) oversees initiatives in this area. Since FY2021, the ESG Committee,^{*1} an advisory body to the board of directors, has been monitoring the progress and results of initiatives as a material ESG issue.^{*2} The ESG Committee reports insights to the board of directors for review.

^{*1} Follow the link below to learn more about the ESG Committee.

➤ <https://www.fujioilholdings.com/en/sustainability/approach/>

^{*2} Follow the link below to learn more about material ESG issues.

➤ <https://www.fujioilholdings.com/en/sustainability/materiality/>

— Next step

Identifying the core technologies, substances, and ingredients that help to prevent health problems in old age is a vital component of our responsibility to provide healthy food. To address this issue, we set the following goals for FY2021.

- Verify the functional effects of next-generation core technologies that help to solve health issues in aging societies
- Prepare an action plan for delivering wellbeing solutions to aging societies

Specific initiatives

— Publishing research on the prevention of age-related cognitive decline

Fuji Oil Holdings Inc and Fuji Oil Co., Ltd. conducted a joint study with Shimane University Faculty of Medicine on age-related cognitive decline. The study confirmed that continual intake of a milk beverage enriched with stabilized DHA (developed by Fuji Oil Co., Ltd.) protected against age-related cognitive decline. The study results were published in the Journal of Functional Foods, an international scientific journal. This study demonstrated the cognition-protection benefits of DHA at lower levels than in past studies, suggesting the great potential of this technology as a health remedy for aging societies.

— External recognition

In May 2020, the Fuji Oil Group won the Industrial Technology Award from the Osaka Industrial Research Association. This award recognizes individuals who have made an outstanding contribution through industrial research, invention, or improvement of a commercially used technology. The initiative that received the award was titled "Peptide Athleator 4000, soy peptide^{*1} beverage with new functional benefits for a super-aged society."

In addition to research and development on improving brain function with soy peptides, Fuji Oil Co., Ltd. has also organized a cross-sector team aimed at preventing frailty, locomotive syndrome,^{*2} and dementia. The project is in partnership with the Osaka Kawasaki Rehabilitation University and the city of Kaizuka in Osaka Prefecture, Japan. The award applauded not only our research findings but also our involvement in this industry-academia-government partnership, which promotes health and social connection among local residents through food and exercise. This partnership also received a silver medal in an award program organized by Bone and Joint Japan in April 2021.

* Follow the link below to learn more about our external recognition.

➤ <https://www.fujioilholdings.com/en/sustainability/evaluation/>

*1 Peptides are substances created in the process of breaking down proteins. Peptides formed by enzymatic breakdown of soy proteins are called soy peptides.

*2 A syndrome characterized by a decline, or risk of decline, in locomotive functions that results in a need for living assistance or a person's becoming bedridden. Causes are age-related and include muscular atrophy, joint and vertebral diseases, and osteoporosis.

Reduction of Sugars Intake

Management information

Relevance to our business

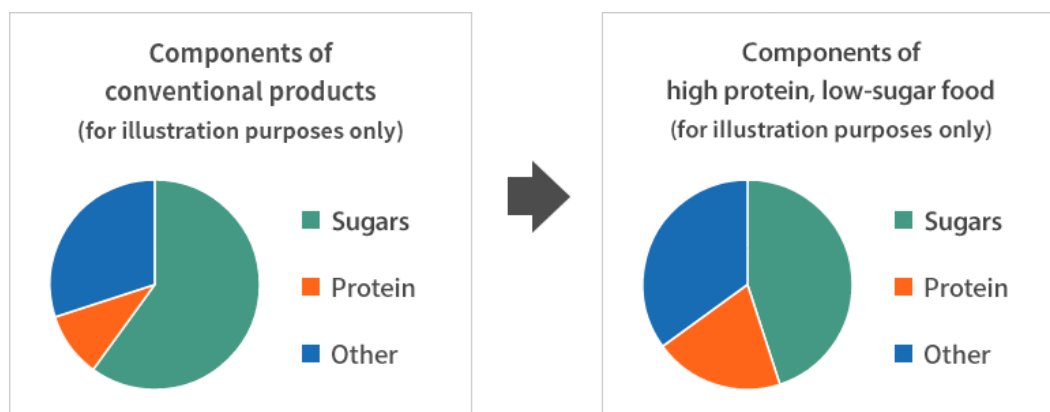
Efforts to prevent obesity and lifestyle diseases by eliminating the excessive intake of sugars are gaining interest worldwide. For instance, in 2015, the World Health Organization (WHO) published a guideline that recommends adults and children to reduce their daily intake of free sugars to less than 10% of the total energy intake.

As a B-to-B food ingredient manufacturer, the Fuji Oil Group has carried out extensive research into plant-based protein ingredients that can be used to replace certain sugars in food.* This expertise enables us to contribute to the prevention of excessive sugars intake. We are also working on developing and growing sales of sugar-free chocolate.

* Some of the available carbohydrates contained in staple foods (bread, cereals, etc.) and confectioneries can be replaced with our plant-based protein ingredients. We suggest that customers use our plant-based protein ingredients as a portion of their recipe for making bread and cereals to reduce the carbohydrate content of their products.

Basic approach

The Fuji Oil Group aims to improve global health by providing solutions for reducing sugars intake without sacrificing taste. We can provide customers and consumers with food ingredients that, by replacing some of the sugars with protein, have excellent nutritional balance and are still delicious. By proposing and providing high-protein foods that are low in sugars, we will help solve consumers' excessive intake of sugars.



Management system

In FY2021, we changed the name of this material ESG issue*¹ from “response to excessive sugar intake concerns” to “reduction of sugars intake,” which aligns with our initiatives with set targets for FY2021 onward. The Chief Technology Officer (CTO) oversees initiatives in this area. Since FY2020, the ESG Committee,*² an advisory body to the board of directors, has been monitoring the progress and results of initiatives as a material ESG issue. The ESG Committee reports insights to the board of directors for review.

*1 Follow the link below to learn more about material ESG issues.

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

*2 Follow the link below to learn more about the ESG Committee.

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

Goals / Results

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

FY2020 Goals	FY2020 Results	Self-assessment
Develop plant-based food ingredients that boost the protein content of staple foods (bread, cereal, etc.)	Developed and proposed to customers delicious plant-based protein ingredients that can replace some of the available carbohydrates in staple foods such as bread and cereal	○

Analysis

Low-carb diets are starting to gain traction in Japan, increasing demand for protein-fortified staple foods that are typically high-carb. We think our proposing and offering of flavorful plant-based foods fits this trend.

Next step

An important part of reducing sugars intake, which is a risk factor in the development of lifestyle diseases and obesity, is to offer food ingredients that are low in sugars. To address this issue, we set the following goals for FY2021.

- Develop food ingredients to increase the percentage of protein in staple foods (to help customers reduce their products' sugar content)
- Provide protein-fortified staple food ingredients

Specific initiatives

Expanding our lineup of low-sugar foods

The Fuji Oil Group is working to propose and provide nutritionally balanced food products that replace some of the sugars in high-carb foods (e.g., staples, sweets) with protein. For instance, by partially replacing the sugars in staple foods, such as bread and cereals, with proteins, it is possible to easily reduce the amount of sugars without sacrificing taste.



Low-sugar cookie bars



Low-sugar cereals

* The photos are for illustration purposes only.

Expanding the sales of sugar-free chocolate

Demand for chocolate with reduced sugar content and sugarless or sugar-free chocolate is rising in the U.S. The market for sugarless or sugar-free chocolate showed more than 20% growth in 2020, despite the COVID-19 pandemic. We think it is important to meet

customers' and consumers' needs for such chocolate.

In a consumer survey conducted by Blommer Chocolate Company in the U.S., 50% of respondents answered that they eat chocolate with reduced sugar content. Meanwhile, 73% of consumers answered that taste is the most important characteristic of chocolate. Of consumers who rarely eat chocolate, 45% stated excessive sugar content as a reason. The Fuji Oil Group values both the enjoyment of food and health. Our delicious chocolate with reduced sugar content is popular among our customers, who appreciate that it satisfies the consumer needs highlighted by this survey.

We expect the need to reduce sugars intake will grow in other parts of the world as well. By applying insights gained at Blommer — a pioneer of sugar-free chocolate in the U.S. — to the entire Fuji Oil Group, we will contribute to delicious food and health for consumers all around the world.

Reduction of Trans Fatty Acid Content

Management information

— Relevance to our business

Trans fatty acids (TFA) created during the production of processed foods have been linked to increased risk of coronary heart disease. In 2018, the World Health Organization (WHO) released an action package to reduce TFA intake. 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 been working to commercialize products with low- or non-trans fatty acid oils and fats using interesterification and other technologies that do not create TFA in the production process. We plan to reduce TFA in all products to the WHO's recommended level by 2023.

— Basic approach

The Fuji Oil Group has contributed to lowering the general TFA intake levels in various regions in cooperation with our customers. In FY2019, we defined a basic approach and strengthened our in-house system to further enhance our initiatives on this issue. In line with the WHO's recommendations, we aim by FY2023 to reduce TFA to less than 2 g/100 g of total fat or oil in our products in regions where the estimated 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 Fuji Oil Group Management Philosophy.

* Follow the link below to learn more about the Fuji Oil Group Management Philosophy.

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

— Management system

The Chief Technology Officer (CTO) oversaw initiatives in this area in FY2020. To strengthen these initiatives, in FY2021 we changed our organization, appointing the Chief Strategy Officer (CSO) to provide oversight. The ESG Committee,^{*1} an advisory body to the board of directors, has been monitoring the progress and results of initiatives as a material ESG issue.^{*2} The ESG Committee reports insights to the board of directors for review.

*1 Follow the link below to learn more about the ESG Committee.

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

*2 Follow the link below to learn more about material ESG issues.

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

— Goals / Results

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

FY2020 Goals	FY2020 Results	Self-assessment
Fuji Oil Co., Ltd.: Assemble a system that meets the needs of customers for oil and fat products with low- or non-trans fat	Developed a system and designed chocolate product that uses a low-trans fat product that customers approve	○
Group companies outside Japan: Set a target date for reducing TFA in products to less than 2 g/100 g of oil	Set a target date* for switching entirely to low-trans fat products at 10 overseas Group companies.	○

* For details on the target date, see the "Analysis" section.

Analysis

We made steady progress in reducing TFA in products thanks to legislation in countries around the world, improving customer understanding of the need to reduce TFA intake, and developing a Groupwide system for making reductions. So far, eight out of 16 relevant Group companies outside Japan have completed the switch to low-trans fat products.

Group companies outside Japan	Target date for switching to low-trans fat products				
	2019 or earlier	2020	2021	2022	2023
FUJI OIL (SINGAPORE) PTE. LTD.					◎
PALMAJU EDIBLE OIL SDN. BHD. (Malaysia)					◎
FUJI OIL (ZHANG JIA GANG) CO., LTD. (China)					◎
PT. MUSIM MAS-FUJI (Indonesia)					◎
SHANGHAI XUYANG FOOD CO., LTD. (China)				◎	
WOODLANDS SUNNY FOODS PTE. LTD. (Singapore)			◎		
PT. FREYABADI INDOTAMA (Indonesia)			◎		
HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA (Brazil)			◎		
FUJI OIL EUROPE (Belgium)		Completed			
FUJI GLOBAL CHOCOLATE (M) SDN. BHD. (Malaysia)		Completed			
FREYABADI (THAILAND) CO., LTD.	Completed				
INDUSTRIAL FOOD SERVICES PTY. LTD. (Australia)	Completed				
FUJI OIL (THAILAND) CO., LTD.	Completed				
TIANJIN FUJI PROTEIN CO., LTD. (China)	Completed				
FUJI VEGETABLE OIL, INC. (America)	Completed				
BLOMMER CHOCOLATE COMPANY (America)	Completed				

— Next step

Maintaining product quality is critical when reducing TFA in products. While keeping this in mind, we set the following goals for FY2021.

- Reduce TFA in all products (to less than 2 g/100 g of oil) at Woodlands Sunny Foods Pte. Ltd. (Singapore), PT. Freyabadi Indotama (Indonesia), and Harald Indústria e Comércio de Alimentos Ltda (Brazil)*

* To comply with regulations on the use of TFA that will take effect in 2021 in places such as Singapore and Brazil and to respond to a trend toward low trans fats in Southeast Asia.

Specific initiatives

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

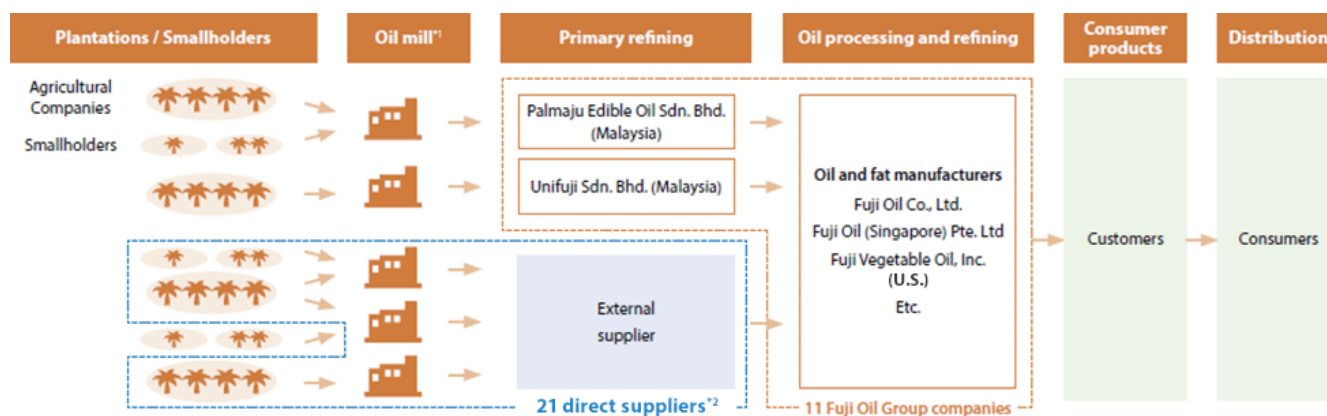
In FY2020, Fuji Oil Europe (Belgium) and Fuji Global Chocolate (M) Sdn. Bhd. (Malaysia) completed the reduction of TFA in all products. In the U.S., we have been building a new site in New Orleans to strengthen our production system and respond to increased demand for interesterified fats. Fuji Oil New Orleans, LLC (U.S.), the new site, is scheduled to begin operating in summer 2021.

Sustainable Procurement of Palm Oil

Management information

Relevance to our business

Palm oil is extracted from the fruit of the oil palm, which grows in tropical regions like Southeast Asia. The Fuji Oil Group procures palm oil, mainly from plantations in Malaysia and Indonesia, as the key raw material for businesses like the vegetable oils and fats business. 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 have been concerns over environmental and social impacts tied to plantation development, such as deforestation and human rights violations, such as child labor and forced labor.



*1 More than 1,400 oil mills registered in July–December 2020 oil mill list.

Follow the link below to access our mill list.

> https://www.fujioilholdings.com/pdf/en/sustainability/supplychain_database/h2_2020_mill_list.pdf

*2 As of December 2020

Basic approach

In March 2016, we formulated the 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 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, 1.66MB)

Management system

The Chief Strategy Officer (CSO) oversees initiatives in this area. The subcommittee on palm oil of the Global Sustainable Sourcing Committee implements measures following our roadmap for 2030.

The ESG Committee,*1 an advisory body to the board of directors, has been monitoring the progress and results of initiatives as a material ESG issue.*2 The ESG Committee reports insights to the board of directors for review.

*1 Follow the link below to learn more about the ESG Committee.

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

*2 Follow the link below to learn more about material ESG issues.

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

Goals / Results

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

Medium- to long-term goals	KPI		FY2020 Goals	FY2020 Results	Self-assessment
	2030	2025			
No deforestation, no peatland development and no exploitation (NDPE)	N/A	N/A	TTM ^{*1} : 100%	100%	○
	TTP ^{*2} : 100%	TTP: 75%	TTP: 60%	71%	○
	N/A	N/A	Carry out supply chain improvement initiatives and implement a Suspend and Engage Protocol as part of the operation of our grievance mechanism	<ul style="list-style-type: none"> Regularly updated our grievance list^{*3} through engagement with direct suppliers Suspended relationship with certain indirect suppliers that were not showing improvement 	○
	Labour Transformation Programme (LTP) implementation rate: 100% (all direct suppliers)	Labour Transformation Programme (LTP) implementation rate: 100% (all suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia)) ^{*4}	20% (all suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia))	10% (all suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia))	△

*1 Traceability to mill

*2 Traceability to plantation

*3 Follow the link below to access our grievance list, with updated information on our response to grievances.

➤ https://www.fujioilholdings.com/en/sustainability/grievance_mechanism/

*4 An oils and fats manufacturer wholly owned by the Fuji Oil Group

Analysis

The first step to improvement in the palm oil supply chain is to identify where the palm oil is produced. Companies that procure palm oil have made significant progress in recent years on information disclosure, providing traceability to their oil mills and disclosure documents such as a mill list and grievance list. This has made it easier for stakeholders to obtain supply chain data or understand the level of engagement a company has with its suppliers.

At the Fuji Oil Group, we set an initial-stage target to realize 100% traceability to mill (TTM) by 2020. Becoming a member of the non-profit Earthworm Foundation and partnering with suppliers helped us to achieve this target.

