

Sustainability Report

2024

FUJI OIL GROUP



Sustainability

Sustainability
Report
Download

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Fuji Oil Group's Value Proposition



FY2023 Initiatives on Material ESG Issues

Material ESG issues
Priority action



Biodiversity

- Biodiversity Conservation and Restoration

Sustainable Procurement

- Sustainable Procurement of Palm Oil
- Sustainable Procurement of Cocoa
- Sustainable Procurement of Soybeans
- Sustainable Procurement of Shea Kernels

Business Foundations

Social & Governance

Occupational Health and Safety

- Reducing Occupational Accidents and Property Damage

DE&I

- Promotion of DE&I

Securing and Developing Human Resources

- Securing and Developing Human Resources

GRC

- Risk Management System
- Information Security Management
- Fair Business Practices
- Group Governance
- Corporate Governance

Initiatives on Other Social Issues

- Plastic Use in Product Packaging
- Co-existence with Local Communities
- Employee Health (Health and Productivity Management)



FTSE4Good



FTSE Blossom
Japan Index



FTSE Blossom
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External Recognition





Reports and Related Information

Sustainability Report >

Integrated Report >

ESG Data Book (2.85MB) 

GRI Content Index (475KB) 

Greenhouse Gas Emissions Verification Statement (2.84MB) 

Sustainability Report Editorial Policy >

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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

GRI : 2-2, 3, 5, 6

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. The scope of the report focuses on consolidated subsidiaries and equity-method affiliates. The Sustainability Report complements the sustainability 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>List of Group companies (PDF, 2.85MB) </p>
Period covered	<p>Report on FY2023 activities</p> <p>April 1, 2023 – March 31, 2024</p> <p>The contents on governance of this report are based on information as of June 2024.</p> <p>Some activities conducted outside the above-mentioned period are also included.</p>
Date of publication	<p>September 6, 2024 (Japanese version)</p> <p>October 30, 2024 (English and Chinese versions)</p>
Guidelines for reference	<p>GRI Standards</p> <p>This report complies with the GRI Standards.</p> <p>IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information</p> <p>Referring to the standards developed by the International Sustainability Standards Board (ISSB) under the International Financial Reporting Standards (IFRS) Foundation, this report consists of the "Governance," "Risk management," "Strategy," and "Metrics and targets" sections for each priority action on ESG material issues.</p>
How to determine disclosure information based on GRI	<p>The Sustainability Report 2024 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) Our material ESG issues* are those found through materiality mapping to have the highest impact, either the Fuji Oil Group on the society or the environment, or the social or environmental issue on the Fuji Oil Group. We examine these themes at the Group level and disclose information.</p> <p>(2) For other issues, we examine them at related companies and divisions and disclose information that may influence the decision making of stakeholders.</p> <p>* https://www.fujioilholdings.com/en/sustainability/sustainability_management/</p>
Third Party Verification	<p>More than 70% of the data on total Scope 1 and Scope 2 CO₂ emissions as well as data on Scope 3 category 1 CO₂ emissions have been verified by a third party to ensure that the information is correct.</p> <p>* Each image is linked to a PDF file.</p>



Greenhouse gas emissions Verification Statement



16 July 2024

FUJI OIL HOLDINGS INC.

Japan Management Association
GHG Certification Center
Chiga Maruo, Senior Executive



1. Objective and Scope of Verification

Japan Management Association GHG Certification Center (JMACC) 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 greenhouse gas (GHG) emissions within the organizational boundary⁽¹⁾ in its fiscal year 2023 Monitoring Report (hereinafter, referred to as "the Report") from 1/April/2023 to 31/March/2024.

- SCOPE 1 GHG emissions;
Direct CO₂ emissions within the organizational boundary by using natural gas, city gas, LPG, diesel oil, kerosene and gasoline
- SCOPE 2 GHG emissions;
Indirect CO₂ emissions within the organizational boundary by using electricity, heating and cooling

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 procedure⁽²⁾, and to express our views as a third party. The Organization's responsibility is to make the Report and report the monitoring data, and JMACC's responsibility is to express our views on the monitoring data of the Report as a third party.

2. Procedure of Verification

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

- Assessment regarding to the information to specify the GHG emissions in the Report, monitoring procedure, monitoring system and related documents
- Interviews with persons in charge of preparing the Report
- Verifying the evidence for confirmation of the accuracy of GHG emissions by sampling

GHG emissions Verification Statement (16 Jul. 2024)	Japan Management Association GHG Certification Center 3-1-21 Shiba-koen, Minato-ku, Tokyo 106-8522 (JMACC)	Page	1 / 2
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3. Conclusion of Verification

Within the scope of the verification activities employing the methodologies mentioned above, nothing has come to our attention that caused us to believe that Organization's GHG emissions in the Report of fiscal year 2023 were not calculated and reported in conformance with the criteria.

NOTE:

- ※1: Japan: FUJI OIL CO.,LTD. Hannan Business Operations Complex,
FUJI OIL CO.,LTD. Chiba Plant,
FUJI OIL CO.,LTD. Kanto Plant,
FUJI OIL CO.,LTD. Kobe Plant,
FUJI SUNNY FOODS CO., LTD.
Overseas: FUJI OIL (SINGAPORE) PTE. LTD.,
WOODLANDS SUNNY FOODS PTE. LTD.,
PALMAU/ EMBLE OIL SDN. BHD.,
FUJI OIL (ZHANG JIA GANG) CO., LTD.,
TIANJIN FUJI PROTEIN CO., LTD.,
FUJI VEGETABLE OIL, INC.,
BLOMMER CHOCOLATE COMPANY (Gans Green's (its facility),
HARALD INDUSTRIA E COMERCIO DE ALIMENTOS LTDA.,
FUJI OIL EUROPE,
FUJI OIL GHANA LTD.

- ※2: Monitoring procedure: "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver.2.6)" and "monitoring procedures" prepared by the organization.

- ※3: Refer to the Attachment for the Verified GHG emissions of organizational boundary.

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Greenhouse gas emissions Verification Statement



19 July 2024

FUJI OIL HOLDINGS INC.

Japan Management Association
GHG Certification Center
Chiga Maruo, Senior Executive



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- SCOPE 3 GHG emissions;
CO₂ emissions within the category 1 of SCOPE 3⁽²⁾

The objective of this verification is to confirm that the monitoring data in the Organization's applicable scope have been correctly calculated and reported in line with the criteria of the monitoring procedure⁽³⁾, and to express our views as a third party. The Organization's responsibility is to prepare the Report and report the monitoring data, and JMACC's responsibility is to express our views on the monitoring data of the Report as a third party.

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NOTE:

- ※1: Japan: FUJI OIL CO.,LTD.,
OMU MILK PRODUCTS CO., LTD.,
FAF CO., LTD.
Overseas: FUJI OIL (SINGAPORE) PTE. LTD.,
WOODLANDS SUNNY FOODS PTE. LTD.,
PALMAU/ EMBLE OIL SDN. BHD.,
FUJI OIL (THAILAND) CO., LTD.,
PT. PRIYAKASH NIDRYATAMA,
FUJI GLOBAL CHOCOLATE (M) SDN. BHD.,
FUJI OIL (ZHANG JIA GANG) CO., LTD.,
FUJI OIL (GHAOQING) CO., LTD.,
TIANJIN FUJI PROTEIN CO., LTD.,
Blommer Chocolate Manufacturing (Shanghai) Company Ltd.,
FUJI VEGETABLE OIL, INC.,
BLOMMER CHOCOLATE COMPANY,
HARALD INDUSTRIA E COMERCIO DE ALIMENTOS LTDA.,
FUJI OIL EUROPE,
FUJI OIL GHANA LTD.