We also introduced a traceability to plantation (TTP) score for major suppliers. Thanks to the cooperation of suppliers in improving TTP for our Group company Palmaju Edible Oil Sdn. Bhd. (Malaysia), we significantly improved the Group's TTP score. However, due to the complexity of our supply chain (including procurement from dealers), confidentiality of information and other factors, further improvement will likely take time, causing the Group's TTP score to rise at a slower pace.

Given the high percentage of smallholders involved in palm oil production, we recognize that there are many issues left to address, including rules on forest clearing, land rights, and the rights of production workers. It is important that we continue to secure resources for supply chain improvement initiatives and maintain awareness of the issues at stake.

Next step

Continued efforts to take even the smallest steps toward No Deforestation, No Peatland Development and No Exploitation (NDPE) are crucial for realizing sustainable procurement of palm oil. To address this issue, we set the following goals for FY2021 as a continuation

of the previous year.

- TTM: 100%
- TTP: 73%
- Conduct regular monitoring using satellite images to prevent deforestation; use results to improve the supply chain and respond to grievances.
- Implement Labour Transformation Programme (LTP) at suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia)

Specific initiatives

— Solution-based approaches to implementing the Responsible Palm Oil Sourcing Policy

Social issue	Solution-based approach	Location/scope
Global environment	Satellite-based monitoring	Indonesia, Malaysia
Human rights	Implement Labour Transformation Programme (LTP)	Malaysia
Global environment and human rights	Landscape Initiative	Aceh, Indonesia
	Scale up procurement of certified oil	Worldwide
	Grievance mechanism	Worldwide

Satellite-based monitoring

Since FY2020, the Fuji Oil Group has been obtaining satellite image data from the non-profit Aidenvironment to help us identify, monitor and verify deforestation that occurs in the Group's supply chain in places such as Indonesia and Malaysia. Viewing and analyzing this data is a crucial step toward addressing and stopping deforestation in the supply chain. The availability of this data allows us to explore solutions with suppliers and respond more effectively to grievances and communicate with NGOs and other stakeholders. Based on the data we periodically receive, we have been able to start investigating all allegations of deforestation brought to the Group, and identify whether each allegation pertains to the Group's supply chain or that of another company. Although it takes time to investigate all cases, we plan to incorporate the investigation results and update the information in our grievance list on a regular basis.

Implement Labour Transformation Programme (LTP)

The Fuji Oil Group launched a supply chain Labour Transformation Programme (LTP) in collaboration with the non-profit Earthworm Foundation, our partner for promoting palm oil sustainability. Over time, we plan to introduce this program at direct suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia). The scope of our LTP for suppliers includes the following eight elements.

1. Freedom of movement
2. Employment contract
3. Ethical employment
4. Grievance mechanism
5. Wages and working hours
6. Freedom of association
7. Health and safety
8. Worker housing

This program helps suppliers build capacity by carrying out the following activities to reduce human rights risks at suppliers' business and supply locations. These activities are typically done in a one-on-one, in-person format.

- Provide information and supportive documents to help suppliers with compliance
- Conduct practical training of dedicated staff and departments
- Raise suppliers' awareness of industry requirements
- Help suppliers apply international standards to their labor standards
- Help suppliers meet certification and customer requirements

Because in-person engagement is a core element of this program, implementation of the LTP has stalled due to the challenges of visiting suppliers during the COVID-19 pandemic. However, we plan to explore other options for carrying out these activities, such as by using remote methods.

Landscape Initiative

Tracing the palm oil we use back to their oil mills revealed that areas of Sumatra, Indonesia that are important in terms of natural ecosystems are exposed to deforestation risks. Since FY2018, the Fuji Oil Group has participated in the Areal Prioritas Transformasi (APT) Landscape Initiative*¹ to reduce and remediate these risks.

The APT Landscape Initiative is a multi-stakeholder initiative in which local governments, NGOs, companies, and farms work together to balance forest conservation with commodity production and good social practices in 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, participants in the initiative are carrying out the activities listed below, taking the landscape approach.*²

- Involve local governments in planning
- Map and protect HCV/HCS*³ areas to reduce deforestation
- Train smallholders on the cultivation of alternative commercial crops to improve their livelihoods and hold workshops on preventing deforestation
- Hold workshops and strengthen existing initiatives to promote NDPE implementation by oil mills and plantations

As of the end of 2020, the initiative has mapped around 1,000 hectares of HCV/HCS land. It has also held training on the goals and implementation of NDPE at 94% of plantations and oil mills in the region: Around 2,100 smallholder farms participated in the program. The initiative plans to broaden its scope going forward.

*¹ Follow the link below to learn more about the APT Landscape Initiative activities.

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

*² An approach to improve the entire specific region with the participation of multiple stakeholders, such as NGOs, communities, and local governments, not limited to palm plantations

*³ High Conservation Value / High Carbon Stock


Promote procurement of certified palm oil

The Fuji Oil Group endorses the creation of a palm oil sustainable production and consumption system and has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2004.

RSPO is the most widely recognized international certification system in the industry. RSPO is an NPO that unites stakeholders from the seven sectors of the palm oil industry to develop and implement global standards for sustainable palm oil. These standards include a set of environmental and social criteria which member companies must comply with in order to produce Certified Sustainable Palm Oil (CSPO). When they are properly applied, these criteria can help to minimize the negative impact of palm oil cultivation on the environment and communities in palm oil-producing regions.

The Fuji Oil Group has been implementing the RSPO's new Shared Responsibility rules and expanding the volume of CSPO we procure every year. There is still room for improvement — such as the fact that CSPO supply exceeds demand, and that complying with the standards is difficult for smallholders. However, even taking these factors into account, RSPO is an essential partner in our effort to expand certified palm oil and participation in the RSPO is valuable for the Group.

In 2020, CSPO accounted for roughly 32% of the palm oil handled by the Group. Contributing significantly to this increase was a growth in demand corresponding with an expansion in the supply capacity of Unifuji (Malaysia), a joint-venture with United Plantations Berhad. Going forward, we plan to step up efforts to meet customer requests by deepening our partnership with strategic suppliers of Palmaju Edible Oil Sdn. Bhd., also located in Malaysia, to increase procurement of CSPO.*

* Check our progress at www.rspo.org/ 



Grievance mechanism

In May 2018, we established and announced a grievance mechanism* 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 with direct suppliers and take appropriate corrective action in accordance with our Responsible Palm Oil Sourcing Policy.

In FY2020, we revised our grievance procedure — a procedure that specifies the process for handling grievances (complaints) raised against the Fuji Oil Group's global palm oil supply chain — based on the latest experience gained from operating our grievance mechanism. Specifically, we expanded the scope of our grievance mechanism, allowing us to respond to grievances on a group level — in other words, grievances against not only the alleged company but also all other palm oil companies operated by the parent of the alleged company. We also introduced a Suspend and Engage Protocol to enable a more robust response to all grievances raised against the Fuji Oil Group and Group suppliers.

How effective this expanded scope and monitoring is influencing other industries (such as timber and rubber) or indirect suppliers remains as an issue to be addressed. However, they do provide a framework and mechanism for addressing grievances raised against the Fuji Oil Group and direct and indirect suppliers of the Group.

The Fuji Oil Group Grievance Mechanism webpage (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 and disclosed to stakeholders at least once each quarter on this webpage.

We strongly believe these efforts will lead to a fair, just, honest and transparent resolution of activities suspected of violating our Responsible Palm Oil Sourcing Policy.

* Follow the link below to learn more about our grievance mechanism.

> https://www.fujioilholdings.com/en/sustainability/grievance_mechanism/

— Collaboration with academia, NGOs 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 has 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. These findings have been published in the Indonesian Journal of Biotechnology & Bioscience (JBBi). We intend to keep contributing to the development of the palm oil industry and to sustainable palm oil production by helping to solve global environmental problems such as the tropical rainforest decrease that results from palm plantations expansion.



BPPT Biotechnology Center, where breeding research is carried out



Researching tissue culture of palms

(2) Supporting smallholders in Sabah, Malaysia

Low-productivity plantations operated by small-scale farmers have been named as a contributor to the environmental and human rights issues of palm plantations. To help smallholders acquire the know-how for operating environmentally, socially and economically sustainable plantations, in January 2016 the Fuji Oil Group joined the Wild Asia Group Scheme (WAGS) carried out by suppliers and the NGO Wild Asia. This project provides smallholders in Sabah, Malaysia, with educational support for improving their farming practices to be more productive as well as considerate of the environment and human rights.

In the three years from June 2020 to May 2023, the Fuji Oil Group aims to help 390 farms acquire RSPO certification. In FY2020, the COVID-19 pandemic temporarily affected our ability to provide in-person training to farmers. During that time, however, Wild Asia continued to provide support over the phone and by other means. Through our efforts in FY2020, 33 smallholders acquired RSPO certification for the first time, and 84 maintained their certification. Acquiring RSPO certification means that these smallholders can produce palm oil in ways that are considerate of human rights and the environment.

In FY2020, we also began supporting the BIO Farm Project, a new project launched by Wild Asia. This project teaches cultivation methods that do not use chemical fertilizers, with the goal of raising smallholders' income and improving soil health on the plantation. By showing farmers how to make fertilizer from waste generated on the plantation, such as palm leaves that are trimmed, they can cut their use of chemical fertilizers — and therefore costs. The project is now in the pilot stage, providing education to a small number of farmers; in 2020, the project designated five farms as a BIO Farm, as defined by Wild Asia.

In FY2021, we plan to continue supporting the RSPO certification of smallholders and the BIO Farm Project.

(3) The Palm Oil Working Group, the Japan Sustainability Local Group of the Consumer Goods Forum

The Fuji Oil Group has participated in the Palm Oil Working Group since its inception in FY2017. 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.

(4) Japan Sustainable Palm Oil Network

Fuji Oil Holdings Inc. has been a full member of the Japan Sustainable Palm Oil Network since FY2019, in support of its aim of promoting sustainable palm oil procurement and consumption throughout the Japanese industry.

(5) Palm Oil Collaboration Group

Since FY2020, Fuji Oil Holdings Inc. has been participating in the Palm Oil Collaboration Group, which brings together companies from every stage of the palm oil supply chain to accelerate effective implementation of NDPE commitments.

Topics: Education and awareness-raising activities for 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 non-profit 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 a sustainable society.

* Follow the link below to learn more about the SDGs for School project.

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

Related documents

ESG Data Book (PDF 400KB) 

Sustainable Procurement of Cocoa

Management information

Relevance to our business

The Fuji Oil Group's industrial chocolate business uses cocoa-derived raw materials such as cocoa liquor,^{*1} cocoa butter,^{*2} and cocoa powder^{*3} as key raw materials.

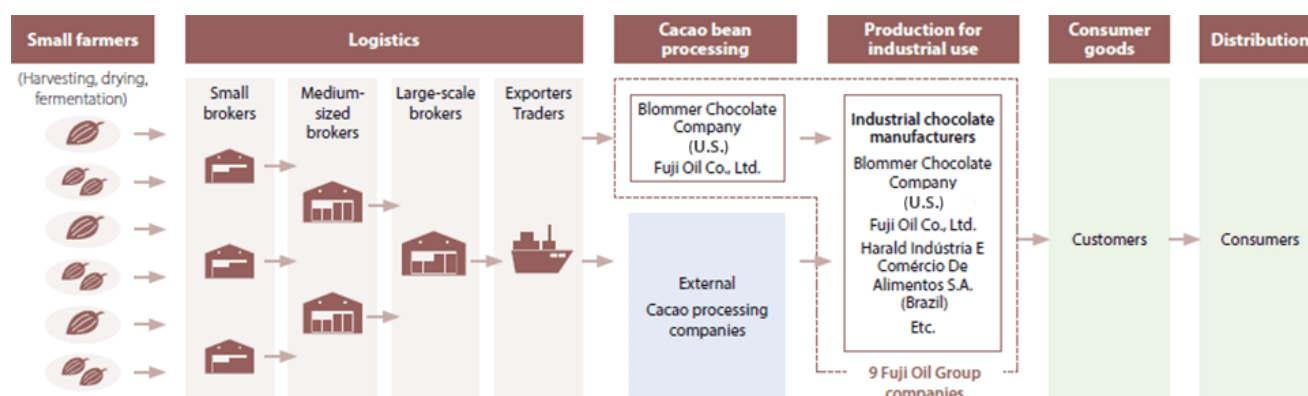
Small farmers make up the majority of producers in cocoa-producing regions such as Ghana, Côte d'Ivoire and Ecuador, giving rise to a complex web of social issues. These include poverty and, linked to this, the challenges of children's education and child labor, climate change impacts, low productivity due to lack of knowledge and supplies, and the clearing of forests to make more room for farming. Solving these issues requires a multifaceted approach.

Moreover, the COVID-19 pandemic altered the business landscape, making future changes in cocoa demand harder to predict. This adds extra complexity to the supply chain issues we have a responsibility to address. Under these circumstances, we recognize that we can contribute to the sustainable procurement of cocoa by supporting cocoa farmers.

^{*1} 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



Basic approach

In August 2018, the Fuji Oil Group formulated the Responsible Cocoa Beans Sourcing Policy to deliver the joy of food through sustainable cocoa products long into the future. In 2020, we set medium- to long-term goals and KPIs to realize the sustainable procurement of cocoa beans.

Moving forward, we will work on raising farmers' income, ending child labor, restoring forests and promoting agroforestry by planting trees and improving supply chain transparency, among other initiatives.

[Responsible Cocoa Beans Sourcing Policy \(PDF, 79KB\)](#)

Management system

The Chief Strategy Officer (CSO) oversees initiatives in this area. The subcommittee on cocoa, which is part of the Global Sustainable Sourcing Committee implements measures following our roadmap for 2030.

The ESG Committee,^{*1} an advisory body to the board of directors, has been monitoring the progress and results of initiatives as a material ESG issue.^{*2} The ESG Committee reports insights to the board of directors for review.

^{*1} Follow the link below to learn more about the ESG Committee.

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

*2 Follow the link below to learn more about material ESG issues.

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

Goals / Results

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

Medium- to long-term goals	KPI		FY2020 Goals	FY2020 Results	Self-assessment
	2030	2025			
Reforestation, elimination of child labor	One million trees planted* ¹	500,000 trees planted	N/A	10,000 trees	○
	Elimination of child labor	No WFCL* ²	Continue GPS mapping of cocoa farms from which Blommer Chocolate Company directly purchases cocoa beans	83% of farms GPS mapped	△
			Establish CLMRS* ³ at 100% of cocoa cooperatives from which Blommer Chocolate Company directly purchases cocoa beans	100%	○
			Begin a new cocoa farmer support program that includes ending child labor in Ghana	Began the program for 1,250 cocoa farming households in Ghana	○

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

*2 Worst forms of child labour

*3 Child Labour Monitoring & Remediation System

Analysis

To implement the Responsible Cocoa Beans Sourcing Policy, we succeeded in setting new KPIs and setting a direction for our efforts over the next 10 years.

Blommer Chocolate Company (U.S.), which became a member of the Fuji Oil Group in 2019, played a major role in this. Even before the company joined our Group, it had begun planting trees through the World Cocoa Foundation's*¹ Cocoa & Forests Initiative,*² and this supported the smooth expansion of our initiatives.

In our new program to support cocoa farmers in Ghana, cooperation from local partners enabled us to identify farmers to support. Going forward, we will implement this program following a three-year plan.

*1 Follow the link below to learn more about the World Cocoa Foundation.

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

*2 Follow the link below to learn more about the Cocoa & Forests Initiative.

> <https://www.worldcocoafoundation.org/press-release/cocoa-forests-initiative-reports-progress-despite-challenging-year/>

Next step

Crucial elements of our initiatives for sustainable procurement of cocoa include helping farmers to become financially independent (by planting trees, providing instruction on agricultural techniques and other measures), providing educational opportunities to the children of farming families, and ending child labor. To address these issues, we set the following goals for FY2021.

- Plant 100,000 trees in cocoa-growing regions of Ghana
- Increase transparency by mapping cocoa farmers using their GPS location

- Conduct support program for 2,350 cocoa farming families in Ghana^{*1}
- Begin gathering information on the family conditions of farmers participating in the program, to prepare for child labor monitoring
- Provide farming assistance by introducing GAP^{*2} and market the beans produced in the program to Japan and the U.S.

^{*1} We plan to expand the program by adding 1,100 families more to the 1,250 families that received support in FY2020 (2,350 families cumulative).

^{*2} Good Agricultural Practices

Specific initiatives

— Solution-based approaches to implementing the Responsible Cocoa Beans Sourcing Policy

Social issue	Solution-based approach	Location/scope
Global environment	Restore forests by planting trees	Worldwide (especially Ghana, Côte d'Ivoire)
Human rights	Introduce CLMRS and provide educational opportunities to children	West Africa (especially Ghana, Côte d'Ivoire)
Global environment and human rights	Implement community support program	Worldwide (especially Ghana, Côte d'Ivoire)

Restoring forests by planting trees

The Fuji Oil Group will partner with the U.S. non-profit One Tree Planted to plant 100,000 shade trees of different varieties on cocoa plantations and surrounding areas in Ghana in 2021. This region has lost biodiversity due to widespread deforestation. Local communities and small farmers are also affected by an increased frequency of floods and droughts caused by rising greenhouse gas emissions. By distributing a variety of saplings to cocoa farmers and planting them in the region, we will help promote biodiversity and improve soil health. Cocoa farmers will also be able to earn a profit by selling the fruits and spices they harvest from the planted trees. Also known as agroforestry, this practice can contribute to better livelihoods for farmers. Alongside these activities, Blommer Chocolate Company (U.S.) will plant trees and carry out other projects through the World Cocoa Foundation's Cocoa & Forests Initiative.

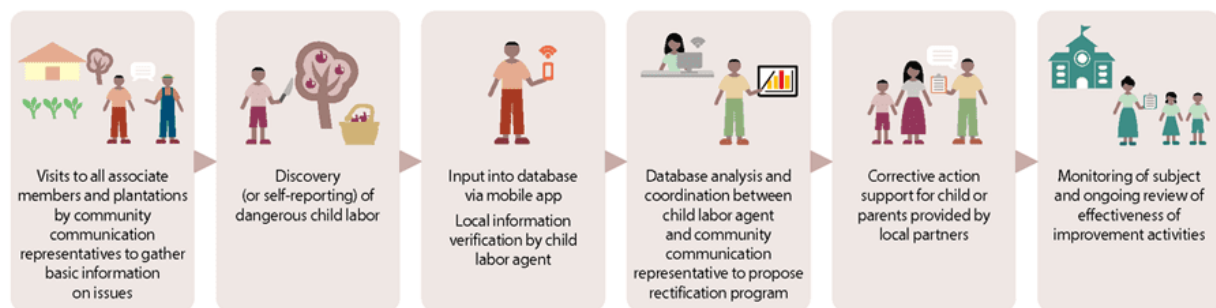
Introducing CLMRS and providing educational opportunities to children

The Fuji Oil Group's approach to ending child labor — a significant human rights issue in the cocoa industry — focuses on introducing the Child Labour Monitoring and Remediation System (CLMRS) and providing educational opportunities to children of farming households. The problem of child labor in Africa has a number of causal factors, including poverty, the challenges of sending children to school, and the fact that children are generally needed to help out on family farms, therefore assessing the number of child laborers in this region is difficult. The Group has been introducing the CLMRS as part of our community support program^{*1} in Ghana and Côte d'Ivoire. With the CLMRS, we monitor each farming household to determine their family composition and track whether children of school age are attending school. When we identify a child that cannot go to school, we assess their circumstances and set up a forum in the community to talk about corrective measures. Blommer Chocolate Company (U.S.) also launched the L.I.F.T. Program,^{*2} which is building elementary schools and providing educational materials in Côte d'Ivoire to provide children with education opportunities.

^{*1} See the section "Community support program."

^{*2} L.I.F.T. stands for Livelihood, Infrastructure, Food and Technology.

CLMRS framework



Implementing a community support program

The Group is conducting a community support program in Ghana and Côte d'Ivoire to address child labor, deforestation and other issues surrounding cocoa. Our goal is to remedy various issues in our cocoa bean supply chain by offering direct assistance for farmers that participate in the program. These include the introduction of Good Agricultural Practices (GAP), providing shade tree saplings of different varieties, and offering assistance for ending child labor, such as raising awareness and conducting community-led collection of household information. In addition to our existing program and initiatives in producing regions, we take a multifaceted approach that includes participation in multi-stakeholder projects, reflecting input from our stakeholders. These include agroforestry for raising farmer's income, managing the handling of fertilizers and agricultural chemicals, supporting the Living Income Differential (LID),* conserving forests by planting trees, and improving children's education and nutrition through the Jacobs Foundation.

* A method of setting a minimum purchasing price on cocoa beans to raise the income levels of cocoa farmers.

— 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 Company (U.S.) is a founding member of the World Cocoa Foundation and currently holds a seat on the WCF Board. The company 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.



— Handling of certified cocoa-derived raw materials

Fair Trade

Industrial Food Services (Australia), Fuji Oil Europe (Belgium) and Blommer Chocolate Company (U.S.) obtained the Fairtrade certification, which aims at promoting sustainable development of small producers and workers in developing countries. The Fuji Oil Group 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), PT. Freyabadi Indotama (Indonesia), Fuji Oil Europe (Belgium), Blommer Chocolate Company (U.S.) and Blommer Chocolate Manufacturing (Shanghai) Company Ltd. (China) 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.

Sustainable Procurement of Soybeans

Management information

— Relevance to our business

With the conviction that soybeans will someday alleviate the global food crisis, the Fuji Oil Group has been at the forefront of companies pursuing the potential of soybeans as a food ingredient since 1957, growing our soy-based ingredients business with soy meat as a typical ingredient. In this business, we procure whole soybeans and soybean-derived raw materials, such as defatted soybeans and soy protein. We also procure and use soybean oil at several percent of the total weight of ingredients in our vegetable oils and fats business.

Soybeans are cultivated in a wide range of regions, from cool temperate zones to the tropics, and are one of the most widely used raw materials for food products in the world. Soy meat, soymilk and other products made from soybeans have recently been attracting attention as a food that can address our global food issues with the continuing growth of the world population. They are also increasingly important as a food associated with the growing interest in health globally.

On the other hand, we are also aware that the infringement of rights of indigenous people and communities and other human rights problems, as well as the destruction of forests and ecosystems, soil contamination of farmlands due to pesticides, and other environmental problems are occurring in some soybean producing regions.

— Basic approach

In June 2021, the Fuji Oil Group formulated the Responsible Soybeans and Soy Products Sourcing Policy in order to meet the expectations of our customers amid the growing needs for soy products, while addressing the issues at soy production areas. After establishing the policy, we set medium- to long-term goals and KPIs to achieve sustainable procurement of soybeans.

The Group will procure soybeans and soy products produced in a responsible manner from suppliers that take the environment and human rights into account, and strive to identify problems and provide solutions across the supply chain through continuous engagement with our suppliers of soybeans and soy protein raw materials.

➤ [Responsible Soybeans and Soy Products Sourcing Policy \(PDF, 922KB\)](#) 

— Management system

The Chief Strategy Officer (CSO) oversees initiatives in this area and advances policy measures in line with the roadmap for 2030 at the subcommittee on soybeans of the Global Sustainable Sourcing Committee. Also, the ESG Committee,^{*1} an advisory body to the board of directors, has been monitoring the progress and results of initiatives as a material ESG issue.^{*2} The ESG Committee reports insights to the board of directors for review.

^{*1} Follow the link below to learn more about the ESG Committee.

➤ <https://www.fujioilholdings.com/en/sustainability/approach/>

^{*2} Follow the link below to learn more about material ESG issues.

➤ <https://www.fujioilholdings.com/en/sustainability/materiality>

Goals / Results

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

Medium- to long-term goals	KPI		FY2020 Goals	FY2020 Results	Self-assessment
	2030	2025			
No deforestation, no exploitation	Traceability achieved to the community level, or 100% procurement of RTRS*-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	Formulate the policy framework for sustainable procurement of soybeans	Formulated the Responsible Soybeans and Soy Products Sourcing Policy framework	○

* Round Table on Responsible Soy Association

Analysis

The Fuji Oil Group formulated its sourcing policy and set medium- to long-term goals and KPIs for palm oil in 2016. With the growing concerns for the environmental and human rights issues arising from soybeans, we expanded the scope to include soybeans and soy protein raw materials. In May 2020 we joined RTRS, a non-profit organization promoting responsible production, trade and use of soybeans, and received guidance from outside organizations, which allowed us to formulate the policy framework during FY2020 and the policy itself in June 2021. Going forward, we will continue to improve traceability to achieve our goals to identify the problems and find solutions to each problem at our production sites.

Next step

Our sustainable procurement of soybeans mainly involves soybeans and soy protein raw materials sourced from North America and China.* Improving traceability is the key to understanding the problems in each producing region. To address this issue, we set the following goals for FY2021.

- Set traceability goals and KPIs (completed in June 2021)
- Finalize the definition of “community” in our 2030 goals

* Corresponds to approximately 75% of soybeans and soy products currently purchased by the Group. We have to collect detailed data on the remaining 25%, which corresponds to soybean oil and soy lecithin. We plan to set their KPIs by the end of FY2022.

Specific initiatives

Solution-based approaches to implementing the Responsible Soybeans and Soy Product Sourcing Policy

Social issue	Solution-based approach	Location/scope
Global environment	Trace supply chain to primary collection points	North America, China
Global environment and human rights	Gather information through RTRS membership	Worldwide

Tracing across the supply chain to primary collection points

While we currently oversee 100% of our distribution record in the Japanese market, we have an issue with ensuring traceability to primary collection points, where soybeans are transported and collected from a large number of commercial farms, in the market outside Japan.

Our performance varies for each region, but we will continue to assess the risks involved in procurement in more detail and improve traceability. From 2025, we plan to conduct more extensive tracing further upstream to the communities.

Gathering information through RTRS

In 2020, we joined the global platform RTRS, gathered information to formulate our sourcing policy. For our next step, we are making plans for initiatives in each region.

In South America, for example, deforestation and biodiversity loss issues have been identified in the Amazon and other regions. Going forward, we will engage with suppliers through the process of improving traceability, and work on improving traceability according to the definitions and methodologies for high conservation value (HCV) forests and high carbon stock (HCS) forests. We will also incorporate a supplier evaluation requirement using the GAP* concept.

* Good Agricultural Practices

— Procurement of non-genetically modified soybeans

The Fuji Oil Group's soy-based ingredients business procures only the soybean raw materials from North America, China, and Japan, all of which are non-genetically modified (non-GM) soybeans. In North America, both GM soybeans* and non-GM soybeans are distributed in large quantities. Therefore, we place 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 have been imported to China as raw materials for oil extraction. Therefore, it becomes increasingly important to manage non-GM soybeans through strict separation from GM soybeans. Regarding the procurement of soybeans from China, we continue to respond to strict management requirements through close cooperation among our 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

Sustainable Procurement of Shea Kernels

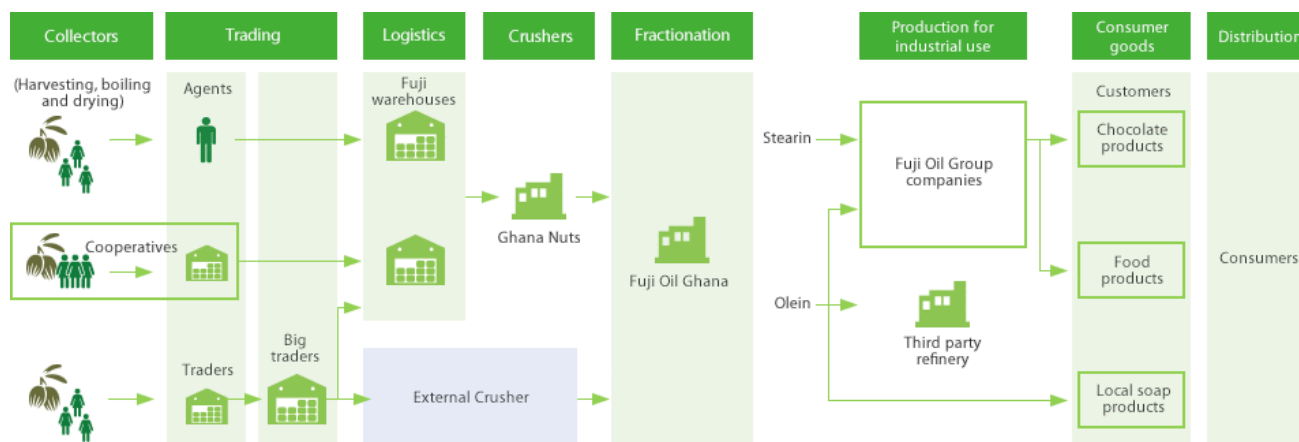
Management information

— Relevance to our business

In the Fuji Oil Group's vegetable oils and fats business, the shea butter extracted from shea kernels* is an important raw material used mainly as a cocoa butter equivalent (CBE). CBE is widely used in the confectionery industry and is also used as an alternative for palm oil.

Shea trees grow naturally in the shea belt located in sub-Saharan West Africa and bear fruit once a year between May and June. Many women are involved in the harvesting of shea kernels. The harvested shea kernels are heat-treated by women's cooperatives in rural areas and then processed into edible shea butter at oil mills.

* 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

In June 2021, the Fuji Oil Group formulated the Responsible Shea Kernel Sourcing Policy in order to facilitate sustainable development of shea kernels. After establishing the policy, we set medium- to long-term goals and KPIs to achieve sustainable procurement of shea kernels.

The Group is working toward a sustainable future by fulfilling the following three commitments set forth in the policy.

- Conserve parkland where shea trees grow
- Promote rural development and environmental initiatives
- Create value in local communities

➤ Responsible Shea Kernel Sourcing Policy (PDF, 945KB)

— Management system

The Chief Strategy Officer (CSO) oversees initiatives in this area and advances policy measures in line with our roadmap for 2030 at the subcommittee on shea kernels of the Global Sustainable Sourcing Committee.

In March 2021, the Group launched the Shea Sustainability Program Tebma-Kandu* with 16 women's cooperatives in North Ghana, as part of our initiatives to fulfill our three commitments.

* Follow the link below to learn more about the Temba-Kandu program.

➤ https://www.fujioilholdings.com/en/news/2021/_icsFiles/afieldfile/2021/03/11/20210311_news_e_Tebma-Kando.pdf

Goals / Results

Medium- to long-term goals	KPI		
	2030	2025	2023
Forest conservation, support to women's empowerment	6,000 trees planted/year ^{*1}	6,000 trees planted/year	6,000 trees planted/year
	Traceability to the village level: 75%	50%	30%
	Direct procurement of shea kernels Traceable to cooperatives: 75%	N/A	N/A
	Out of the above cooperatives, direct procurement of shea kernels from Tebma-Kandu cooperatives: 50%	30%	20% ^{*2}
	Percentage of shea kernels crushed and fractionated (separated) in Ghana: 100%	N/A	N/A
	N/A	N/A	Non-fossil fuel energy ^{*3} used by Fuji Oil Ghana Ltd.: 100% (2023 target, base year: 2021 ^{*4})
	N/A	Permanent, direct employees at Fuji Oil Ghana Ltd.: 50% increase (base year: 2017)	N/A

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

*2 Our KPIs for years 2021, 2022 and 2023 are 10%, 15% and 20%, respectively.

*3 We plan to use shea kernel meal, a byproduct of oil production, and other raw materials as non-fossil fuels.

*4 Our current non-fossil fuel rate as of 2021 is 75%.

Specific initiatives

Solution-based approaches to implementing the Responsible Shea Kernel Sourcing Policy

Social issue	Solution-based approach	Location/scope
Global environment	Conserve parkland where shea trees grow	Ghana
	Reduce environmental impact by shifting energy sources	Ghana
Human rights	Create value in local communities	Ghana

Conserving parkland where shea trees grow

Shea and other trees are used as firewood for fuel in the heat treatment of shea kernels. The logging of trees for firewood is a serious threat to the ecosystem.

From 2021, we will plant 6,000 shea tree saplings each year to help conserve parkland where shea trees grow. Under the Tebma-Kandu program, we will also provide training to participants in collaboration with local NGOs toward proper logging methods.

Reducing environmental impact by shifting energy sources

Fuji Oil Ghana Ltd. continues to shift our production energy use to non-fossil fuels, such as by converting part of the byproducts of the shea butter production process into fuel, and to promote reduction of environmental impact from shea kernels.

Creating value in local communities

Fuji Oil Ghana Ltd. continues to process shea kernels and shea butter locally in West Africa, and conduct employee training in operations, quality and safety, in order to create value and employment in local communities.

Under the Tebma-Kandu program, the company has signed memorandums of understanding (MOUs) with 16 women's cooperatives, sponsors warehouses to procure specific volumes of shea kernels at a given quality from the cooperatives, and provides pre-financing without any special conditions or restrictions before the start of the harvest season. This initiative is expected to benefit about 20,000 women in Northern Ghana, empower the women involved in the shea kernel industry, and help improve the shea kernel production capacity of these cooperatives.

— Collaboration with external organizations

Fuji Oil Ghana Ltd. is a member of the Global Shea Alliance (GSA)* and the Shea Network Ghana. The activities of these organizations are:

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

* Follow the link below to learn more about the Global Shea Alliance (GSA).

➤ <https://globalshea.com/>

Ensuring Food Safety and Quality

Management information

— Relevance to our business

As a food ingredient manufacturer, the Fuji Oil Group recognizes its potential impact on food safety. We believe that it is important for us to ensure 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 a food manufacturer. The Group established the Basic Policy of Quality in order to provide safe products, which customers can use with peace of mind. Through this policy, we aim to produce products using a customer-oriented approach in all processes, from product design to delivery to customers. We believe that we can contribute to comprehensive food safety and quality by enhancing our quality and food safety management based on the Quality Assurance Regulations and continuing to promote 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.

— Management system

The Chief "ESG" Officer (C"ESG"O) oversees initiatives in this area. The ESG Committee,^{*1} an advisory body to the board of directors, has been monitoring the progress and results of initiatives as a material ESG issue.^{*2} The ESG Committee reports insights to the board of directors for review.

The Fuji Oil Group's sales divisions and customer service desks receive customer grievances, complaints, and inquiries related to quality. These are evaluated by the Quality Assurance Department or the department in charge of quality assurance at each Group company, and then verified and investigated by the relevant departments. After that, responses are confirmed by the department in charge and relayed to the sales divisions, which communicate with the customers.

In addition, each Group company collects and analyzes data on grievances and complaints filed to them by customers. Fuji Oil Holdings Inc. compiles and analyzes those data, reports the results to the Management Committee, and shares the information to all Group companies.

^{*1} Follow the link below to learn more about the ESG Committee.

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

^{*2} Follow the link below to learn more about material ESG issues.