- ※2: Category 1 (Purchased goods and services): Emissions from activities up to manufacturing of raw materials and packaging for main products

- ※3: Monitoring procedure: "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver.2.6)" , "National Institute of Advanced Industrial Science and Technology IDEA Ver.3.3" and "Scope3 Category 1 monitoring rule" prepared by the organization

- ※4: Refer to the Attachment for the Verified GHG emissions of organizational boundary.

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Message from the CEO

GRI : 2-22

Pursuing the best in taste and plant-based ingredients to co-create a sustainable future for food



The Fuji Oil Group has sought the best in plant-based ingredients since its founding, and we have grown by contributing to the development of a more varied and better diet through our advances made with faith in technological innovation and a determination to not imitate others. The world today is facing many challenges related to food, from environmental issues like climate change and biodiversity loss, to food supply concerns as the global population grows, as well as human rights issues in the broad sense of ensuring people's health and well-being in their life. As the head of a company involved in the food that sustains life, I am committed to facing these issues and resolutely finding solutions. We have set forth our vision as "Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy."

With employees in 14 countries around the world uniting the Fuji Oil Group's strengths, we strive to solve social issues together with our stakeholders, and have positioned these endeavors as the Group's driver for growth as we work to create and expand a sustainable food system.

In Reborn 2024, our Medium-Term Management Plan, we designated the three-year period from FY2022 to FY2024 as one for strengthening our business platform so that we can evolve into a corporate group that creates new value, and have made enhancing sustainability one of our key policies. The Sustainability Committee is an advisory body to the Board of Directors that is working to create positive value for the environment and society while increasing medium- to long-term corporate value by closely linking material ESG issues to business strategies through deeper discussion.

Looking back at FY2023, thanks to the collective efforts of our employees we achieved our initial management targets for traceability to oil palm plantation^{*1} and CO₂ emissions reduction,^{*2} and will continue working to reach an even higher level. In sustainable procurement, 60% of palm oil sourced by our Group was RSPO-certified.^{*3} With an increasing demand for sustainable palm oil, in January 2024 we resolved to establish a joint venture company in Malaysia with Johor Plantations Group Berhad. We will further strengthen our system for a stable supply of high-quality and sustainable palm oil in order to meet the globally rising demand for RSPO-certified oil.

We have also been combining years of proprietary technologies to further develop plant-based food ingredients with the finest taste that only we can provide, and have created more variety and new opportunities that open up a wider level of choices in sustainable food. In the last fiscal year we introduced three new products to our Prime Soy Meat series, which boasts a meat-like fibrous texture and a melt-in-the-mouth quality, and won the Award for Excellence in the 2022 Nikkei Excellent Products and Services Awards. Following up from our 2021 plant-based tonkotsu-style soup, we also released a new seafood dashi product created utilizing our original MIRACORE® technology that gives plant-based ingredients the same satisfaction as animal-based foods. In the area of product sales, through a capital and business alliance we jointly launched "cotta tomorrow," one of Japan's largest websites for plant-based foods. The site has increased opportunities for consumers to directly experience healthy and delicious plant-based foods like soy milk cream butter. In the area of R&D, we are developing products and technologies that also focus on food for people in the future, such as ingredients that contribute to brain function and health, alternatives for palm oil and cocoa, and technologies for environmentally responsible food production.

In the food business, which requires a "glocal" perspective, each and every employee is a source for continuous new value creation that also solves social issues. For that reason, the material ESG issues of Securing and Developing Human Resources and DE&I are two important major themes in our Sustainability Management. Since 2022, I have held a total of 52 town hall meetings around the world and listened to the voices of employees working in many different places. The proactive determination of younger employees has made me extremely happy, and at the same time strengthened my resolve to meet their hopes and expectations. I will focus on developing and promoting human resources that can manifest their strengths globally, as well as create workplaces and opportunities for growth so that employees with diverse abilities and backgrounds can continue doing their best. To improve employee engagement and create a greater feeling of unity within the Group, in June 2024 we established the position of Chief Administrative Officer (CAO), and aim to

strengthen our human resources foundation that is interlinked with our management strategy from a medium- to long-term perspective.

Amid rapid changes in the external environment that surrounds businesses, more and more stakeholders — including employees, business partners, shareholders and investors — are now recognizing that solving issues related to the natural environment, health, job satisfaction, and sustainability should be positioned at the core of our management. In other words, synchronized corporate and social sustainability are two sides of the same coin when it comes to increasing corporate value sustainably. Moving forward, we will continue to strongly foster co-creation with all of our stakeholders as we establish traceable and sustainable food production globally. We also believe the technologies and products we have developed mainly in Japan to solve social issues also hold the potential to address sustainability issues globally. We will continue to rapidly deliver our unique solutions to food challenges in each country and region with the aim of realizing a sustainable future for food, and sustainable growth for the Group.



Mikio Sakai
Chair of the Sustainability Committee
President and CEO
Fuji Oil Holdings Inc.

*1 Traceability to plantation: FY2024 target of 85%; achieved 95% in FY2023

*2 Total CO₂ emissions (Scopes 1 and 2): FY2024 target of 23% reduction; achieved 29% reduction in FY2023 (base year: FY2016)

*3 Oil certified by the Roundtable on Sustainable Palm Oil

Message from the CFO and Information Disclosure Representative

GRI : 2-22

Enhancing communication and co-creation with stakeholders to increase corporate value sustainably



In order to balance social, environmental and economic value while growing sustainably as a company, the Fuji Oil Group engages in dialogue with diverse stakeholders.*¹ We continuously incorporate their expectations and social concerns into how we improve management and operate our business. Over the course of this stakeholder dialogue we explain to them our current Group policies and circumstances, which we believe helps foster trust and build a relationship for co-creation. For facilitating more constructive dialogue, we also realize that it is vital to disclose not only financial but also sustainability information in an easy-to-understand, clear and suitable way. This is a communication tool we are working towards.

Currently, the demand for sustainability-related information disclosure and the development of relevant standards are accelerating both in and outside Japan. We see this as a sign of how high societal interest in sustainability is, and at the same time as an expectation toward companies to demonstrate how they perceive environmental and social changes, as well as the related risks and opportunities, and to indicate whether they are growth-oriented from a medium- to long-term perspective. Furthermore, considering the shift in disclosure towards integrating financial and sustainability information, the trend moving forward will be to publish information in a form that meets the needs of multiple stakeholders — not only shareholders and investors, but customers, business partners and members of the next generation.

In this fiscal year's sustainability report, we have disclosed information on "Governance," "Strategy," "Risk management" and "Metrics and targets" for each material ESG issue priority action, referencing IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information released by the International Financial Reporting Standards (IFRS) Foundation, in addition to GRI standards.*² In a first trial, we have also begun disclosure of nature-related information based on the Recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD), to show our climate- and nature-related initiatives as integrally as possible.

Our Group has always grown by building relationships with all of our stakeholders through united efforts to solve social issues linked to food. We will continue to further co-creation with stakeholders in creating new value, and fulfill our accountability for the process and results, while striving towards highly transparent business activities and greater sustainable corporate value.



Sunao Maeda
Legal Division Representative and Information Disclosure Representative
Director, Senior Executive Officer
Chief Financial Officer (CFO)
Fuji Oil Holdings Inc.

*1 Stakeholder Engagement

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

*2 Referenced since 2010, compliant since 2020.

Governance, Strategy, Metrics and Targets, Risk Management

✓ Governance ✓ Strategy, metrics and targets ✓ Risk management

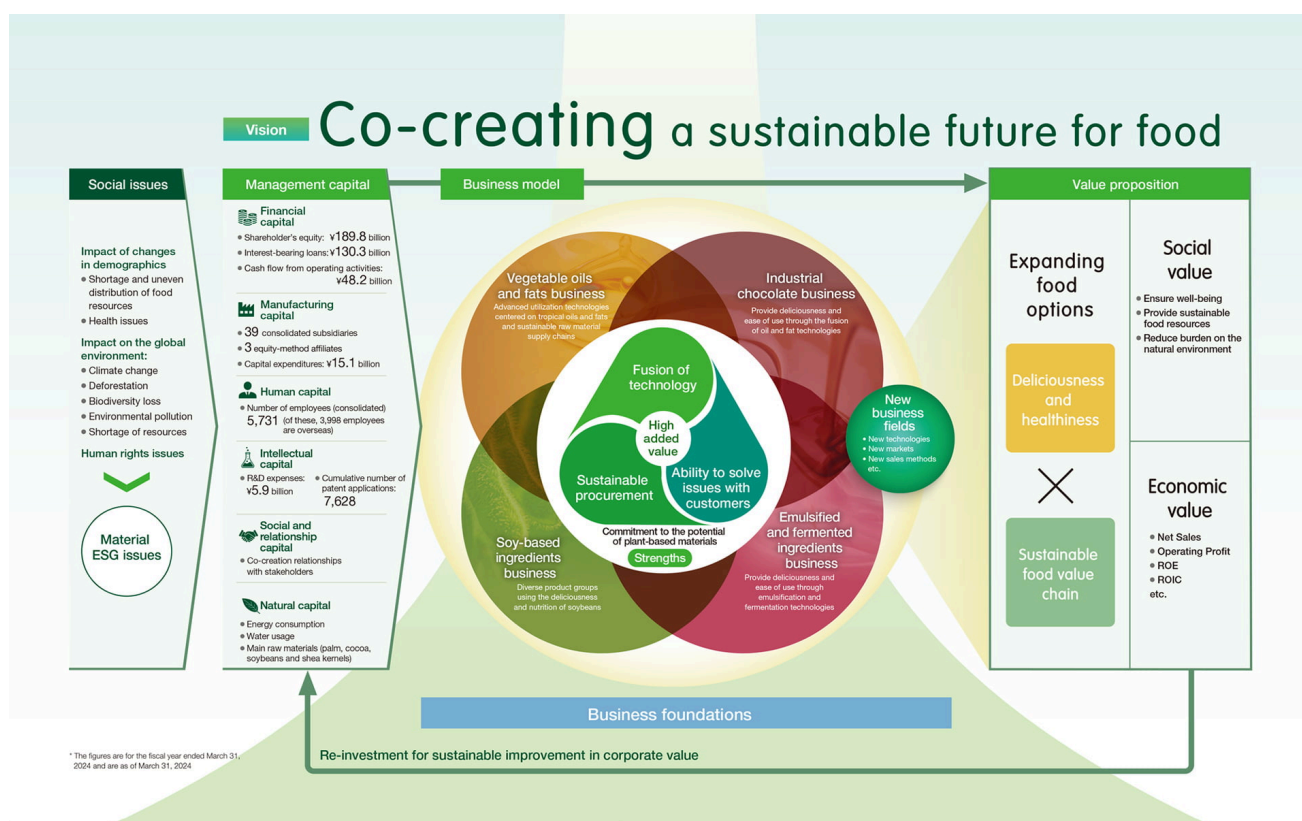
Fuji Oil Group's sustainability management

GRI:2-23

The Fuji Oil Group practices sustainability management through the efforts of all its employees, and aims to contribute to developing a sustainable society together with stakeholders based on its vision in the Fuji Oil Group Management Philosophy: "Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy." As a company with a midstream function in the food value chain, all our Group employees strive to quickly perceive social issues in the value chain related to the global environment, human rights, or personal wellbeing, in order to reduce risks and provide solutions that meet the expectations of all our stakeholders and create social value. By doing so, we believe that we can create a sustainable future for food and enhance corporate value for the Group. Deriving profit from valuable and timely product solutions and reinvesting that profit into the creation of more sustainable food systems, we can create a fast-moving virtuous cycle that achieves both sustainable business growth and development in society.

The Fuji Oil Group's value creation goals

Our Group aims to achieve a sustainable future for food by growing sustainably itself through a circular value creation process. We utilize our management resources based on our management strategy, combining the strengths of our four businesses to create products unique to our Group and develop value propositions. These value propositions become value for customers, and in turn value for consumers. Profits and cash flow are used to strengthen our financial base for sustainable growth, as well as reinvested in expanding our value propositions and creating new value, as we continue to help improve sustainability throughout the food value chain.



Board of Directors and Sustainability Committee

GRI:2-9, 12, 13, 14, 16, 24, 26, 3-3

Our Group is a company with an Audit and Supervisory Committee, and has established the Sustainability Committee^{*1} as an advisory body to the Fuji Oil Holdings Inc. Board of Directors to monitor the risks and opportunities related to sustainability. The Board of Directors^{*2} supervises, directs, and approves matters recommended by the committee, as well as decides on the direction of the Group over the medium to long term.

Based on our Sustainability Committee Rules, the committee meets at least twice a year to identify the material ESG issues from the medium- to long-term perspective of environmental and social sustainability and our sustainable corporate management. It also deliberates on and monitors the goals and strategies of material ESG issues from a multi-stakeholder perspective, and recommends to the Board of Directors. Moreover, the committee is responsible for receiving progress and performance reports on priority actions for each material issue, and providing advice and monitoring progress.

The committee is chaired by the CEO^{*3} and composed of chief officers with voting rights, other executive officers, the heads of each business division, outside directors and the ESG Advisor, and conducts deliberations from a medium- to long-term perspective while further enhancing the link between our business strategies and material ESG issues. Under this committee, we have the Subcommittee on Group Significant Risks to identify significant Group-wide risks and assess adequacy of the strategies for managing them, with the goal of systematically reducing the risks that can damage the Group's corporate value.

^{*1} Established in 2015, the ESG Committee was renamed in May 2022 to clarify its role in relation to the Board of Directors, which is responsible for corporate governance.

^{*2} Appointed a director with extensive knowledge on sustainability. Through executive training, the board is building the knowledge and expertise needed to ensure its monitoring function from an ESG perspective.

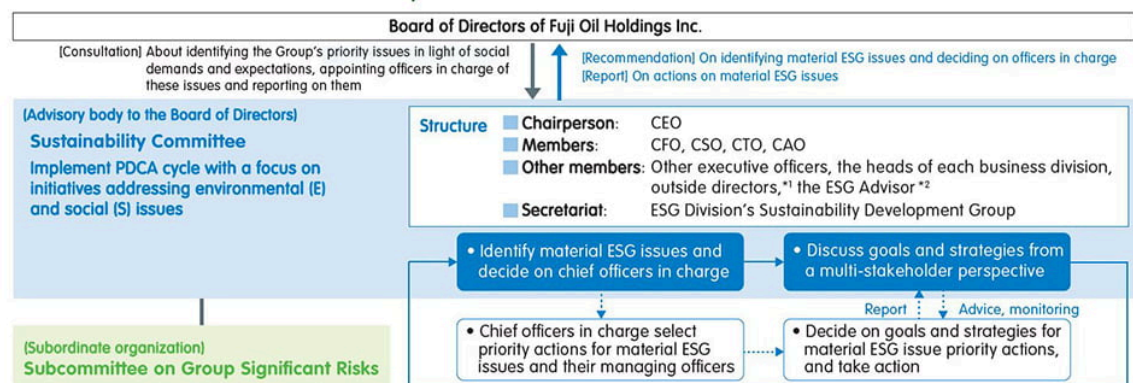
<https://www.fujioilholdings.com/en/about/governance/system/>

^{*3} Appointed as of June 27, 2024 following the election of officers.