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

Goals / Results

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

FY2020 Goals	FY2020 Results	Self-assessment
Heighten awareness of the importance of quality among employees to ensure that we do not become a recipient of serious quality-related complaints	<ul style="list-style-type: none"> Investigated the status of group instruction on quality at each Group company; distributed training materials on applying the 5S methodology and engaged in other activities that help raise awareness of quality and food safety. Provided materials on hygiene control and other topics to each Group company through remote audits and follow-up meetings to verify improvements in noncompliant areas. Zero cases of serious quality-related complaints. 	○
Proceed with the development of a quality-improvement network	<ul style="list-style-type: none"> Developed an information sharing platform on quality for quality control managers to enable an interactive flow of information and strengthen relationships. 	○

* Serious quality-related complaints: Incidents concerning food products that are harmful to health or violate the law, and require a recall.

Analysis

The COVID-19 pandemic has increased the burden on management at each Group company with the need to implement infection control measures among employees and deal with labor shortages. As a result of the efforts made by each company to maintain hygiene at production sites through continuous corrective actions and preventive measures, there were no serious quality-related complaints (recalls). Moreover, we were able to facilitate the development of a quality-related information sharing platform as the level of demand for quality assurance rose, since managers in charge at each company recognized the importance of sharing information among Group companies.

Next step

To ensure food safety and quality, it is essential to reduce quality-related complaints and improve the level of quality assurance in Group companies. To address these issues, we set the following goals for FY2021.

- Raise quality awareness of employees in order to achieve zero serious quality-related complaints
- Encourage use of the quality-related information platform, which is directly accessible to quality control managers, and strengthen relationships between quality control managers

Specific initiatives

Risk management and countermeasures

Quality management system

Each Fuji Oil 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 Quality Assurance Regulations in order to monitor the management status of each Group company based on these regulations through safety, quality and environmental audits. Furthermore, we share activities, best practices and management know-how within the Group.

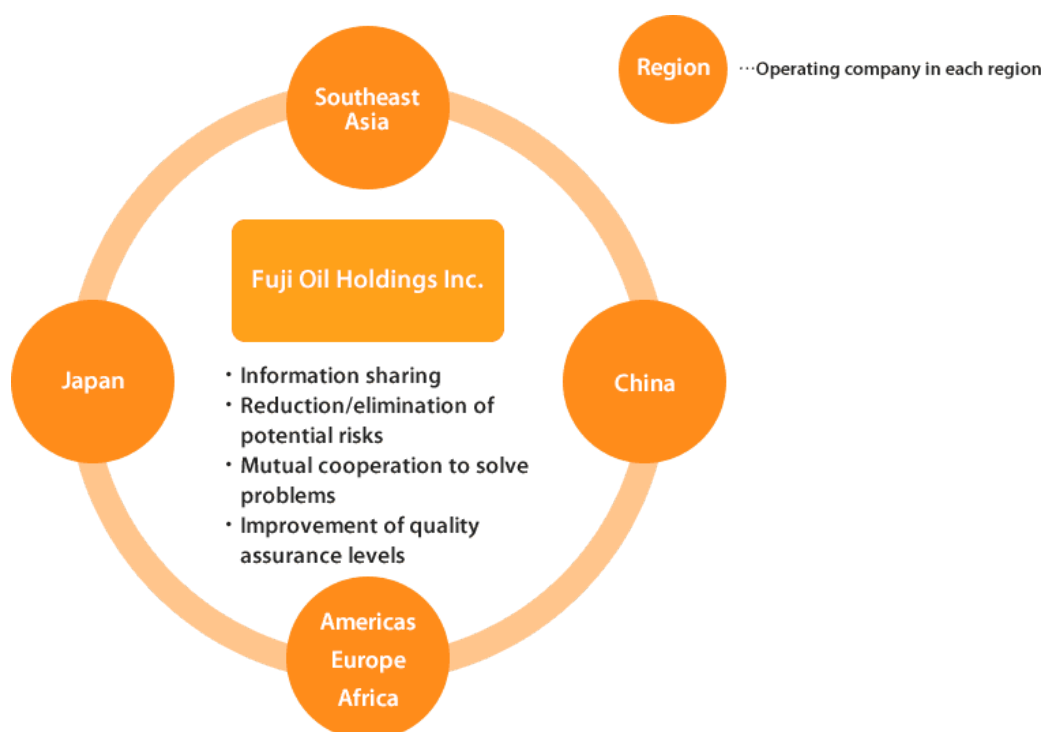
Acquisition of Management Certifications

Follow the link below to learn more about Group companies' management certification status.

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

Establishing a network among quality control managers

We are working to establish a network that allows resources (experience-based know-how, regulatory trends unique to each region, etc.) possessed by each Group company to be shared among the Group companies. The objectives are to reduce or eliminate potential risks and to solve problems quickly through mutual cooperation. These risks include failures to share the experience and knowledge of other Group companies, or to share the latest information on food regulations in other countries and international food trends. Specifically, our goal is to promote information sharing among quality control managers involved in quality assurance, in order 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.*

* Follow the link below to learn more about the risk management system.

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

Food safety-related risks and countermeasures

In FY2020, the risk assessment for the entire Fuji Oil Group once again identified food safety-related risks, including contamination with foreign matter, allergens and inappropriate raw materials. We have been working to reduce these risks by acquiring certifications on food safety and quality management, conducting focused evaluations, providing guidance and implementing improvements on these risks through internal audits, and intensifying the implementation of 3S and 5S methodologies.

— Education

The Fuji Oil Group provides education to employees to raise quality awareness. Fuji Oil Co., Ltd. supports activities at each plant conducted in accordance with the action guidelines and holds lectures on hygiene and other matters. In FY2020, the annual hygiene lecture was canceled due to COVID-19. Instead, we carried out educational and awareness programs through e-learning.

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 focusing on predefined themes to raise awareness on quality among our employees.

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 enable wider use of the Group's advanced analytical techniques, and to provide safer and more reliable products to our customers worldwide.

— Product labeling

Information indicated on labels of Fuji Oil Group products 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 product labels comply with the laws and regulations of each country and region.

At Fuji Oil Co., Ltd., the Quality Assurance Department collects information daily on relevant laws and regulations, and issues updates on any revisions to the relevant departments via the regularly distributed "Food Safety Information," in order to ensure that these revisions are promptly and accurately reflected in product labels. We also have 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 FY2020, no serious labeling violations occurred at Group companies in or outside Japan.

— Recalls and other incidents

In FY2020, the Fuji Oil Group did not recall any products.

Fiscal year	No. of recall cases	Details
2020	0	—
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.

* Glycidyl ester: A substance formed in the process of refining oils/fats. Because it can have adverse effects on human health due to its carcinogenic 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.

Promoting Occupational Health and Safety

Management information

— Relevance to our business

The driving force behind Fuji Oil Group's business activities is its diverse human resources. Amid the diversification of working styles and increased labor mobility, we have the social responsibility as a corporate group to ensure the safety of our employees. Our initiatives to promote occupational health and safety directly contribute to the health of our employees.

— Basic approach

In the Fuji Oil Group Management Philosophy, the first of our values that inform our actions is "safety, quality, and the environment." Among these three, the Group places top priority on "safety" to achieve continuous growth. We promote occupational health and safety through the six items of the Basic Policy of Safety and Health below. Our aim is to protect the lives and health of our employees and all the people working at our business sites, and eliminate work-related 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 has a responsibility of safety control.
4. Good physical and mental health makes you a safer worker.
5. Making our workplace safe.
6. Becoming aware of and avoiding safety risks.

— Management system

The Chief "ESG" Officer (C"ESG"O) oversees initiatives in this area. The ESG Committee,^{*1} an advisory body to the board of directors, has been monitoring the progress and results of initiatives as a material ESG issue.^{*2} The ESG Committee reports insights to the board of directors for review.

*1 Follow the link below to learn more about the ESG Committee.

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

*2 Follow the link below to learn more about material ESG issues.

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

— Goals / Results

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

FY2020 Goals	FY2020 Results	Self-assessment
Improve awareness of occupational safety among employees to completely eliminate the occurrence of serious accidents and serious property damage accidents	<ul style="list-style-type: none"> • Created materials for conducting the pointing and calling method and risk prediction training, and distributed them to overseas Group companies. Provided remote training to some overseas Group companies • One case of serious accident • Zero cases of serious property damage accidents 	×

Analysis

Although we have been carrying out training on the pointing and calling method and risk prediction to improve awareness of occupational safety, we recognize that such awareness has not been firmly established. The level of occupational safety awareness in some overseas Group companies must be raised.

— Next step

To promote occupational health and safety, improving the safety awareness of employees is the key issue. To address this issue, we set the following goals for FY2021.

- Study measures to introduce the pointing and calling method, as well as to establish and maintain awareness programs
- Continue programs that promote understanding of the effectiveness of risk prediction training
- Launch initiatives that help raise safety awareness, such as adopting safety simulators using virtual reality (VR)

Specific initiatives

— Occurrence of work-related accidents

In 2020, there were 105 people involved in work-related accidents (injuries with or without lost work time) in the Fuji Oil Group, an increase of five persons from the 100 people recorded in 2019.

For serious accidents, one person had a fatal accident at Unifuji in Malaysia.^{*1} In response, overseas Group companies conducted comprehensive safety inspections of all work requiring work permits^{*2} and worked to prevent the recurrence of similar accidents in Group companies.

^{*1} Equity-method affiliate

^{*2} Work requiring work permits: Hazardous work such as hot work and work in oxygen-deficient environments

— Risk management and countermeasures

In the Fuji Oil Group's risk management system, occupational health and safety risks are designated as Groupwide significant risks. In 2017, Fuji Oil Holdings Inc. established the Production Productivity Management Group, which works in collaboration with each Group company to eliminate accidents and raise the level of health management in line with the Fuji Oil Group Management Philosophy. This is accomplished by conducting occupational health and safety audits at each production site to assess risks.

Fuji Oil Group companies and their business sites in Japan plan on conducting occupational health and safety audits every year. In FY2020, seven 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 headquarters in Japan. For Group companies outside Japan, the next occupational health and safety audits are planned based on the results of their previous audits. In FY2020, the Production Productivity Management Group conducted occupational health and safety audits remotely on three production sites outside Japan due to the coronavirus outbreak. With the spread of COVID-19 around the world, we began using wearable cameras^{*} on safety, quality and environmental audits of overseas Group companies, in addition to reviewing documents in advance and conducting reviews via online meetings. Production sites can be visually checked in Japan through live streaming by having people wear cameras onsite.

To evaluate and improve our risk management and countermeasures related to occupational health and safety, we attach greater importance to dialogue between labor and management. For example, Fuji Oil Co., Ltd. holds a monthly Safety and Health Committee meeting in accordance with the labor agreement, in order to discuss employees' expectations and concerns regarding occupational health and safety.

^{*} Wearable camera: A camera worn on the body that can record video hands-free



Onsite audit using a wearable camera:

Remote audit of Fuji Oil (Singapore) Pte. Ltd conducted by the Production Productivity Management Group

Acquisition of Management Certifications

Follow the link below to learn more about Group companies' management certification status.

➤ <https://www.fujioilholdings.com/en/sustainability/authen/>

Education

The Fuji Oil Group implements measures based on the belief 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 work to identify near-miss incidents. Furthermore, in recognition of the importance of raising safety awareness among employees throughout the Group, we created safety leaflets in Japanese, English, Chinese and other languages, and distributed them to Group companies. Group companies give employees daily safety warnings using electric bulletin boards or information boards. They also implement other initiatives to heighten employees' safety awareness, including setting up safety experience rooms in Fuji Oil Co., Ltd. and Fuji Oil (Zhang Jia Gang) Co., Ltd. to simulate dangerous conditions for employees.

Group companies in Japan promote safety education with the aim of "enhancing sensitivity to danger through safety education." In addition to the pointing and calling method, we are working on further improving safety by expanding the content of safety education, as well as by enlivening the entire organization through greetings, chats and other communication in order to create a bright workplace. Overseas Group companies are also engaged in various safety initiatives, including adopting the pointing and calling method, education on the effectiveness of risk prediction training, comprehensive safety inspections for work requiring work permits, full inspections of electrical equipment, safety communication activities,^{*1} and safety meetings.^{*2} The whole Group is committed to working together to prevent occupational accidents.

^{*1} Safety communication activities: Activities to raise employees' safety awareness by handing down knowledge of past labor accidents and countermeasures to younger generations

^{*2} Safety meetings: Meetings held before the day's work begins to inform workers about safety matters that require special attention that day



Safety patrol by the security team in PT. Freyabadi Indotama (Indonesia)



Placard for the FY2020 Safety Week at Fuji Oil (Zhang Jia Gang) Co., Ltd. (China)

Related documents

ESG Data Book (PDF 400KB) 

Diversity Management

Management information

— Relevance to our business

As a corporate group operating globally, the Fuji Oil Group has an important social responsibility to respect the diversity of individual attributes and values of our human resources. We also believe that our group requires greater creativity in developing business strategies to continuously contribute to society amid changing social values through back-casting toward a new future, which is not just an extrapolation of the past. Diversity is important also in terms of providing value to society as an overly homogeneous group would have limited power to demonstrate their creativity. We will create an environment and corporate climate in which diverse human resources play an active role, which will enable us to create business models with 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 Group’s values. 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 in FY2020. As a forerunner to this vision, Fuji Oil Co., Ltd. had also established the Basic Diversity Policy in FY2015.

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 people worldwide with deliciousness and health in a variety of food products.



Focus areas to promote diversity

On the Diversity Vision, 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 backgrounds 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.

— Management system

The Chief Administrative Officer (CAO) oversees initiatives in this area. The ESG Committee,^{*1} an advisory body to the board of directors, has been monitoring the progress and results of initiatives as a material ESG issue.^{*2} The ESG Committee reports insights to the board of directors for review.

^{*1} Follow the link below to learn more about the ESG Committee.

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

^{*2} Follow the link below to learn more about material ESG issues.

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

Management system



Goals / Results

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

FY2020 Goals	FY2020 Results	Self-assessment
Fuji Oil Co., Ltd.: Promote the active engagement of senior employees who aspire to continue working	Picked out the essential elements of success for senior employees, and held seminars for employees in their early to late 50s to develop these elements	○
Fuji Oil Co., Ltd.: Establish departmental targets that ensure fair competition and promote measures to heighten awareness among management (including seminars on unconscious bias*)	<ul style="list-style-type: none"> Set FY2020 departmental targets, assigned promotion staff at each department, and conducted interviews on the status of implementation at all departments Carried out unconscious bias seminars 	○
Fuji Oil Co., Ltd.: Create a comfortable workplace environment for people with disabilities in an effort to embrace diversity	<ul style="list-style-type: none"> Held a disability internship program. Conducted hiring interviews in collaboration with the local government agency for employment services 	△

* 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 responding to environmental changes appropriately. Therefore, this bias should be raised to the level of consciousness and corrected from time to time.

Analysis

We stepped up our efforts to promote active careers for seniors by working on Groupwide initiatives, and at the same time implementing them into departmental targets for increasing diversity.

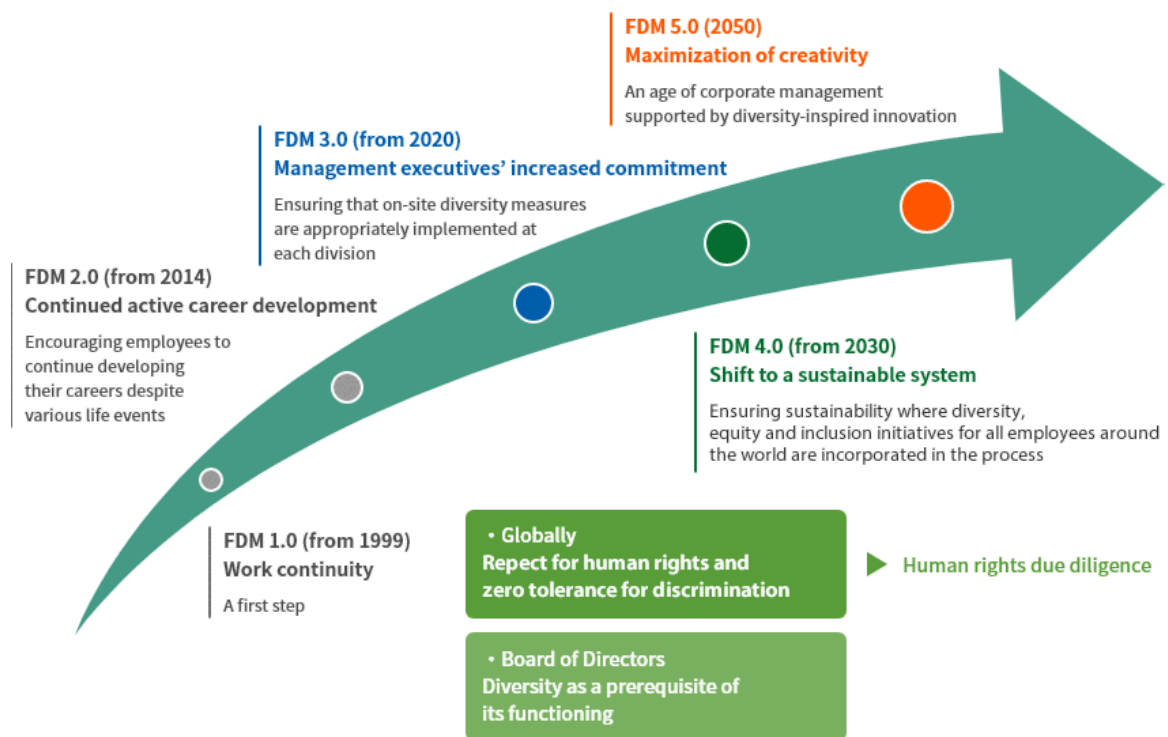
For setting departmental targets, we assigned promotion staff at each department to carry out substantial reforms based on the needs at each worksite.