Sustainability Committee: Matters deliberated in FY2023

Date of meeting	Matters for deliberation	Example discussions in recommendations and reports to the Board of Directors
First April 2023	<ul style="list-style-type: none"> Review FY2022 results of ESG initiatives Decide FY2023 ESG action plans 	Target levels for material ESG issues; initiatives for material ESG issues and how they lead to medium- to long-term corporate value
Second November 2023	<ul style="list-style-type: none"> Interim report on FY2023 ESG initiatives FY2024 material ESG issues and chief officers in charge 	Disclosure mediums and content; views on human capital management and promotion of DE&I
Third January 2024	<ul style="list-style-type: none"> Material ESG issue priority actions for FY2024 	The Group's approach to food safety and progress of current initiatives, such as priority actions set according to social interests and needs

The function of the Sustainability Committee (FY2024)



^{*1} Rie Nakagawa, outside directors

^{*2} Mariko Kawaguchi, the ESG Advisor

Director compensation (executive performance-linked cash remuneration) related to ESG

In FY2022, the Fuji Oil Group introduced an evaluation system pertaining to the executive performance of internal directors who concurrently serve executive roles (excluding the CEO). The purpose of this evaluation is to better clarify the executive responsibilities and achievements of individual directors and link their performance to compensation levels, considering that these directors are responsible for important and strategic business operations that impact the achievement of the Group's financial targets and improvements in our corporate value.

In this system, evaluations are carried out by the President and CEO based on the Group's business performance, the performance of the division overseen by each internal director, as well as the degree of achievement of metrics and targets set for specific priority issues and Group-wide material sustainability management issues relevant to their division. In line with the key policy of enhancing sustainability (sustainability strategy aligned with our management strategy) in Reborn 2024, our Medium-Term Management Plan, the ESG targets included in the executive evaluation are weighted at a fixed rate of 10% of the evaluation score. The same evaluation system is also applied to executive officers.

In FY2022, Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd. established guidelines for setting targets within the managerial system that are in line with management perspective for higher than section managers. Following these guidelines, targets are set for not only short-term profits but also non-financial areas set forth in the Medium-Term Management Plan, such as human capital and other sustainability-related themes, and these performance targets are appropriately weighted and included in evaluations.

ESG Award

In FY2017, the Fuji Oil Group established the ESG Award to annually recognize Group companies and departments that have contributed to sustainability management.

In FY2023, the award went to Fuji Oil Ghana Ltd. and the Kuala Lumpur team (Malaysia) of the Supply Chain Management (SCM) Group, which is in charge of managing the entire Group supply chain.

Fuji Oil Ghana Ltd. was recognized for having completely transitioned to non-fossil fuels, for its employees' continual skill development, and for its contribution to the empowerment of women farmers and parkland conservation through continuous communication with cooperatives in the Tebma-Kandu shea kernel sustainability program.

The highly specialized members of the SCM Group's Kuala Lumpur team conducted sustainable procurement activities based in the local area that have greatly contributed to increasing palm oil traceability to plantation and to improving regional environmental and human rights issues.

See the pages below for related activities.

Sustainable Procurement of Shea Kernels

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

Sustainable Procurement of Palm Oil

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

Strategy, metrics and targets

Risks and opportunities in the value chain

GRI:2-6, 3-1, 2, 3, 303-1, 304-2, 306-1

Our Group is a food ingredient manufacturer with operations in 14 countries and regions* and with 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, and our customers range widely from food manufacturers to restaurants, convenience stores, and retail stores.

Our main raw materials such as palm oil, cocoa and soybeans are involved in a number of environmental and human rights issues throughout the food value chain, which stretches from production to consumption and disposal. Priority issues in the value chain that are related to sustainability risks and opportunities are identified as Group material ESG issues, which are used as a management strategy tool to help solve issues through our business.





By addressing our material ESG issues to create a positive impact and reduce our negative impact, we aim to reduce risks and create opportunities for our business.


* Consolidated subsidiaries, as of March 31, 2024. See ESG Databook p.15 for details.

Material ESG issues for FY2024


Our material ESG issues for FY2024 are listed below. Please refer to the relevant webpages for details on our basic approach, goals and the status of initiatives concerning each issue.

Position	Material ESG issues	Impact	Priority action/Chief officer in charge	Our vision/ Medium- to long-term goal
Value Proposition Deliciousness and Healthiness	Product safety and quality  As a food manufacturer, placing top priority on ensuring safe and quality food products is a prerequisite in our business. Our Group provides safe, reliable and sustainable products to all of its customers to in turn provide better food choices to consumers.	<u>Negative impacts to be reduced</u> Health damage, violation of food laws and regulations	 Ensuring Product Safety and Quality Control ESG Division Head	Ensure that the Fuji Oil Group is never a cause for complaints for any of the products it manufactures.
	Health and nutrition  Amid concerns about health issues increasing as people transition to new life stages or adopt different dietary and lifestyle habits, there is a need to create a society in which they can lead purposeful lives free from disability. We help ensure that health and well-being remain balanced with the enjoyment of food. We do this by expanding the options for foods that help promote health and well-being and prevent cognitive decline in older people, and by reducing the use of substances that do not comply with quality requirements.	<u>Creating positive impacts</u> <ul style="list-style-type: none"> Achieve people's lifelong well-being Achieve both deliciousness and healthiness 	 Solutions for Health and Well-being CTO	Create a society in which people can lead purposeful lives with both mental and physical health, in the face of increasing health issues arising from changes in life stages and from dietary and lifestyle habits.
			 Reduction of Process Contaminants* ¹ in Oils and Fats CSO	Reduce process contaminant levels in line with market expectations.
	Creation of sustainable food resources  There are growing concerns about shortages of protein sources, increase in environmental impacts and uneven food distribution due to population growth. We work on the development of plant-based proteins with low environmental impact in order to curb the environmental deterioration caused by increased food production. Moreover, we are increasing food choices and contributing to a healthy diet by responding to the diverse needs of each country and region, such as food traditions and values, preferences and allergies.	<u>Creating positive impacts</u> <ul style="list-style-type: none"> Provide an abundance of food settings with diverse food options Help eliminate uneven distribution of food resources and improve health through a sustainable supply of protein sources Reduce environmental impact by increasing consumption of plant-based food ingredients (reduce CO₂ emissions and water consumption) 	 Creation of Diverse Plant-based Ingredients CTO	Make plant-based foods widely and readily available and increase dietary choices to help address food supply problems and broaden new business fields.

Position	Material ESG issues	Impact	Priority action/Chief officer in charge	Our vision/ Medium- to long-term goal
Sustainable food value chain	Climate change  <p>Climate change is an urgent issue for the sustainability of our businesses, which rely on agricultural products for most of our raw materials. We contribute to mitigating climate change by cutting CO₂ emissions not only within our business operations but also throughout our supply chain.</p>	<p><u>Negative impacts to be reduced</u></p> <p>CO₂ emissions across the supply chain</p>	<p>→ CO₂ Emissions Reduction</p> <p>ESG Division Head</p>	<p><u>Environmental Vision 2030</u></p> <p>Scope 1 and 2: 40% reduction (absolute)</p> <p>Scope 3 (Category 1): 18% reduction (absolute)</p> <p>Achieve both by 2030 (based year: FY2016)</p> <p>Note: Approved by the Science Based Targets initiative (SBTi)</p>
			<p>→ Environmentally Responsible Production</p> <p>CTO</p>	<p>Reduce CO₂ emissions in our supply chain and create high value-added products through stable procurement of raw materials and development of environmentally beneficial technologies.</p>
	Water resources  <p>Water is widely used as a raw material as well as in the manufacturing process. We enhance the sustainability of limited water resources by reducing the amount of water used and proper water management at each process in our business operations.</p>	<p><u>Negative impacts to be reduced</u></p> <ul style="list-style-type: none"> • Water resource depletion • Water resource pollution 	<p>→ Water Use Reduction</p> <p>ESG Division Head</p>	<p><u>Environmental Vision 2030</u></p> <p>20% reduction in water use (intensity) by 2030 (base year: FY2016).</p>
	Circular economy  <p>Effectively using food resources without generating waste is essential to achieving a circular economy. The entire Group is committed to reducing waste and developing upcycling technologies.</p>	<p><u>Negative impacts to be reduced</u></p> <p>Consumption of excess energy and food resources.</p>	<p>→ Waste Reduction</p> <p>ESG Division Head</p>	<p><u>Environmental Vision 2030</u></p> <p>10% reduction in waste (intensity) by 2030 (base year: FY2016)</p>
			<p>→ Reduction and Upcycling of Food Loss and Waste</p> <p>CTO</p>	<p>Contribute to reducing food loss and waste throughout the value chain through technology innovation and reuse/upcycling of byproducts.</p>
	Biodiversity  <p>While benefitting from rich natural ecosystems, the business activities of the Fuji Oil Group affect biodiversity as well as climate change. We are working to conserve and restore biodiversity, in order to help create a society in harmony with nature.</p>	<p><u>Negative impacts to be reduced</u></p> <p>Loss of natural ecosystems</p>	<p>→ Biodiversity Conservation and Restoration</p> <p>ESG Division Head</p>	<p>Build a nature-positive value chain</p>

Position	Material ESG issues	Impact	Priority action/Chief officer in charge	Our vision/ Medium- to long-term goal
Value Proposition	<p>Sustainable food value chain</p> <p>Sustainable procurement</p>  <p>There are pressing issues that need to be addressed in the regions that produce the key and strategic raw materials used in our businesses. These are deforestation and destruction of natural ecosystems due to plantation developments, forced labor and child labor. We conduct our business activities based on our Supplier Code of Conduct and responsible sourcing policies as part of securing sustainable procurement for the future. Going forward, we will continue to work on reducing our environmental impact and addressing human rights issues in production regions.</p>	<p><u>Negative impacts to be reduced</u></p> <ul style="list-style-type: none"> Human rights violations due to outdated labor practices Poverty of farmers Child labor, forced labor Exploitation of Indigenous Peoples, local residents and workers Destruction or loss of natural ecosystems Land use conversion Pollution from improper waste disposal 	<p>→ Sustainable Procurement of Palm Oil</p> <p>CSO</p>	<p><u>Medium- to long-term goal</u> No Deforestation, No Peatland Development, No Exploitation (NDPE)</p> <p><u>Sustainable procurement commitment</u></p> <ul style="list-style-type: none"> Achieve 100% traceability to plantation (TTP) by 2030 Implement the Labour Transformation Programme (LTP) at all direct suppliers by 2030
			<p>→ Sustainable Procurement of Cocoa</p> <p>CSO</p>	<p><u>Medium- to long-term goal</u> Reforestation, elimination of child labor</p> <p><u>Sustainable procurement commitment</u></p> <ul style="list-style-type: none"> End child labor by 2030 Plant one million trees in cocoa-growing regions by 2030
			<p>→ Sustainable Procurement of Soybeans</p> <p>CSO</p>	<p><u>Medium- to long-term goal</u> No deforestation, no exploitation</p> <p><u>Sustainable procurement commitment</u> Ensure traceability to the community level by 2030, or 100% procurement of RTRS-certified products or products certified to equivalent standards.*2</p>
			<p>→ Sustainable Procurement of Shea Kernels</p> <p>CSO</p>	<p><u>Medium- to long-term goal</u> Forest conservation, support for women's empowerment</p> <p><u>Sustainable procurement commitment</u></p> <ul style="list-style-type: none"> Deforestation prevention and parkland protection: Plant 6,000 trees/year until 2030 Traceability to the regional level: 75% by 2030 Procurement of shea kernels from Tebma-Kandu program: 50% by 2030 Percentage of shea kernels crushed and fractionated (separated) in West Africa: 100% by 2030 Non-fossil fuel energy*3 used by Fuji Oil Ghana Ltd. (for steam generation): 100% Percentage of Group-donated warehouses being used to generate alternative income for Tebma-Kandu cooperatives: 80%*4

Position	Material ESG issues	Impact	Priority action/Chief officer in charge	Our vision/ Medium- to long-term goal
Business Foundations	<p>Occupational health and safety</p>  <p>Employee safety is the foundation of our business activities. If a serious accident or serious property damage occurs, it will have a huge impact on employees, their families, local communities and on greater society, and will also affect production activities. We create a safe and secure workplace by ensuring the health and safety of our employees, based on the idea that safety comes first.</p>	<p><u>Negative impacts to be reduced</u></p> <ul style="list-style-type: none"> • Serious accidents or serious property damage accidents • Work-related injury, illness, or poor health • Outbreak of infectious disease in the workplace 	<p>➡ Reducing Occupational Accidents and Property Damage</p> <p>ESG Division Head</p>	<p>Place top priority on safety and respect for humanity. Keep all Group companies accident-free by creating safe and comfortable workplaces.</p>
	<p>DE&I*5</p>  <p>Creating a workplace that accepts diverse values and encourages individuality is crucial for innovation and for responding to diversifying customer needs and values. We respect the diversity of our employees and practice our Fuji Oil Group Management Philosophy to “Work for people” so that all our employees can make the most of their abilities.</p>	<p><u>Creating positive impacts</u></p> <ul style="list-style-type: none"> • Provide equitable opportunities and fair evaluations • Promote decent work • Leverage the creativity of diverse and highly specialized teams <p><u>Negative impacts to be reduced</u></p> <p>Discrimination based on nationality, gender, race, age, sexual orientation, character, or disability.</p>	<p>➡ Promotion of DE&I*6</p> <p>CAO</p>	<ul style="list-style-type: none"> • Equity: Remove barriers experienced by people from disadvantaged communities, provide equitable opportunities and conduct fair evaluations • Inclusion: Build a corporate culture that fosters feelings of belonging among all employees • Diversity: Harness diversity for our business model and value creation
	<p>Securing and developing human resources</p>  <p>Securing the human resources that create new value and developing the skills and competence expected of each individual are required for growth of both the Group and its employees, and for enhancing our business competitiveness. We will continue to carry out measures and foster an organizational culture that encourages employee independence and engagement.</p>	<p><u>Creating positive impacts</u></p> <ul style="list-style-type: none"> • Improve employee engagement • Leverage the creativity of diverse and highly specialized teams 	<p>➡ Securing and Developing Human Resources</p> <p>CAO</p>	<ul style="list-style-type: none"> • Further increase number of specialists in every field, with many of our talents contributing to increasing corporate value in the face of changes in and outside Japan • Have successor candidates always ready to take over for key positions (executive officers, general managers, section managers)
	<p>GRC*7</p>  <p>In a highly uncertain business environment, building resilience and conducting risk-proof business management is vital. We aim to enhance corporate value by strengthening Group governance through initiatives to minimize chance of risk occurrence and impact in case of occurrence, such as by strengthening the Business Continuity Plan (BCP) and information security, and by conducting fair business practices.</p>	<p><u>Negative impacts to be reduced</u></p> <ul style="list-style-type: none"> • Damage to society or human life • Destruction or loss of natural ecosystems • External damage or loss caused by information leaks • Corruption, bribery, anti-competitive behavior, and other violations of laws and regulations 	<p>➡ Risk Management System</p> <p>ESG Division Head</p> <p>➡ Information Security Management</p> <p>CFO</p> <p>➡ Fair Business Practices</p> <p>Legal Division Head</p> <p>➡ Group Governance</p> <p>CSO</p>	<p>Earn the trust of society by demonstrating high reliability and risk management capability.</p> <p>Sustainably develop the Group through responsive systems and enhanced measures to counter IT security risks that have significant impacts on business management.</p> <p>Earn the trust of all stakeholders by conducting business fairly, transparently, and with integrity.</p> <p>Enhance corporate value through the establishment of an effective Group governance system.</p>

Position	Material ESG issues	Impact	Priority action/Chief officer in charge	Our vision/ Medium- to long-term goal
			 Corporate Governance CSO	Improve corporate value through appropriate functioning of the Board of Directors.