At unconscious bias seminars, we optionally used a video conferencing system to enable interactive communication and improved understanding.

The employment rate for people with disabilities temporarily decreased due to a change in policy toward measures that place more emphasis on post-recruitment retention and an increase in the number of retiring employees.

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 by creating the future of delicious and healthy food. Since FY1999, the Fuji Oil Group has promoted diversity and enhanced Groupwide systems and measures to enable its employees to continue pursuing their career goals. In the new phase, started in FY2020, we are practicing diversity in each department, with the strong commitment of management executives.



* FDM: Fuji Diversity Management

Next step

We recognize that the Groupwide efforts we have carried out so far in our diversity management practices have been inadequate. To address this issue, we set the following goals for FY2021.

Groupwide

- Instill the Fuji Oil Group Management Philosophy
- Seek to understand region-specific issues and current status of initiatives
- Select and train future/ successive managerial talent
- Appoint more local staff to positions outside Japan previously filled by employees dispatched from Japan
- Develop executive candidates outside Japan who are fit for a global business environment

Japan

- Encourage diverse work styles
- Ensure equity
- Support long-term, meaningful employment of people with disabilities

Going forward, we plan to work out our Group policies and roadmaps for each region, and use them as a basis to set up a framework for promoting initiatives. Globally, we will continue to encourage diversity, equity and inclusion by recognizing region-specific issues and taking action to address them.

FDM 3.0 measures



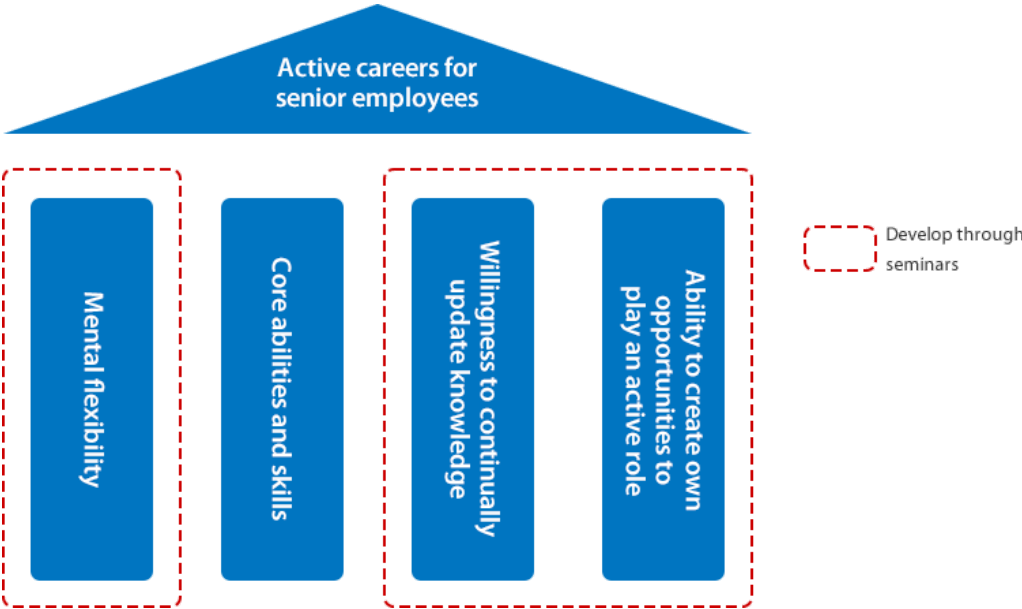
Specific initiatives

Initiatives in Japan

Supporting continued active career development

Active careers for senior employees

As one of the main pillars of our diversity management for the current term, we focused on drawing out the potential of the senior employee class, which all employees will eventually belong to. In FY2020, we picked out the essential elements of success for senior employees, and held one seminar each, for employees in their early to late 50s, to develop these elements. As part of our departmental targets, we also discussed employee job assignments and effective work allocations that match the actual workplace situation.



Female employees’ continued career development in balance with private life

While at Fuji Oil Co., Ltd. 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 FY2014 we drastically changed our way of supporting female

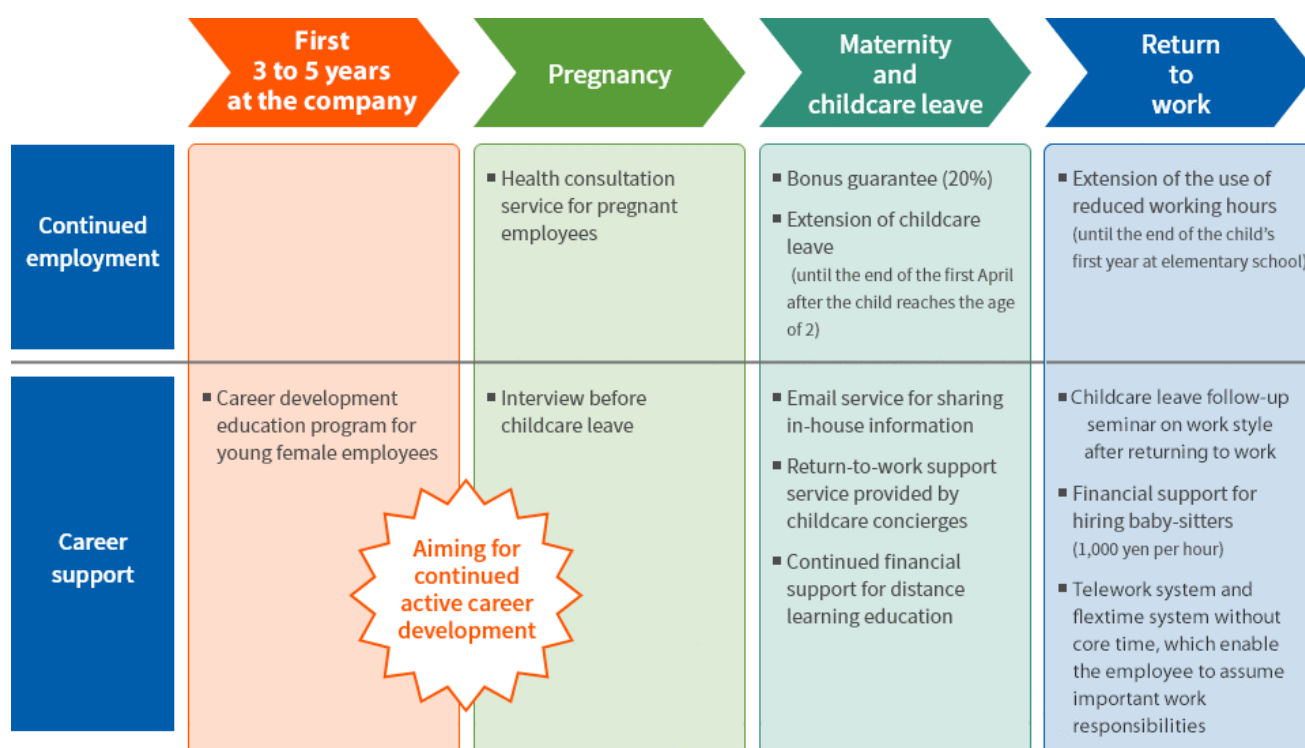
employees. We adopted various new systems to support female employees who aim to continue actively developing their careers after life events.

In FY2016, 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 introducing 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 becoming new role models for employees who hope to develop their careers actively.

In addition, we have been conducting follow-up seminars since FY2014 for employees returning to work from childcare leave. This seminar has been held in the form of an interview with three parties: the parenting employee, their superior and their partner. It has helped form circles of supporters for parenting employees at home and in the workplace, and has been instrumental in changing the awareness of parenting employees themselves. In FY2019, we distributed booklets compiling the essentials of the seminar 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 regardless of life events.

System to support employees at life events



Ensuring equity

Definition of departmental targets

To ensure that our top management's policies are firmly rooted in our organizational activities, in FY2020 each Group department identified challenges to be solved, defined targets, and formed a promotion group. The progress toward the targets and achievements is reported regularly to the ESG Committee. We will visualize the uneven progress of diversity promotion due to different circumstances surrounding each department in order to make further improvements.

Managers' attitude reform

The key to ensuring equal opportunity is held by managers who play a central role in human resource development. For this reason, since FY2019, we have enhanced the manager education program focusing on human resource development and diversity management. In FY2020, we held unconscious bias seminars.

Promotion of personnel diversity

Support for the active participation of women

In FY1999, the top management of the Fuji Oil Co., Ltd. adopted the policy of supporting the active participation of women. Full-scale initiatives were launched to pursue the policy under the newly established Committee for Women's Empowerment (currently Fuji Active Network). Currently, the percentage of women in managerial positions is 11.30%. Moving forward, we recognize the need for a greater focus on equal opportunity in recruitment and training.

Regarding recruitment, since FY2017, women have been accounting for about 50% of the new graduates hired as managerial-track employees. We also ensure a higher level of fairness in human resource development, including work assignment, on-the-job training (OJT), and off-the-job-training.

Furthermore, in FY2016, 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 Japan's Cabinet Office. The CEO has been sending out messages to employees and society, regarding the importance of diversity in management.



Employment of foreign nationals

At Fuji Oil Co., Ltd., we employ foreign nationals with various capabilities, who play important roles in many fields like research and development, planning and management. There is no difference in treatment on grounds of nationality. We assign employees to work based on their characteristics and skills. We also create a workplace environment that respects employees' religious beliefs and customs by for example, creating multipurpose rooms where employees can pray.

Support for the active participation of people with disabilities

Fuji Oil Co., Ltd. has been working on employing people with disabilities. Since FY2015, we have been focusing on creating workplace environments where they can play active roles. To do so, we collaborate with local schools, offer hands-on work experience programs, and exchange information with leading companies in this field. Going back to the fundamental principle of providing employees with opportunities to play an active role while taking into consideration their characteristics has also changed the attitude of managers in charge of training.

In FY2020, we planned and held individual hiring interviews with the local government agency for employment services, and created brand-new employment opportunities within Fuji Oil Holdings Inc. The employment rate temporarily decreased due to a change in hiring policy and an increase in the number of retiring employees. Going forward, the Group will promote thorough support for retention and other initiatives with a long-term perspective.

LGBT

The series of activities that the Fuji Oil Group conducted during the Human Rights Week* in FY2020, included a seminar on LGBT, of which public awareness has not yet spread widely in Japan. Aiming for an active participation of more employees, the Group's sexual-minority employees sent letters to other employees, which led many 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, widening both formal and informal circles of supporters.

Comments from seminar participants:

All people, not limited to LGBT, live with diverse values, thoughts and individuality, and in different environments. Each of these factors makes each person a unique individual which don't determine their worth.

A company is a group of people who work for the same purposes and create value for society, and is not 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 violate the human dignity of others. The program has inspired me to deepen my thoughts about "Work for people," one of the Fuji Oil Group's values.

* Follow the link below to learn more about the Human Rights Week.

> https://www.fujioilholdings.com/en/sustainability/social/human_rights/

Promoting non-regular employees to regular employees

In FY2017, we changed the status of our "semi-regular employees," who had fixed-term employment contracts, to "regional limited employees" without a fixed term. The Group also conducts a test once a year for highly motivated non-regular employees wishing to become regular employees. In FY2020, three non-regular employees, both men and women, were promoted to regular employees. We will continue to actively promote talented and highly motivated individuals to regular employee status through this system.

Employee-led initiatives

Since FY1999 we have been carrying out an intersectional project named Fuji Active Network (FAN) as one of our important diversity promotion measures. With the officer in charge of human resources serving as project owner, employees take the initiative in conducting grassroots activities to meet the needs that have been raised. In FY2020, we organized unconscious bias seminars. Many leading diversity measures in the Group have been initiated through FAN.

Encouragement of program 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 taking action. 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 our employees.

As part of this, we encourage a wider range of employees to use our work-life balance support programs. We have recently been trying to increase the use of two programs: the nursing care leave program, which has been created based on the notion that many employees may become caregivers in the future, and the childcare leave program targeting male employees.

Since FY2013, we have been educating employees to create a corporate culture in which consulting about nursing care is always accepted. This is done by holding nursing care seminars and distributing a nursing care handbook. Since FY2016, we have been providing financial support for 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.

With a basic policy based on the voluntary decision of male employees to take leave, we have also continued our efforts to encourage male employees to take childcare leave since FY2014. In FY2020, 73% of eligible male employees took childcare leave. While most of them were on leave for less than a week until FY2019, in 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.

Overview of promotion of work style reform

At Fuji Oil Co., Ltd., in FY2016 we launched the Creative Work Project (currently the CWORK Promotion Committee) to promote work style reform, which is essential for achieving diversity. Aiming to reduce the total work hours by raising productivity and improving work-life balance, we are promoting four reform initiatives: attitude reform, operational reform, system reform and workplace reform. We are now exploring new work style possibilities. For example, since FY2017 we have assigned some employees to telework on a trial basis and introduced a satellite office to further develop our telework system. We also facilitated active communication and promoted paperless operations by introducing robotic process automation (RPA), digitizing application procedures, and actively using video conference systems.

As a result, in response to the COVID-19 pandemic, we succeeded in shifting smoothly to Company-wide teleworking and continued business operations without any serious delays. Taking advantage of this experience, we will use IT effectively to firmly establish a framework that allows employees to produce results regardless of time and place of work.

— External recognition

By the end of June 2021, we have received the following external recognition for our diversity initiatives:

- 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 Japan's Ministry of Health, Labour and Welfare
- June 2021: Continued as a constituent of MSCI Japan Empowering Women Index (WIN) (third consecutive year) and MSCI Japan Empowering Women (WIN) Select Index (third consecutive year)

* Follow the link below to learn more about other external recognition

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

Related documents

ESG Data Book (PDF 400KB) 

Human Resource Development

Management information

— Relevance to our business

Having major bases in 14 countries, the Fuji Oil Group is expanding its business globally (as of July 2021). Our business is supported by about 6,000 employees. They are our important stakeholders who make the Group's value creation possible. Human resource development forms the foundation of our value creation while contributing to each employee's capacity 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 and continue contributing to society. Under the concept that a company and its employees grow together and support each other, we focus on the fostering of management personnel to strengthen our organizational capability. We also develop human resources to support global business expansion and employees' autonomous learning.

Based on this notion, 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.

— Management system

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

* 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 Committee Meeting 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 allows legal compliance and efficient execution of business operations.

Specific initiatives

— Development of human resources with global business skills

To keep up with the accelerating pace of our global strategies, we conduct initiatives to recruit, promote, and develop human resources that can demonstrate their capabilities globally.

Cultivating management personnel

Under the common values of the Fuji Oil Group Management Philosophy, we believe that it is important to develop management personnel in order to fulfill our social mission.

Since FY2018, we have been working to clearly identify and foster future executive candidates at major Group companies outside Japan as well as management personnel who can face the challenges of a career involving job relocations. In FY2020, we dispatched an employee from a U.S. subsidiary to a Belgian subsidiary as the Group's first global assignee.* Going forward, we will continue to provide opportunities for growth to our diverse human resources across different countries around the world.

In addition, aiming to develop candidates for future management positions at an early stage, since FY2016 Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd. have been conducting a training program that incorporates performance assessments. This program aims to help trainees grasp their behavior trends in group and individual situations through group discussions and interview exercises. Eighteen employees underwent the training in FY2020. The program is 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 with their supervisors and HR Development staff, 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.

* Global assignee: Employees of subsidiaries outside Japan who are sent for posting at other Group companies outside Japan



Katy Revels, global assignee

Human resource development to support globalization

At Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd., we place great importance on developing personnel who will lead the Fuji Oil Group's global management, as well as personnel who will manage and lead business operations at corporations outside Japan. We consider them as the core management resource for continued growth and development of our business globally.

We conduct self-development and off-the-job 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 postings at Group companies outside Japan according to their area of expertise.

In FY2020, we introduced a new global trainee program to work on early-stage development of candidates for future corporate management positions at companies outside Japan.

— Career support system

At Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd., we provide hierarchical training programs for executives, managers, general employees, and new hires, and also support employees' skill development through various programs, like providing financial assistance to employees taking distance learning. We provide employees with the opportunity to share growth and enlightenment points with their supervisors during their annual evaluation. Individual employees also have a meeting with their supervisors once a year based on the Career Advancement Communication Sheet for reviewing the progress made toward their goals and their career aspirations. We endeavor to provide opportunities to foster career development, where employees flourish through suitable job assignments. We also provide educational support and incentives for getting the necessary qualifications at each department, in order to meet the differences and variations in knowledge and skills required at each workplace and job occupation.

Fuji Oil Co., Ltd. training system (FY2020)

Class	Prospective role in the organization	By level	Business skills	Next generation		Other
				Management	Global	
Executive Officer		Officer training				
General Manager Class	Managers		Manager training	Training to cultivate potential executives	Training for postings at Group companies outside Japan	Training conducted by each department
Section Manager Class		New manager training				
Class 4	Assistant Managers			Training to develop management skills	Global trainee program	Occupational health and safety education
Class 5	Supervisors					
Class 6			Logical thinking			
Class 7	General employees	Key person training				Incentives for distance learning or obtaining official certifications
Class 8		New employee training	New employee follow-up training			
Class 9						
						Post-retirement planning seminar

— Employee engagement

Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd. regularly conduct employee engagement surveys to help create a vibrant workplace where every employee can work in good health and demonstrate their abilities to the fullest. In these surveys, we ask employees for their honest opinions on a wide range of issues, such as workplace environment and systems. The survey analysis results are given to executives and managers to further improve business operations and the 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's 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 the 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, improve themselves and play active roles. When revising labor systems, we actively listen to the opinions of union members at each business site nationwide and make sure to increase the frequency of dialogues as necessary. The Fuji Oil Workers Union adopted a union shop system, and the participation rate of the Company's regular employees other than managers is 100%.

Related documents

ESG Data Book (PDF 400KB) 

Employee Health (Health Management)

Management information

— Relevance to our business

The Fuji Oil Group considers employees as the company's capital, and recognizes that the health and well-being of employees are also important management measures from the perspective of enhancing the quality of human capital.

— 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 have been implementing various measures to enhance employee health. We strive to create a vibrant workplace and health culture by providing employees with helpful information and programs to encourage them to maintain and enhance their own health.

Fuji Oil Group Health Management Declaration

In Fuji Oil Group's Management Philosophy, we set forth our Vision: "We seek to contribute to society by creating a 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, and we believe that a fulfilling work life will enhance 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 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 implement initiatives in areas such as prevention of lifestyle-related diseases and mental health problems, and also activities to promote physical strength.

— Management system

The Chief Administrative Officer (CAO) oversees Groupwide health management initiatives. Fuji Oil Co., Ltd. established the Health Management Promotion Group consisting of 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)

At Fuji Oil Group, we have all employees undergo regular health examinations. At Fuji Oil Co., Ltd., 100% of employees have had a regular health examination and 84.4% of eligible employees have had a secondary health examination (as of March 31, 2021). We aim for a 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 (94.9% response rate in FY2020), and support each workplace's efforts to solve issues identified there and improve the working environment by conducting psychological assessments.

We also 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 an 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 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 enjoy their work.

In FY2020, because people were more prone to poor mental health at the workplace especially during the COVID-19 pandemic, and because remote work had been enforced throughout the company, we actively incorporated online interviews into the counseling process. Due to this early response and follow-up measures, the number of employees taking sick leave as well as the number of leave days have fallen significantly compared to the previous year.

— Measures to prevent lifestyle-related diseases

As the first "100-year Healthy Active Life" initiative to help prevent employees from contracting serious diseases, in November 2019 we at Fuji Oil Co., Ltd. launched a blood pressure improvement program and a smoking cessation support program for employees. The 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.

— Health awareness-raising and educational activities

Fuji Oil Co., Ltd. strives to improve the health literacy of all employees by providing better health guidance for preventing serious conditions caused by lifestyle diseases as well as constant interventions, ranging from recommendations on treatment needs to advice for healthier lifestyles. We are also establishing a framework that can actively provide information to people at risk of getting lifestyle diseases.

In April 2019, we launched a full-scale health management system to better visualize health data as part of our efforts to enhance health guidance. The health management system enables employees to track their own health data, including the results of their own health examinations. We work with employees to raise health awareness and increase their knowledge, so that they can effectively use the system.

In FY2020, we started publishing "health columns" on the company intranet to share information on health and diseases, as well as "mental health columns" to address mental health issues during the coronavirus pandemic. We also held workshops led by occupational health physicians or public health nurses, and organized health events and other initiatives to provide employees with opportunities to enhance health awareness and encourage a change in attitude toward health. Furthermore, we held a seminar after stress checks for managers.

— External recognition

Named among the top 500 in the large enterprises category (White 500) of the 2021 Certified Health & Productivity Management Outstanding Organizations recognition program by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi

- Fuji Oil Holdings Inc. (fourth consecutive year)
- Fuji Oil Co., Ltd. (fourth consecutive year)
- Fuji Sunny Foods Co., Ltd. (third consecutive year)

Named among the top 500 in the SME category (Bright 500) of the 2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi

- Fuji Tsukuba Foods Co., Ltd.

Recognized in the SME category of the 2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi

- Fuji Tsukuba Foods Co., Ltd. (third consecutive year)
- Omu Milk Products Co., Ltd. (third consecutive year)

* Follow the link below to learn more about other external recognitions.

➤ <https://www.fujioilholdings.com/en/sustainability/evaluation/>

Related documents

ESG Data Book (PDF 400KB) 

Partnership with Communities

Management information

— Relevance to our business

The Fuji Oil Group has key operating sites in 14 countries (as of July 2021). While food culture varies from region to region, our activities as a food ingredient manufacturer, including plant operations and product sales, requires cultivating close relationships with local people. Our business success relies on a partnership with these communities. The work we do in community development also enables employees to find greater satisfaction in their work and raises their awareness of sustainability.

— Basic approach

We recognize companies as citizens and, as such, aim to contribute to the development of local communities through dialogue and community service. A guiding principle of our business is to “engage in corporate activities rooted in our communities and actively contribute to society,” as expressed in the Fuji Oil Group Management Philosophy.* One way we contribute to local communities is by providing food education, which draws on our business expertise.

* Follow the link below to learn more about the Fuji Oil Group Management Philosophy.

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

— Management system

Each company in the Fuji Oil Group carries out community development activities specific to the country and region in which they operate. Groupwide or interregional activities are led by the CSV Promotion Team, Sustainability Development Group, Fuji Oil Holdings Inc. under the supervision of the Chief “ESG” Officer (C“ESG”O).

Specific initiatives

— Food education project

Since FY2014, Fuji Oil Co., Ltd. has been conducting a food education project in Japan 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.

In FY2020, we held the classes online for the first time, given the challenges of holding in-person classes during the COVID-19 pandemic. For elementary schools that desired in-person classes, we taught children how to plan a school lunch individually and to prevent the spread of infection.

We also developed a new palm oil program to guide students in noticing connections between familiar foods and the planet. After a trial period, we plan to officially launch the program in FY2021.

In FY2020, we taught a combined 18 classes, in-person and online, on the power of soy and palm oil to 366 students at 13 elementary schools. A total of 3,105 children have participated in the food education project since it began.



An online food education class on palm oil



An in-person class with individual projects

Comments from children who attended the classes:

- I gained a new interest in soy and now I want to know more!
- The class was fun but it was sad learning that one in nine people in the world don't have food.
- It was my first online class. It was fun learning how soy transforms into different foods, while playing bingo!
- I'll look for the SDGs and RSPO* label when shopping at the grocery store!!
- I think the solution for palm oil is to buy products that use palm oil but buy the ones that are Fair Trade.

* Roundtable on Sustainable Palm Oil

Support for SDGs for School

SDGs for School* is a program run by non-profit Think the Earth to spread knowledge of the SDGs among junior and senior high school students and encourage learning and action for creating a more sustainable society. The Fuji Oil Group has sponsored this program since 2018. In FY2020, Think the Earth presented its work in the SDGs for School program at a training session for executives (including outside executives) and senior employees of the Fuji Oil Group. The presentation reaffirmed for us the strong interest children have in sustainability and the importance of our sustainability efforts as a company.

* Follow the link below to learn more about the SDGs for School program.

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

Hannan Forest Project

Since March 2018, Fuji Oil Co., Ltd. employees have volunteered their time and labor to support park development at Izumisano Kyuryo Ryokuchi in Osaka Prefecture, Japan. Local volunteers, the Osaka prefectural government, and companies come together once a month to manage the forest and bamboo groves in a designated area of the park.

In FY2020, the volunteering events were held only twice, due to the many months when the COVID-19 state of emergency was in effect. Employees plan to continue volunteering in FY2021.



Thinning a bamboo grove



Carrying out the cut bamboo

— Fuji Foundation for Protein Research

In 1979, we inaugurated the Research Committee of Soy Protein Nutrition to support the promotion of academic studies on soybean protein through research grants. In 1997, we established the Fuji Foundation for Protein Research as an incorporated foundation under the jurisdiction of Japan's 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. To date, the Foundation has awarded over a billion yen to more than 1,100 studies covering subjects from the life sciences to dietary culture, and to the science of cooking.

In addition to funding research, the Foundation also holds free open lectures, an important part of its public interest mandate. The lecture planned for FY2020 looked nearly cancelled because of the COVID-19 pandemic; however, it was able to proceed with strict safety measures in place, such as limiting venue occupancy and requiring attendees to wash their hands and wear masks. Front-line researchers gave talks on the relationships between food and the global environment and on the various physiological functions of soybeans.



A session of the open lectures held in November 2020 at Acros Fukuoka in Fukuoka city

— Supporting bottom-of-the-pyramid (BOP) entrepreneurs through a chocolate training program in Brazil

In Brazil, home of Fuji Oil Group company Harald Indústria e Comércio de Alimentos Ltda (Harald), 76% of the population earn low levels of income, making it hard for them to gain the quality education and specialized skills needed for employment.

Since 2019, Harald has been partnering with an NGO to provide low-income earners with practical knowledge and skills for starting their own chocolate candy business. In this training program, held at a community kitchen in Sao Paulo, participants gain hands-on skills for designing and preparing chocolate products, applying their skills using Harald's products as ingredients, and marketing and selling them.

Two hallmarks of a chocolate candy business are low start-up costs and quick returns. Young adults and women make up 80% of participants in the program. Their ability to start a business, earn a living, and improve their standard of living after graduation is helping to strengthen ties between Harald and the community.

In 2019, the first year, more than 200 people participated in the pilot course. In 2020, in-person classes were cancelled due to COVID-19. Instead, Harald held an online workshop on the chocolate business and the entrepreneurial mindset. The popularity of that workshop focused on Easter led to more than 140 people participating in the next-level course focused on Easter in 2021.



Training low-income Sao Paulo residents in chocolate preparation

Related documents

ESG Data Book (PDF 400KB) 



Governance

Governance initiatives in numbers



**Fuji Oil Group's adoption
rate of risk management
system
(FY2020 result)**



**Number of outside directors
(of all of 8 directors)
(As of June 23, 2021)**

* Of 4 outside directors, 3 persons are independent directors.

Activity report

— Areas to create initiatives that lead the industry, leveraging our business strength
— Business foundation areas



Governance, risk and compliance (GRC)

Priority theme: Risk management system >

- > Relevance to our business
- > Basic approach
- > Management system
- > Goals / Results
- > Next step
- > Specific initiatives

Priority theme: Information security management >

- > Relevance to our business
- > Basic approach
- > Management system
- > Goals / Results
- > Next step
- > Specific initiatives

Priority theme: Compliance >

- > Relevance to our business
- > Basic approach
- > Management system
- > Next step
- > Specific initiatives

Priority theme: Group governance >

- > Relevance to our business
- > Basic approach
- > Management system
- > Goals / Results
- > Next step
- > Specific initiatives

Priority theme: Corporate governance >

- > Relevance to our business
- > Basic approach
- > Management system
- > Goals / Results
- > Next step

Related documents

ESG Data Book (PDF 400KB) 

Risk Management System

Management information

— Relevance to our business

As a business operating throughout the world, the Fuji Oil Group faces a wide range of risks inherent in the scope of its operations. We have developed a risk management structure in order to deal with these risks.

— Basic approach

The Fuji Oil Group has selected 12 items as significant risks that need to be managed. We designated Chief Officers and formulated response plans for each of these risks. In addition, we created a framework for reporting and monitoring the status of our risk responses to the Board of Directors.

Risk Item	
1	Risks related to fluctuations in raw material prices
2	Financial and tax risk
3	Legal and compliance risk
4	Management risk of Group companies
5	Risks related to food safety
6	Supply chain-related risk
7	Risks related to disasters, accidents, and infectious diseases
8	Information system and security-related risk
9	Risks related to human resource hiring and development
10	Business transformation and reform-related risk
11	Environmental and human rights risks
12	Country risks of regions comprising the Group's global network

* Follow the link below to learn more about the identified Groupwide significant risks.

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

— Management system

Each Group company creates a risk map and identifies their specific operational risks. At the same time, the Group determines strategic and financial risks through the Management Committee Meeting. After comprehensively identifying all the risks through these measures, the Board of Directors decides which risks are of particular significance.



For each significant risk identified through the abovementioned process, a Chief Officer is designated and response measures are established. In addition, the Chief “ESG” Officer (C“ESG”O) in charge of risk management supervises the monitoring of these risks and reports regularly to the Board of Directors.



The C“ESG”O oversees initiatives in this area. The ESG Committee,^{*1} an advisory body to the Board of Directors, monitors the progress and results of initiatives as a material ESG issue.^{*2} The ESG Committee reports insights to the Board of Directors for review.

*1 Follow the link below to learn more about the ESG Committee.

➤ <https://www.fujioilholdings.com/en/sustainability/approach/>

*2 Follow the link below to learn more about material ESG issues.

➤ <https://www.fujioilholdings.com/en/sustainability/materiality/>

— Goals / Results

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

FY2020 Goals	FY2020 Results	Self-assessment
Promote risk management throughout the Group	Reported the significant Groupwide risks for FY2020 at the Management Committee Meeting and obtained approval of the report from the Board of Directors; risks were managed appropriately	○
Support the recommendations of the TCFD	Assessed the financial impact of climate change risks and opportunities	○
Institute BCPs at main Group companies	Created BCP manuals at main Group companies	○

Analysis

Beginning in FY2020, we selected 12 significant risk items that need to be managed, appointed Chief Officers in charge of each of these risks, and have taken appropriate responses under the Group's risk management system. These have led to the achievement of all our goals.

— Next step

We recognize that properly managing risks using the PDCA method and disclosing relevant information are crucial to creating a functioning risk management system and to making a risk-proof, trusted company, which is an integral part of society. To address these issues, we set the following goals for FY2021.

- Manage properly significant Groupwide risks and disclose information in a manner that is easy for stakeholders to understand
- Following TCFD recommendations, select appropriate climate risks and opportunities for the Group, prepare and disclose information on realistic climate change scenarios for embedding a climate strategy into our business and operations

Specific initiatives

— Risk management method adopted by each Group company

PDCA

The Fuji Oil Group clearly defined the roles of Fuji Oil Holdings Inc., companies acting as regional headquarters and each Group company, and established a Risk Management Committee at each company. The Risk Management Committee takes the lead in managing the risks at each Group company by implementing the PDCA cycle, going from assessing risks (Plan), implementing countermeasures (Do), conducting self-checks (Check), and to making improvements and developing a plan for the next fiscal year (Act). It also promotes risk management through close collaboration between Fuji Oil Holdings Inc., companies acting as regional headquarters, and Group companies. In risk assessment, the Risk Management Committee of each Group company identifies all possible risks for the company and assesses them by plotting them on a risk map (vertical axis: degree of damage to/impact on the company; horizontal axis: likelihood of occurrence). Based on the assessment, the Committee specifies risks that would cause a significant degree of damage to/impact on the company as "significant risks." It then decides on how to respond to all "significant risks" to mitigate their potential impact.

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

— Response to the TCFD recommendations

In May 2019, the Fuji Oil Group declared its support for the Task Force on Climate-related Financial Disclosures (TCFD). Based on recommendations by the TCFD, we are committed to promoting actively the disclosure of information on four areas: governance, strategy, risk management, and metrics and targets.

Information disclosure based on the TCFD recommendations

Governance

Under the supervision of the C“ESG”O, the Fuji Oil Group manages climate change risks and opportunities through a Groupwide risk management structure that handles Groupwide significant risks. We perform scenario analysis based on the TCFD recommendations, and the results are reported and approved in the Management Committee Meeting and the Board of Directors meeting at least once a year.

Furthermore, we established the ESG Committee as an advisory body to the Board of Directors of Fuji Oil Holdings Inc. with the aim of enhancing ESG management. It is chaired by the C“ESG”O and meets at least twice a year. The Committee identifies material ESG issues, studies and holds discussions on sustainability strategies, and reviews the progress on material ESG issues. We have identified “climate change mitigation and adaptation” as one of the material ESG issues and are working to reduce CO₂ emissions by advancing our Environmental Vision 2030. Details of our activities are reported to the Board of Directors each time the Committee meets.

Strategy

We performed the TCFD-recommended climate change scenario analysis, selected climate change risks and opportunities, and assessed their financial impact* for Group companies in Japan in FY2019 and in FY2020 for major Group companies outside Japan. The Fuji Oil Group will further encourage ongoing initiatives that are being carried out by the whole Group to reduce CO₂ emissions. This includes energy conservation initiatives and renewable energy use, with the goal of achieving carbon neutrality and creating a positive impact on the company, society and the Earth. On the other hand, as the global community moves towards decarbonization, the market for plant-based foods, which is one of the Group's strengths, is expected to grow due to increasing concerns about the adverse effects of livestock fattening on climate change. The Group will continue to work on solutions to global issues for a decarbonized society by providing plant-based food ingredients under the concept of Plant-Based Food Solutions (PBFS).

* Refer to “Assessment of Climate Change Risks and Opportunities and their Financial Impact on the Fuji Oil Group” below for details on the financial impact assessment.

Risk management

Using information sources that take into account the Group's unique circumstances, such as the risk awareness of management, materiality maps, and risk maps of Group companies, the Fuji Oil Group selected climate change risks and other significant Groupwide risks based on our overall judgment of the level of impact on management, likelihood of occurrence, and timing of emergence, among others. The Group formulates plans, implements, tracks progress, evaluates and improves countermeasures to these risks through a Groupwide risk management system developed to oversee significant Groupwide risks through the Management Committee Meeting. Climate change risks are considered as a significant Groupwide risk, and are managed through the Groupwide risk management system. The details of risk responses and their discussions are reported to the Board of Directors at least once a year.