*1 Trace elements that are introduced or formed during the production process.

*2 Round Table on Responsible Soy Association (RTRS)

*3 Shea olein created as a byproduct when fractionating shea butter is used as biomass fuel.

*4 A new KPI set in FY2024 after achieving our KPI for regional value creation of “Permanent, direct employees at Fuji Oil Ghana Ltd.: 50% increase (base year: 2017)” as of FY2022. This is the percentage of shea kernel storage warehouses donated by Fuji Oil Ghana Ltd. that are being used to generate income by storing other harvested products in vacant space or during periods outside of the shea season.

*5 Diversity, equity and inclusion

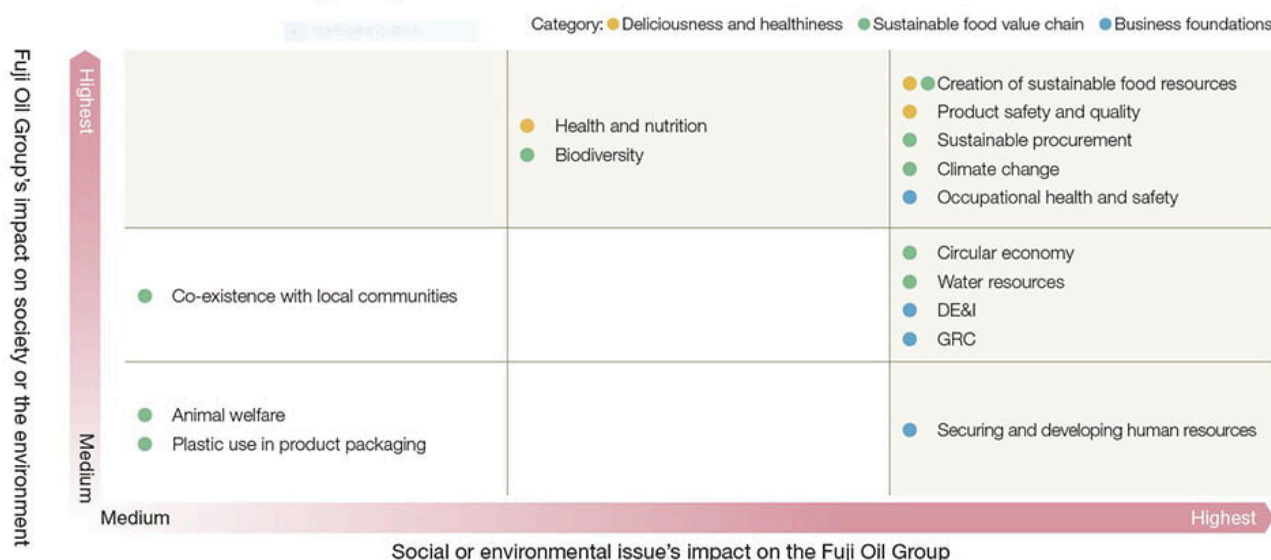
*6 A term encapsulating the concepts and practices of providing equitable opportunities and evaluations and developing and leveraging diverse talent through inclusive management.

*7 Governance, risk, and compliance. GRC includes corporate governance and internal control perspectives, but issues involving internal control are monitored by the Sustainability Committee. Corporate governance is monitored by the Board of Directors.



FY2024 material ESG issues and FY2023 targets and results (PDF, 4.46MB)

FY2024 ESG materiality map



Process of selecting material ESG issues for FY2024

Each year, the Fuji Oil Group conducts a review based on its assessment of new global issues and stakeholder engagement, and selects material ESG issues and priority actions for the following fiscal year. For these material issues, managing officers are appointed under the supervision of the chief officer in charge to decide on targets and measures for promoting initiatives.

In FY2023, we reviewed our list of social issues and assessed the materiality of selected sustainability issues on two axes: (1) Fuji Oil Group's impact on society or the environment and (2) social or environmental issue's impact on the Fuji Oil Group.*¹ The draft ESG materiality map for FY2024 was created following discussions involving chief officers in charge of specific material ESG issues, heads of each business division, the presidents of regional headquarters, and internal and external experts, as well as consideration of investor and other stakeholder views. The Sustainability Committee then deliberates on the draft, and reports the results to the Fuji Oil Holdings Inc. Board of Directors for approval. During these discussions we also investigate the sustainability issues selected from our review of the social issues list to confirm if they should be added as material ESG issues.

The material ESG issues for FY2024 were changed*² from FY2023 as follows.

- Changed the material ESG issue categories to the value propositions of “Deliciousness and Healthiness,” “Sustainable Food Value Chain” and “Business Foundations” from the standpoint of integrating Group value creation processes
- Added “Reduction of Process Contaminants in Oils and Fats” as a priority action for material ESG issue “Health and Nutrition” in light of rising social and customer demand
- Removed “Reduction of Trans Fatty Acid Content” and “Reduction of Sugars Intake” from priority actions as we have made progress towards targets

*1 “Fuji Oil Group’s impact on society or the environment” is an overall evaluation based on the scale, scope and severity, and likelihood of occurrence of positive and negative impacts

*2 Updated in FY2023 referencing Global Reporting Initiative (GRI) and European Sustainability Reporting Standards (ESRS)

Identification and selection process



* The social issues list is created referencing international disclosure guidelines and standards (ESRS, GRI, IFRS, SASB, SDGs, OECD Guidelines for Multinational Enterprises), evaluation criteria of sustainability ratings organizations (e.g., MSCI, WBA), material issues of food companies around the world, principles and themes of industry organizations, our Group’s long-term research themes, and expert advice.

Risk management

Risk management system
<https://www.fujioilholdings.com/en/sustainability/risk/>

Education

GRI:2-17

At our Group, we conduct educational and awareness-raising activities for officers and employees to inform them of external sustainability trends and about the Group’s thinking and activities on sustainability in order to integrate sustainability management across the Group.

FY2023 sustainability awareness training for officers and employees

Participants	Type	Topic	Purpose
All directors in Japan including outside directors, Audit and Supervisory Committee members, and executive officers	Briefing	Investor feedback on the 2023 Integrated Report	Enact feedback from investors on the integrated report published that year in order to improve next fiscal year’s integrated report and raise corporate value through further stakeholder dialogue
Employees at Group companies in and outside Japan*	E-learning course Languages: Japanese, English, Chinese, Portuguese	Examples of the Group’s sustainability management and initiatives	Deepen understanding of sustainability management and promote initiatives in each region (FY2023 participation rate: 90.7%)
Officers and employees at Group companies in and outside Japan	Company communications website Languages: Japanese, English, Chinese, Portuguese	Sustainability information from in and outside the Group	Deepen understanding of sustainability management and stay informed of sustainability actions at other Group companies

* Scope: Our Group’s employees who have a company email address and use a computer in their daily work.

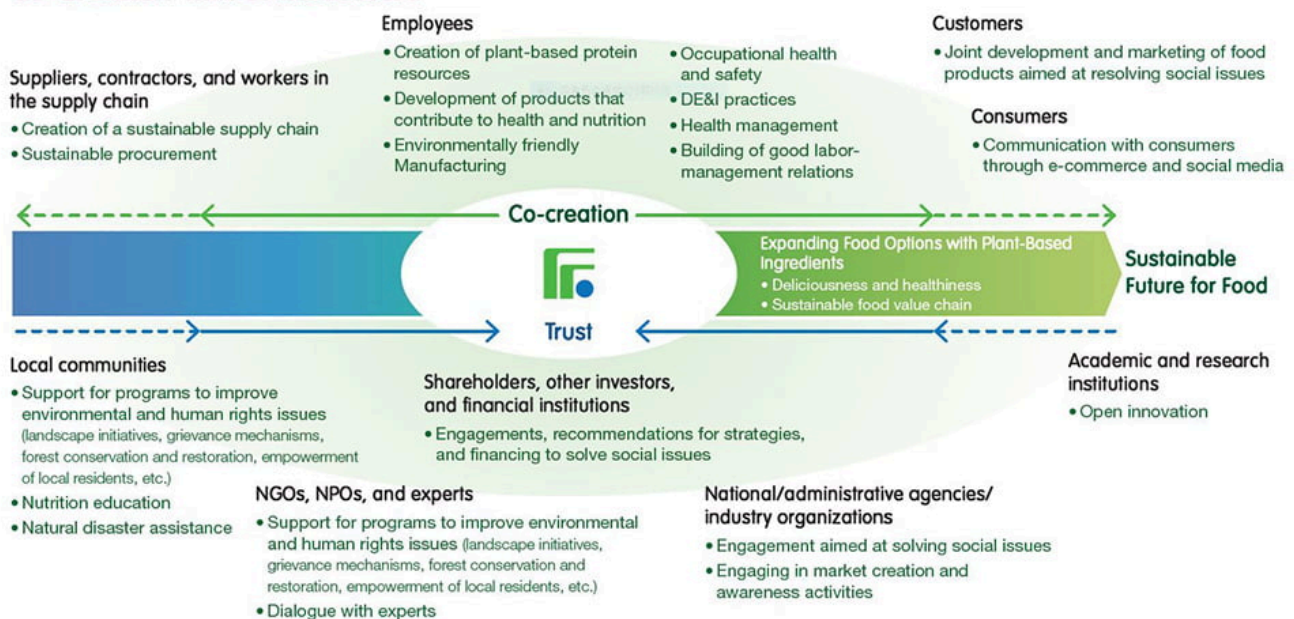
Stakeholder Engagement

The Fuji Oil Group's main stakeholders

GRI:2-25, 29, 3-1

The Fuji Oil Group states its vision in the Fuji Oil Group Management Philosophy as, “Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy,” and we are committed to engaging in co-creation with a variety of stakeholders in the value chain. We also see the co-creation relationship with stakeholders that supports these activities as one of the Group's key management resources.

Co-Creation with Stakeholders



See: Governance, Strategy, Metrics and Targets, Risk Management > The Fuji Oil Group's Value Creation Goals (Value Creation Process)

In promoting sustainability management, our Group strives to fulfill our responsibility to diverse stakeholders while at the same time reflecting their expectations and demands in our management through dialogue. We have identified the main stakeholders on whom our business activities can exert a positive or negative impact, as shown below.

Stakeholder engagement and objectives		Our responsibilities	FY2023 main engagement methods	Related pages
Employees	Human resource is critical to the social and corporate value creation of the Group. We are committed to respecting the diversity of all employees, and creating workplaces where they can make the most of their abilities and work in a safe and secure environment.	<ul style="list-style-type: none"> • Occupational health and safety • Promoting DE&I • Health and productivity management • Building sound management-labor relations 	<ul style="list-style-type: none"> • Employee training (as needed) • Internal compliance hotline (permanent) • Engagement survey (in Japan, twice annually) • Intranet in Japan; internal communication website; social media (permanent) • Town hall meeting with CEO (25 times in FY2023) 	<ul style="list-style-type: none"> • Career support system • Whistleblowing system • Engagement survey • Management-labor dialogue • Occupational health and safety • Promotion of DE&I • Employee health (health and productivity management)

Stakeholder engagement and objectives		Our responsibilities	FY2023 main engagement methods	Related pages
			<ul style="list-style-type: none"> Discussions with labor union (Fuji Oil Co., Ltd., once per month) 	
Shareholders, investors and financial institutions	Gaining the understanding and support of our shareholders, investors and financial institutions is essential to increasing our corporate value. We are committed to timely, appropriate, and highly transparent information disclosure and dialogues. We will use the evaluations and opinions we receive to improve our sustainability management.	<ul style="list-style-type: none"> Increasing corporate value Profit return Information disclosure Dialogues 	<ul style="list-style-type: none"> General meeting of shareholders (annually) Financial results briefings, teleconferences (four times annually) Small meetings, factory tours (six times in FY2023) Individual meetings (187 times in FY2023) Financial Report, Integrated Report, Sustainability Report, shareholder news (annually) 	<ul style="list-style-type: none"> Dialogue with investors Sustainability Report
Customers	Customers are our key partners in building a sustainable food system. We will build lasting relationships with them and enhance co-creation by engaging in better communication and offering the unique value created by the Group.	<ul style="list-style-type: none"> Stable supply Building trust Offering products that capture market needs 	<ul style="list-style-type: none"> Development, offering, and sales of products that address social issues (permanent) Consumer awareness-raising and promotion (as needed) 	<ul style="list-style-type: none"> Co-creation activities (major convenience stores, food service sector)
Consumers	Consumers are both important beneficiaries of a sustainable future of food and the drivers of greater sustainable consumption. We are committed to understanding consumer needs and promoting ethical consumption by raising awareness and making products widely available, and will reflect the feedback we receive in our product development and service improvement.	<ul style="list-style-type: none"> Providing delicious, healthy, and sustainable food Food safety 	<ul style="list-style-type: none"> Product sales via e-commerce channels; communication via social media (permanent) Dissemination of information through mass media (as needed) Awareness raising through industry organizations (permanent) 	<ul style="list-style-type: none"> Expand B-to-C sales channels (cotta, Soya Farm Club) (In Japanese) Industry organization activity (P-LAB)
Business partners, outsourcing partners and supply chain workers	Our business partners, subcontractors, and supply chain workers are key partners in building a sustainable food system. We will promote understanding of the Fuji Oil Group's policies and build trust with our partners through fair and equitable transactions in order to grow sustainably together.	<ul style="list-style-type: none"> Building a sustainable supply chain Sustainable procurement 	<ul style="list-style-type: none"> Daily purchasing activities and transactions (permanent) Individual briefings on our sourcing policies (as needed) Supplier engagement (grievance mechanisms, supplier self-evaluation, Labour Transformation Programme (LTP), support for smallholder farmers, CLMRS, landscape initiatives, deforestation prevention monitoring, proprietary sustainable 	<ul style="list-style-type: none"> Promoting sustainable procurement Identifying and remediating human rights risks