Metrics and targets

In the Environmental Vision 2030, the Fuji Oil Group states its commitment to a 40% reduction in total CO₂ emissions by 2030 compared to 2016. Going forward, we will proactively engage in energy conservation initiatives, introduce new facilities that use less energy, and use renewable energy at production sites to achieve our Environmental Vision 2030 targets. Furthermore, we will work on improving the accuracy of our Scope 3^{*1} emissions data, devise ways to reduce the large volume of Category 1^{*2} emissions, and conduct briefings and information campaigns within the Group to achieve our targets approved by the Science-Based Targets initiative (SBTi), in order to promote further reduction of CO₂ emissions throughout the Group.

2030 CO₂ emissions reduction targets (base year: 2016)

- Reduce Scopes 1^{*3} and 2^{*4} emissions by 40%
- Reduce Scope 3 (Category 1) emissions by 18%

* Follow the link below to learn more about the Environmental Vision 2030.

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

*1 Scope 3: Emissions from the activities of non-Group companies in our value chain (Categories 1–15)

*2 Category 1: Raw materials

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

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

Assessment of Climate Change Risks and Opportunities and their Financial Impact on the Fuji Oil Group

Risk

Item		Details		Financial impact	Assessment of financial impact around 2050 (↓: Negative impact; ↑: Positive impact; the number of ↓ and ↑ arrows shows the level of impact)			
					2°C scenario		4°C scenario	
					Details	Impact level	Details	Impact level
Policy & regulations	Increased cost of complying with environmental regulations	Risk of rising production costs due to tighter CO ₂ emissions regulations (e.g. carbon footprint system) and introduced carbon pricing scheme (e.g. carbon tax, emissions trading), or capital investments for energy conservation and renewable energy compliance, as well as rising logistics costs due to restrictions on the number of delivery vehicles or the impact of a carbon tax on fuel	Increased cost due to the adoption of a carbon tax, depreciation of existing assets and additional investment for GHG emissions reduction and renewable energy measures		Tighter environmental regulations may result in rising costs due to carbon taxes in some countries where Group companies are located. In addition, the Group uses fossil fuels for power generation and boilers in some of its production processes, as well as gasoline- or diesel-fueled vehicles in logistics. The Group therefore may be required to replace these with renewable energy and to cut GHG emissions, resulting in increased costs due to depreciation of existing assets and additional capital investment.	↓ ↓ (Financial impact around 2030)	Compared to the 2°C scenario, fewer countries introduce carbon taxes and the carbon taxes are smaller. However, carbon taxes may be levied in some countries where Group companies are located, resulting in increased costs.	↓ (Financial impact around 2030)
					Response approach ● Comply with CO ₂ emissions reduction targets by promoting Environmental Vision 2030 ・ For CO ₂ emissions reduction, we have set a 40% reduction of Scopes 1 ^{*1} and 2 ^{*2} emissions and an 18% reduction of Scope 3 ^{*3} (Category 1 ^{*4}) emissions as 2030 targets (base year: 2016). ・ To achieve the Environmental Vision 2030, we will actively work on energy conservation initiatives, adopt new facilities that use less energy, and use renewable energy at production sites. We will also improve the accuracy of our Scope 3 emissions data, devise ways to reduce the large volume of Category 1 emissions, and conduct briefings and information campaigns within the Group to achieve our SBTi-approved targets, in order to promote further reduction of CO ₂ emissions throughout the Group. *1 Scope 1: Direct emissions of greenhouse gases from our own operations *2 Scope 2: Indirect emissions of greenhouse gases from the use of electricity, heat and steam supplied by third parties *3 Scope 3: Emissions from the activities of non-Group companies in our value chain (Categories 1-15) *4 Category 1: Raw materials			
Transition risk	Reputation	Impact of deforestation across our supply chain	If there is deforestation at the Group's major raw material suppliers, risk of a decline in sales for the Group because of criticisms from the global community and suspended transactions from major customers due to the damage to our reputation, as well as risk of a decline in sales due to difficulties in raw material procurement and production for Group companies located in various countries, because of an embargo by the international community on suppliers carrying out deforestation.	Sales decline due to suspension of transactions with major customers and difficulty in procuring raw materials.	Deforestation increases atmospheric CO ₂ concentration and contributes to climate change, and is carried out by suppliers where the Group procures palm oil, cocoa, soybeans, and other raw materials. The Group's indirect participation in deforestation may result in a decline in sales because of criticisms from the global community and suspended transactions from major customers due to the damage to our reputation. Moreover, a trade embargo imposed by the international community, particularly Europe and the U.S., on suppliers carrying out deforestation may disrupt raw material procurement and production for Group companies located in various countries, and result in a decline in sales.	↓ ↓	Deforestation increases atmospheric CO ₂ concentration and contributes to climate change, and is carried out by suppliers where the Group procures palm oil, cocoa, soybeans, and other raw materials. The Group's indirect participation in deforestation may result in a decline in sales because of criticisms from the global community and suspended transactions from major customers due to the damage to our reputation. Moreover, a trade embargo imposed by the international community, particularly Europe and the U.S., on suppliers carrying out deforestation may disrupt raw material procurement and production for Group companies located in various countries, and result in a decline in sales.	↓ ↓
					Response approach ● Strengthen efforts to prevent or mitigate environmental risks in the supply chain based on the Group's sourcing policies ・ For palm oil, we will improve traceability with the aim of achieving 100% traceability to palm oil mills and 100% traceability to plantations, as well as promote efforts that improve the supply chain with the aim of solving environmental problems at palm oil production sites (plantations), based on our mid- to long-term goals for sustainable procurement of palm oil. Our aim is to achieve No Deforestation, No Peatland Development, and No Exploitation (NDPE) as stated in the Group's Responsible Palm Oil Sourcing Policy. ・ For cocoa, we will plant one million trees on cocoa-growing regions by 2030 to promote efforts that reduce the negative impact on forests, based on our mid- to long-term goals for sustainable procurement of cocoa. Our aim is to achieve sustainable cocoa procurement as stated in the Group's Responsible Cocoa Beans Sourcing Policy. ・ For soybeans, we will collect information and conduct dialogues with stakeholders through our membership in the Round Table on Responsible Soy (RTRS).			

	Acute risk	More severe natural disasters due to extreme weather	Risk of suspension of operations at Group company plants and suppliers, distribution network disruptions, and warehouse damage under the greater impact of natural disasters and increased frequency of damage from storm surges associated with rising sea levels, typhoons, hurricanes, and floods.	Suspension of operations in Group companies due to storm and flood damage	Greater frequency and power of typhoons, hurricanes, and floods may cause damage and suspension of operations in Group companies, such as Fuji Oil Co., Ltd., with plants across Japan, which is prone to typhoon damage, and Fuji Vegetable Oil, with plants in New Orleans and Georgia, the U.S., which are prone to hurricane damage.	↓ ↓	Even greater frequency and power of severe typhoons, hurricanes, and floods that exceed the 2°C scenario may cause greater devastation and suspension of operations over a long time period at Fuji Oil Co., Ltd., Fuji Vegetable Oil and other Group company plants.	↓ ↓ ↓
			Response approach ●Formulate a BCP incorporating a framework that leverages complementary strengths throughout the Group, prepare a response manual in the event of a crisis, and encourage risk transfer through the use of insurance					
Physical risk	Chronic risk	Concerns over global shortages of major raw materials and soaring prices	Risk of drastically decreasing yields of major raw materials due to reduced cultivated acreage, extreme weather, and increases in diseases and pests caused by a rise in the average global temperature, resulting in global shortages of major raw materials and soaring prices	Decrease in the amount of major raw materials that can be procured	With no hope of increasing cultivated acreage because of tighter forest development restrictions, the yields of the Group's major raw materials such as palm oil, cocoa, and soybeans will be at the same level as they are now, while demand rises with the rise in global population, causing a global supply shortage where some major raw materials cannot be procured. This may disrupt production of Group products and result in a decline in sales.	↓ ↓	The rise in the average global temperature will shift the suitable lands for cultivation of the Group's major raw materials such as palm oil, cocoa, and soybeans, and reduce cultivated acreage, resulting in decreasing yields of major raw materials, while demand rises with the rise in global population, causing a severe global supply shortage where most major raw materials cannot be procured. This may seriously disrupt production of Group products and result in a significant decline in sales.	↓ ↓ ↓
			Response approach ●Improve sustainability of raw material procurement and strengthen supply sources ・Continue with our supplier engagement ・Carry out our programs on farming guidance and agricultural support to improve productivity, such as by improving unit crop yields of farmers ・Diversify our raw materials ・Encourage boosting productivity through breeding research, in collaboration with academic institutions, governments, and industries					

Opportunity

Item	Details		Financial impact	Assessment of financial impact around 2050 (↓: Negative impact; ↑: Positive impact; the number of ↓ and ↑ arrows shows the level of impact)			
				2°C scenario		4°C scenario	
				Details	Impact level	Details	Impact level
Market	Expanded PBF* market * PBF: Plant-based food	Opportunity to increase sales of Group products in the alternatives market for meat and dairy products (e.g. milk, cream, butter, cheese) because of the expected growth in demand for PBF products and expansion of the PBF market, due to heightened environmental awareness, increased ethical consumption, and a shortage of livestock meat supply, all of which lead to further expansion of the range of uses of alternative and hybrid technologies, the Group's core strengths	Increased sales in the meat and dairy alternatives market	Consumption of meat and dairy alternatives will thrive and the global market for such alternatives is expected to grow dramatically mainly among Millennials, Generation Z, and vegetarians. These are the groups who attach greater importance to sustainability and reflect their value system in their consumption behavior, and who hold the view that raising livestock requires large amounts of feed, water, and land, causing water shortages and deforestation, and adversely affecting climate change. In light of such opportunities, leveraging the Group's core strengths in distinctive and combined technologies as well as co-creation with customers may enhance our products' competitiveness through plants that provide better flavor, richness of taste, and aroma, resulting in increased sales for the Group.	↑ ↑ ↑	While the demand for meat is expected to increase mainly in low- and middle-income countries because of global population growth, economic development, and dietary changes, more severe extreme weather events due to climate change, such as droughts and floods, will adversely impact livestock production, resulting in a global shortage of meat supply. The increased demand for meat substitutes to make up for this shortage is expected to trigger the growth of the meat alternatives market, which may lead to increased sales for the Group.	↑ ↑
Resilience	Response to new health issues caused by climate change	As climate change gives rise to new health issues, such as the spread of infectious diseases and heat stroke, consumer needs for highly nutritious and high-protein foods to prevent these problems and improve immunity have grown. Opportunity to increase sales of Group products by leveraging new and existing technologies from the Group's R&D, to respond to the expected demand and market expansion for lactic acid bacteria, DHA/EPA, polyphenols, proteins and peptides	Increased sales due to growing consumer needs for highly nutritious and high-protein foods to improve immunity	Global-scale climate change has shifted the temperature region of infectious diseases such as dengue fever and malaria, causing infectious disease outbreaks in countries and regions where they have never occurred until now, as well as new health issues such as higher cases of heat stroke. These have led to growing consumer needs for highly nutritious and high-protein foods to prevent these problems and improve immunity, and resulting in the expected demand and market expansion for lactic acid bacteria, DHA/EPA, polyphenols, proteins and peptides. Under these circumstances, leveraging new and existing technologies from the Group's R&D in the polysaccharide business, stabilized DHA/EPA business, and other functional high-value-added products businesses, as well as the chocolate business, may lead to increased sales for the Group.	↑ ↑	Global-scale climate change has shifted the temperature region of infectious diseases such as dengue fever and malaria, causing infectious disease outbreaks in countries and regions where they have never occurred until now, as well as new health issues such as higher cases of heat stroke. These have led to growing consumer needs for highly nutritious and high-protein foods to prevent these problems and improve immunity, and resulting in the expected demand and market expansion for lactic acid bacteria, DHA/EPA, polyphenols, proteins and peptides. Under these circumstances, leveraging new and existing technologies from the Group's R&D in the polysaccharide business, stabilized DHA/EPA business, and other functional high-value-added products businesses, as well as the chocolate business, may lead to increased sales for the Group.	↑ ↑

Response approach

- Seize the opportunity opened up by the changing needs and market forces, such as rising health consciousness and ethical awareness due to climate change impacts, to promote our Plant-Based Food Solutions, which uses plant-based food ingredients to solve social issues
- We will revise our business portfolio and conduct overall optimization of production sites in anticipation of future changes in business conditions, by developing the framework necessary to promote product development and business strategies that accurately capture the trends in market needs.
- We will strengthen our efforts to share and address global issues through the construction of a global R&D network. We will also strengthen co-creation activities with customers and open innovation with universities and research institutions worldwide, with the aim of speeding up the growth of new businesses and acquiring technologies that are currently not in our portfolio.

— Business continuity plan (BCP)

As a company engaged in the food industry, which is vital to human life and indispensable to daily living, it is the Fuji Oil Group's social responsibility to keep delivering products to customers even in crisis. To that end, a business continuity plan (BCP) is essential. 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 awareness-raising

The Production Productivity Management Group's Risk Management Team at Fuji Oil Holdings Inc. conducts risk management education and awareness-raising activities for our Group companies through regular visits, video conferences, etc. In this way, we firmly establish the risk management PDCA cycle and improve the quality of risk management at each Group company. With the spread of COVID-19 pandemic in FY2020, we conducted reviews together with each Group company to see whether the company's response was adequate in terms of ensuring employee safety and business continuity. Based on the results, we formulated a BCP for infectious diseases. In addition, we provided training to newly posted overseas employees 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. Through these activities, we strive to raise our employees' risk awareness and their sensitivity to risks.

Information Security Management

Management information

— Relevance to our business

Risk management is important for the 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 important to rigorously protect not only the company's management data but also the data from customers and employees.

— Basic approach

The Fuji Oil Group works to improve its security level in order to safeguard its information systems against surrounding threats, and to protect and maintain the confidentiality, integrity and availability of its information assets. We formulated the 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.

— Management system

The Chief Financial Officer (CFO) oversees initiatives in this area. A Chief Information Management Officer and a Computer Security Incident Response Team (CSIRT) were established under the CFO. The CSIRT also appointed a person in charge of information management and a person in charge of information security for each Group company. We aim to systematically raise the information security level of all Group companies, with the advice of external experts.

The ESG Committee,^{*1} an advisory body to the Board of Directors, has been monitoring the progress and results of initiatives as a material ESG issue.^{*2} The ESG Committee reports insights to the Board of Directors for review.

*1 Follow the link below to learn more about the ESG Committee.

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

*2 Follow the link below to learn more about material ESG issues.

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

— Goals / Results

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

FY2020 Goals	FY2020 Results	Self-assessment
Achieve COBIT* Level 4 information security management maturity model	<ul style="list-style-type: none"> Conducted internal security audits at eight Group companies with especially large business impacts, which were picked out among other companies from the standpoint of sales and the need for handling personal information Conducted detailed security assessment for all Group companies and set up a PDCA cycle for correction and improvement at each Group company Achieved COBIT Level 4 	○

* Control Objectives for Information and Related Technologies. A framework for assessing the maturity level of IT governance on a scale of 0 to 5. The highest maturity level is 5 (Optimizing). We were at Level 3 as of April 2020.

Analysis

COBIT Level 4 requires the ability to demonstrate implementation of activities that guarantee IT security, to measure the status of information asset protection and IT security assurance compliance, and to be ready to implement improvements when necessary. The internal security audit was adopted to meet these requirements. It clarified operational issues that could not be found through security measures other than auditing. We were also able to confirm its effectiveness as a measure for enhancing the level of security.

— Next step

We recognize the existence of systems outside the control of the IT Division in some Group companies and the lack of security management for these systems as our issues for IT security management. To address these issues, we set the following goal for FY2021.

- Continue to conduct internal security audits that reflect risk trends and expand the scope of audited systems under the control of the IT Division

| Specific initiatives

— Education

Since FY2018, we have been conducting IT security awareness training for Group company employees mainly by e-learning. The participation rate in FY2020 was 97.5%. We will work to develop the content of the training and encourage participation with the aim of achieving 100% participation in the future.

— Internal security audit

Since FY2020, we have been conducting internal security audits at Group companies in order to assess the state of compliance with security requirements together with explicit evidence, and to set up a PDCA cycle for correction. Eight companies were audited in the first year, from a 15-point perspective. Going forward, we will increase the number of target companies and broaden the perspective for auditing.

Compliance

Management information

— Relevance to our business

As a member of the global community, the Fuji Oil Group believes in the importance of conducting fair and transparent business activities. To that end, we are engaged in various measures related to compliance throughout the Group.

— Basic approach

The Fuji Oil Group believes it is important that we act with high ethical standards not only to comply with laws and regulations as well as internal policies and rules in daily business operations but also to meet the expectations and needs of society (stakeholders). This notion of compliance is embedded in the Fuji Oil Group Management Philosophy,^{*} which we formulated in October 2015. Furthermore, we defined the Fuji Oil Group Three Principles of the Code of Conduct to clarify specific behavior that all Group members are expected to display in order to ensure compliance.

^{*} Refer to the link below for the Fuji Oil Group Management Philosophy.

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

Fuji Oil Group Three Principles of the Code of Conduct

1. Follow the rules.
 - Observe the laws and regulations applicable in the respective countries and regions.
 - Act according to the rules and procedures established by the company.
 - Follow social norms and live up to society's expectations and trust.
2. Act honestly.
 - Act on one's own conscience.
 - Do not hide one's mistakes or failures.
 - Give reports and explanations which are properly based on the facts, and in a timely manner.
3. Act fairly.
 - Engage in fair and proper transactions.
 - Draw a line between public and private matters and do not commit any illegal conduct.
 - Respect the human rights of the people involved in business activities and consider racial, gender, and religious sensitivities.
 - Do not do anything that may lead to constraint, bribery, or any other form of corruption.
 - Do not allow any antisocial forces to intervene and disrupt the workplace.

— Management system

Under the supervision of the Chief Administrative Officer (CAO), the Legal Affairs Department of Fuji Oil Holdings Inc. plans various measures to increase compliance awareness and works to improve compliance issues throughout the Group. Moreover, the Fuji Oil Group has set compliance as a material ESG issue^{*1} from FY2021. We assess the compliance risks in our business operations and formulate measures against bribery, corruption, and other risks, while the ESG Committee,^{*2} which is an advisory body to the Board of Directors, confirms the progress and results of initiatives. The ESG Committee reports insights to the Board of Directors for review.

^{*1} Follow the link below to learn more about material ESG issues.

➤ <https://www.fujioilholdings.com/en/sustainability/materiality/>

^{*2} Follow the link below to learn more about the ESG Committee.

➤ <https://www.fujioilholdings.com/en/sustainability/approach/>

— Next step

We recognize that to strengthen our compliance, we need to develop a compliance risk management system (including prevention of bribery and other corruption) for the entire Group. To address this issue, we set the following goals for FY2021.

- Strengthen collaboration with the Legal Affairs Department of Fuji Oil Holdings Inc. by appointing staff responsible for legal affairs at the regional headquarters or their subsidiary Group companies
- Have regional headquarters or their subsidiary Group companies conduct a self-assessment on compliance management, and have the Legal Affairs Department of Fuji Oil Holdings Inc. review the results
- Conduct compliance training

| Specific initiatives

— Training

Business Ethics Guidelines

We established the Fuji Oil Group Business Ethics Guidelines. Based on the Fuji Oil Group Management Philosophy, these guidelines explain the importance of ethics and compliance using representative case studies encountered in daily duties. The guidelines comply with laws and regulations of the countries and regions in which we operate, and are available in nine languages spoken there. The guidelines are distributed to employees in booklet and PDF forms.

Compliance training

We have been conducting Groupwide e-learning training globally on key compliance issues, including anti-bribery, anti-corruption, and antitrust laws, as well as laws and regulations related to fair business transactions, with the aim of enhancing compliance sensitivity of all Fuji Oil Group employees. In FY2021, we plan to conduct the training in nine languages. In addition, the Legal Affairs Department collaborates with the Human Resources Department and other related departments to provide the necessary compliance education for the departments that need them through face to face trainings or e-learning.

— Monitoring

We have been monitoring Group companies both in and outside Japan, in cooperation with Audit & Supervisory Board members and departments responsible for internal audits. Moreover, the Legal Affairs Department of Fuji Oil Holdings Inc. endeavors to identify compliance risks and verify the status of the compliance activities by reviewing the results of self-assessments and conducting interviews with each Group company.

— Whistleblowing system

The Fuji Oil Group Whistleblower Hotline and a whistleblowing hotline outsourced to an outside law firm are in place at Group companies in Japan. As part of efforts to promote fair transactions, third-party partners in some limited areas are provided with access to the Fair Trade Helpline, which operates as a whistleblowing contact point.

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

We created an environment that facilitates reporting both in and outside Japan by appointing an outside organization that ensures the confidentiality and anonymity of informants and accepts reports 24 hours a day, 365 days a year.

Fuji Oil Holdings Inc.'s whistleblowing regulations prohibit the dismissal and unfair treatment of an employee due to the whistleblowing. They also stipulate that those who have unfairly treated or harassed a whistleblower may be punished in accordance with the work regulations 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 whistleblower. We also conduct a Groupwide yearly survey on the whistleblowing system to ensure that the whistleblowing system is well known and to improve its operation.

— Corruption prevention

Preventing bribery and corruption is one of our key compliance issues related to fair transactions. We have established the basic regulations for preventing bribery that prohibit acts of bribery throughout the Group.

Moreover, to ensure that our business partners who conduct business on behalf of the Group strictly comply with the basic regulations for preventing bribery, we also perform proper due diligence prior to making transactions and take the necessary precautions, such as including anti-bribery and anti-corruption clauses in contracts with our business partners.

Furthermore, we plan to conduct bribery risk assessments at each Group company in FY2021.

To instill these anti-bribery policies and measures throughout the Group, we have also focused our efforts on education and raising awareness of bribery. The Fuji Oil Group Business Ethics Guidelines comprehensively cover bribery and corruption prevention along with case examples. We also provide e-learning and face to face trainings for employees.

In addition, employees can use the whistleblowing system described above to anonymously raise concerns and grievances related to bribery and corruption in the company.

— Political donations

The Fuji Oil Group does not make political donations.

— Compliance with laws and regulations

There were no serious violations of laws or regulations linked to the Fuji Oil Group's business operations in FY2020.

Related documents

ESG Data Book (PDF 400KB)



Group Governance

Management information

— Relevance to our business

The Fuji Oil Group began expanding to overseas markets on a full scale in the 1980s, and has major business sites in 14 countries around the world (as of July 2021). 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 pure holding company structure since October 2015. We believe that Group governance is essential as the basis of Group management.

— Basic approach

To mark our transition to a holding company structure in October 2015, we established the Fuji Oil Group Management Philosophy* to ensure that our corporate values are shared among all Fuji Oil Group employees.

To put the Group Management Philosophy into practice, we formulated Group policies for managing the Group and building an effective Group governance system.

* Refer to the link below for the Fuji Oil Group Management Philosophy.

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

— Management system

The Chief Strategy Officer (CSO) oversees initiatives in the area. The ESG Committee,^{*1} an advisory body to the Board of Directors, monitors the progress and results of initiatives as an ESG material issue.^{*2} The ESG Committee reports insights to the Board of Directors for review.

*1 Follow the link below to learn more about the ESG Committee.

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

*2 Follow the link below to learn more about material ESG issues.

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

— Goals / Results

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

FY2020 Goals	FY2020 Results	Self-assessment
Develop a management execution system according to the Group policies	<ul style="list-style-type: none"> Appointed the Directors and Executive Officers of Fuji Oil Holdings Inc. as Directors of companies acting as regional headquarters, to monitor the status of their business execution as the members of their Board of Directors Appointed the officers in charge of business and specialized functions at Fuji Oil Holdings Inc. and companies acting as regional headquarters as Directors of each Group company, to provide guidance in promoting business and specialized functions 	○
Promote understanding of the Group Management Philosophy and Group policies	<ul style="list-style-type: none"> Posted messages from Executive Officers of Fuji Oil Holdings Inc. as well as reports on initiatives to advance the Group Management Philosophy on the company intranet for Group employees. Explained the Group policies and communication tools during pre-departure training of employees to be assigned overseas to manage Group companies, with the goal of fostering communication between Fuji Oil Holdings Inc. and Group companies. 	△

Analysis

Although we were able to establish councils and develop communication methods with each Group company to gain further understanding of the Group Management Philosophy and Group policies, changes in working conditions due to the coronavirus (COVID-19) outbreak, such as the shift to working from home, have made it difficult to maintain effective communication methods between Fuji Oil Holdings Inc. and each Group company in some areas. We have to look for communication methods that work effectively even during the pandemic.

We have to further develop the management cycle for improving Group governance. This includes self-assessment on various measures by Fuji Oil Holdings Inc., studying the monitoring items for each area and business, and defining the criteria for selecting Directors at each Group company.

— Next step

We recognize that to enhance the Group governance system, we need to strengthen the management cycle of management supervision and business execution between Fuji Oil Holdings Inc. and Group companies. To address this issue, we will work on the following goals in FY2021 as we formulate a new medium-term management plan.

- Amend Group policies to clarify the responsibilities and scopes of authority of supervisory and executive roles in the Fuji Oil Group
- Reset communication methods with regional headquarters for instilling the Group Management Philosophy and ensuring implementation of Group strategies
- Strengthen coordination with the Internal Audit Group for confirming the status of management execution (execution monitoring)

Specific initiatives

— Internal control system

The Internal Audit Group conducts internal control audits and operational audits, while the functional groups conduct separate operational audits.

For the operational audits, we conduct remote audits using system data analysis and online conference systems to assess and confirm the effectiveness of internal control systems, even when the COVID-19 situation does not allow for site visits.

Corporate Governance

Management information

— Relevance to our business

Aside from making accurate judgments and acting timely and decisively on each business decision, the Fuji Oil Group monitors the direction of its business and the health of its operations in a timely manner. We do this to respond to the expectations and demands of society and stakeholders, and to keep further improving our corporate value. Our stakeholders include shareholders, investors, customers and business partners. Corporate governance is the practice of creating a system and actually running the system for that purpose. We believe that it is crucial to constantly improve this system in order for the Group's business to develop steadily and continuously.

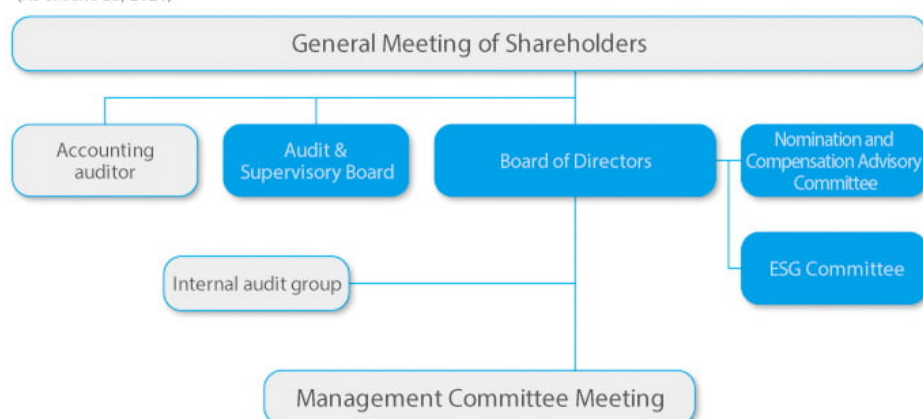
— Basic approach

Through effective corporate governance, the Group aims to prevent 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 enhancement of corporate value over the medium to long term. We position corporate governance as an important mechanism for ensuring transparent, fair, timely and decisive decision-making process and business operations to meet the expectations of society as well as stakeholders. To accelerate decision-making, the Group shifted its management structure to a pure holding company in 2015, with the authority delegated to regional headquarters, which are operating companies. Meanwhile, Fuji Oil Holdings Inc. formulates strategies for Group management and manages Group companies from a global perspective. We recognize that maintaining a good balance between management and this delegation of authority while carrying out business operations is an important factor that should fall under the purview of corporate governance.

> [Fuji Oil Holdings Corporate Governance Guidelines \(PDF, 74KB\)](#) 

Corporate governance structure

(As of June 23, 2021)



Committee composition and chairpersons

Committee	Chairpersons	Total number of members	Internal directors	Independent outside directors	Outside director	Standing Audit & Supervisory Board member	Outside Audit & Supervisory Board member
Board of Directors	President and CEO	12	4	3	1	2	2
Nomination and Compensation Advisory Committee	Independent outside directors	5	2	3	—	—	(Observer)
Audit & Supervisory Board	Standing Audit & Supervisory Board member	4	—	—	—	2	2
ESG Committee	Internal directors (responsible for ESG management)	4	4	—	—	—	(Advisor)

— Management system

In the Board of Directors, a Board Secretariat under the Chief Administrative Officer (CAO) is responsible for planning and administrating the Board of Directors. The Secretariat communicates and coordinates with relevant functions and business divisions within the company, or considers the recommendations of Directors and Audit & Supervisory Board members, to set the agenda and deliberations of the Board of Directors meetings. The Secretariat also appoints a third-party institution every year to evaluate the effectiveness of the Board of Directors through questionnaires and interviews with Directors and Audit & Supervisory Board members, and provides the results as feedback to the Board of Directors. In response to this feedback, the Board of Directors deliberates on necessary measures that will further enhance corporate governance and issues directives for execution. Monitoring is then carried out to verify proper execution of these directives. Through this management PDCA cycle, the Board of Directors strives to enhance corporate governance.

The ESG Committee and Nomination and Compensation Advisory Committee were established as advisory bodies to the Board of Directors. The ESG Committee deliberates on issues material to the Fuji Oil Group to carry out ESG management, reports the results of its deliberations, and makes recommendations to the Board of Directors. The Nomination and Compensation Advisory Committee is formed by a majority of independent outside directors, including its chairperson. This Committee deliberates on matters referred to it by the Board of Directors, such as the appointment and dismissal of the CEO, succession plans, and setting director compensation systems from the perspective of ensuring transparency and objectivity, and reports the results of its deliberations to the Board of Directors.

— Goals / Results

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

FY2020 Goals	FY2020 Results	Self-assessment
Enhance management of the Board of Directors by further strengthening its monitoring function	<p>After careful deliberations on specific measures to properly fulfill its monitoring function, the Board of Directors selected the following as key monitoring targets.</p> <ul style="list-style-type: none">• Suitability of the process for formulating the new medium-term management plan (e.g. the process for setting out medium- to long-term strategies)• Status of activities related to compliance and information security• Measures related to personnel development for the next generation of leaders	△

Analysis

The Board of Directors holds ongoing discussions to identify corporate governance issues and measures that should be taken to address these issues. Based on these discussions, the Board sets the agenda for matters that need further deliberations. Through this process, the Board of Directors strives to deepen discussions and ensure the effectiveness of its corporate governance enhancement.


— Next step

In FY2021, we set the target of establishing the Board of Directors as a function focused on supervising (monitoring) corporate management.

More specifically, we recognize our ongoing issues as developing more in-depth medium- to long-term strategic discussions (and reflecting the results in the new medium-term management plan), strengthening Group governance (taking control of the situation through the Internal Audit Group, giving directions and following up on the necessary measures), and establishing a governance structure that is in line with the revisions of Japan's Corporate Governance Code and the reorganization of the Tokyo Stock Exchange into new market segments. These issues will be deliberated by the Board of Directors.

* Refer to the following webpage and documents for details on other governance structures.

➤ Governance

➤ Corporate Governance Report (PDF, 506KB) 

➤ NOTICE OF THE 93RD ORDINARY GENERAL MEETING OF SHAREHOLDERS (PDF, 201KB) 

Related documents

ESG Data Book (PDF 400KB) 

External Recognition

The Fuji Oil Group's ESG initiatives have earned recognitions and awards from external organizations. The following is a list of examples.

Overall ESG

- September 2020: Grand Prize in the ESG category of the 2nd The Japan Times Satoyama & ESG Awards 2020



Inclusion in ESG indexes

- June 2021: Listed in the MSCI Japan ESG Select Leaders Index (fifth consecutive year), MSCI Japan Empowering Women (WIN) Index (third consecutive year), and MSCI Japan Empowering Women (WIN) Select Index (third consecutive year)
- June 2021: Listed in the S&P/JPX Carbon Efficient Index (fourth consecutive year)
- June 2021: Listed in the FTSE4GOOD Developed Index, FTSE4GOOD Japan Index, and FTSE Blossom Japan Index

2021 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2021 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

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FTSE4Good



FTSE Blossom
Japan

Communication with society

- November 2020: IR Special Award and "Most Liked!" Award in the 25th IR Award 2020 organized by the Japan Investor Relations

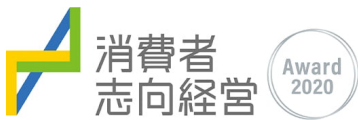
Association

- February 2021: Award of Excellence in the 23rd Nikkei Annual Report Awards organized by Nikkei Inc. (third consecutive year)
- February 2021: Selected as an Excellent Integrated Report by domestic equity asset managers of Japan's Government Pension Investment Fund (GPIF)



Creative food solutions

- May 2020: Industrial Technology Award from the Osaka Industrial Research Association
- June 2020: Top prize in the 5th Japan Vegetarian Awards organized by the Japan Vegetarian Awards Committee
- December 2020: Chosen for the Commissioner's award (special category) for setting a good example of a consumer-oriented business by the Consumer Affairs Agency
- February 2021: Legend Award in the 2020 Sustainability Awards organized by the Japan's Ministry of Agriculture, Forestry and Fisheries
- April 2021: Silver medal in an award program organized by Bone and Joint Japan



Environment

- December 2020: Triple A (highest rating) in CDP A List 2020, scoring an "A" in all three categories: forests, climate change, and water security
- February 2021: Leaderboard (highest rating) in CDP Supplier Engagement Rating 2020



Women's empowerment

- March 2017: Commended by the Osaka City Mayor as a Leading Company in Women's Participation in Osaka City (certification in city program renewed in November 2019)
- August 2017: "Platinum Kurumin" certification from Japan's Ministry of Health, Labour and Welfare



Health management

- February 2021: Listed in national rankings of Great Place to Work in Brazil
 - Harald Indústria e Comércio de Alimentos Ltda (Brazil)
- March 2021: Named among the top 500 in the large enterprises category (White 500) of the 2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi
 - Fuji Oil Holdings Inc. (fourth consecutive year)
 - Fuji Oil Co., Ltd. (fourth consecutive year)
 - Fuji Sunny Foods Co., Ltd. (third consecutive year)

Named among the top 500 in the SME category (Bright 500) of the 2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi

- Fuji Tsukuba Foods Co., Ltd.

Recognized in the SME category of the 2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi

- Fuji Tsukuba Foods Co., Ltd. (third consecutive year)
- Omu Milk Products Co., Ltd. (third consecutive year)