Stakeholder engagement and objectives		Our responsibilities	FY2023 main engagement methods	Related pages
			procurement program (permanent)	
Local communities	To ensure smooth business operations, it is important to live in harmony with local communities. We contribute to the development of local communities by engaging in environmental conservation, supporting safety, and providing food education and job training.	<ul style="list-style-type: none"> • Living in harmony with the community • Community economic development • Environmental conservation 	<ul style="list-style-type: none"> • Landscape initiatives (permanent) • Local community empowerment (permanent) • Indigenous peoples and local communities rights protection (permanent) • Participation in and sponsorship of community events (as needed) • Food education and food support project (as needed) • Support in the event of natural disasters (as needed) 	<ul style="list-style-type: none"> • Promoting sustainable procurement • Food education activities • Local cleanup volunteering • Entrepreneurial training for low-income residents
NGOs/NPOs and experts	Cooperation with NGOs/NPOs and experts is essential in carrying out activities addressing global social issues. We will use their expert perspectives and dialogue to expand and strengthen our sustainability activities.	<ul style="list-style-type: none"> • Constructive dialogues and cooperation for business operations that consider human rights and the environment 	<ul style="list-style-type: none"> • Expert panel dialogues (as needed) • Grievance mechanism (permanent) • Support for programs to improve environmental and human rights issues, promotion of joint projects (permanent) 	<ul style="list-style-type: none"> • Dialogues with NGOs/NPOs and experts • Promoting sustainable procurement • Guidance in identifying material ESG issues
Academic organizations	Expert knowledge and scientific evidence are needed to continue creating social value. We carry out open innovation in collaboration with academic organizations to strengthen our human capital and accelerate the creation of sustainable food resources.	<ul style="list-style-type: none"> • Building trust • Sharing technology, knowledge, and human resources • Confidentiality • Sharing value 	<ul style="list-style-type: none"> • Joint research, open innovation (permanent) • Lectures (as needed) 	<ul style="list-style-type: none"> • Industry-government-academia projects
National/governmental agencies Industry organizations	We will deepen cooperation with national/governmental agencies and industry organizations, and accelerate our efforts to address social issues in order to contribute to the development of not only the industry, but also countries and regions.	<ul style="list-style-type: none"> • Compliance with laws and regulations • Industry revitalization through partnerships with various agencies and organizations • Social and economic development 	<ul style="list-style-type: none"> • Liaison and discussion with government agencies (as needed) • Participation in public-private projects and government-sponsored committees (as needed) • Promotion of industry organization activities (as needed) • Participation in market creation and awareness-raising activities (as needed) 	<ul style="list-style-type: none"> • Establishment of industry organizations (P-LAB) (In Japanese) • Ministry of the Environment Nature Positive Economy research group (In Japanese) • Endorsements of major external initiatives

External initiatives we support and participate in

GRI:2-28

- April 2021 Japan Business Initiative for Biodiversity (JBIB)
- June 2020 The Palm Oil Collaboration Group (POCG)
- May 2020 Approved by the Science Based Targets initiative (SBTi)
- May 2020 Round Table on Responsible Soy (RTRS)
- April 2020 Platform for Sustainable Cocoa in Developing Countries
- October 2019 Japan Sustainable Palm Oil Network (JaSPON)
- May 2019 Task Force on Climate-related Financial Disclosures (TCFD)
- March 2017 The Consumer Goods Forum
- December 2016 Male Leaders Coalition for Empowerment of Women by the Japan's Cabinet Office
- 2015 Shea Network Ghana
- January 2013 UN Global Compact (UNGC)
- 2013 Global Shea Alliance (GSA)
- December 2012 UN Global Compact Network Japan (GCNJ)
- 2012 World Cocoa Foundation (WCF)
- September 2004 Roundtable on Sustainable Palm Oil (RSPO)

Endorsing the UN Global Compact

Our Group agreed to and signed the United Nations Global Compact in January 2013. We aim to improve the sustainability of the entire society by practicing the 10 principles in the four areas of: human rights, labor standards, the environment, and anti-corruption.



Deliciousness and Healthiness

Social



Fuji Oil Group's Value Proposition

As we move toward realizing a sustainable world, and as awareness of food and health grows, consumers are seeking ways to enjoy delicious food that also leads to good health and well-being. In essence, there is a demand for delivering both deliciousness and healthiness, and contributing to a sustainable food value chain.

Here, we present the FY2023 achievement highlights of our efforts to address our material ESG issues related to deliciousness and healthiness.

Visit the following links for details on the Fuji Oil Group's value proposition.

- Governance, Strategy, Metrics and Targets, Risk Management
- Integrated Report

FY2023 Achievement Highlights



Developed our flagship GOODNOON initiatives further to realize our vision



Released a MIRACORE™ plant-based bonito-flavored seafood dashi that delivers the same feeling of satisfaction as animal-based food products



Conducted a survey on the intake of PRORARE® soft capsules with low oxidative deterioration. Showed the superiority of PRORARE® in eliminating unpleasant odor



Added Reduction of Process Contaminants in Oils and Fats to our material ESG issues for FY2024

Initiatives on Material ESG Issues

Safety and Quality

Priority action Ensuring Product Safety and Quality Control

- > Policy
- > Governance
- > Strategy
- > Risk management
- > Metrics and targets

Health and Nutrition

Priority action Solutions for Health and Well-being

- > Governance
- > Strategy
- > Risk management
- > Metrics and targets
- > Specific initiatives

Priority action Reduction of Process Contaminants in Oils and Fats



- > Governance
- > Strategy
- > Risk management
- > Metrics and targets
- > Specific initiatives

Creation of Sustainable Food Resources



Priority action Creation of Diverse Plant-based Ingredients



- > Governance
- > Strategy
- > Risk management
- > Metrics and targets
- > Specific initiatives

Ensuring Product Safety and Quality Control




Material Issue

Product Safety and Quality

Policy

The Fuji Oil Group has established the Basic Policy of Safety, Quality, and Environment.*

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

Governance

GRI:3-3

The Group's Sustainability Committee^{*1} is an advisory body to the Board of Directors that is chaired by the President and CEO. It deliberates on and monitors the material ESG issue^{*2} of Product Safety and Quality from a multi-stakeholder perspective, and recommends the results to the Board. The ESG Division Head oversees the progress of initiatives for Ensuring Product Safety and Quality Control, a priority action within this material issue.

*1 Governance, Strategy, Metrics and Targets, Risk Management > Governance

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

*2 Governance, Strategy, Metrics and Targets, Risk Management > Strategy, metrics and targets

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

Strategy

As a participant in food supply chains, we have a potential impact on food safety. We believe that it is important for us to ensure food safety and quality control in full consideration of all processes of our products, from product design, through raw material procurement, manufacturing, and shipping, to consumers.

Failing in our duty to provide consumers with safe and reliable products may result in significant cost increases and loss of trust from customers and society, which could lead to decreased corporate value and profitability. Conversely, continuing to provide safe and high-quality products can boost customer and social confidence, leading to opportunities for stable revenue and increased corporate value.

We have established a quality assurance system that we continually work to improve. This system covers the processes ranging from product design to delivery to the customer (both B-to-B customers and end consumers), with the highest priority placed on product safety and quality consistency. We will further ensure food safety and quality control by improving management based on our Group-wide Quality Assurance Regulations, and by continuing to promote activities to raise employees' quality awareness.

Risk management

Risk management and countermeasures

Enhanced quality management system

To ensure that the Fuji Oil Group Basic Policy of Safety, Quality and Environment is applied to business activities, since the early 1990s, our Group companies have been building and strengthening quality management systems by acquiring ISO 9001 (the international standard for quality management systems), FSSC 22000 (the international standard for food safety management systems) or similar certifications. In addition, the Group follows its Quality Assurance Regulations in order to monitor the management status of each Group company through safety, quality and environmental audits.

Customer complaints and quality related inquiries are received by the Group's sales division and customer service desks. This information is examined by the Quality Assurance Department or other teams responsible for quality assurance at each Group company and then further investigated by the relevant departments. From there, the department responsible for the quality-related issues carries out checks, and the sales division provides a response to the customer. Each Group company also collects and analyzes data on the customer complaints they receive. Fuji Oil Holdings Inc. aggregates and analyzes this data and recommends it to the Management Committee Meeting for sharing across the entire Group.

Fuji Oil Holdings Inc. also works to build the Group's network of quality managers and share initiatives, best practices, and management know-how across organizational boundaries within the Group, with the aim of promoting holistic information sharing among quality managers and improving the quality assurance system. We are leveraging this network to share experiential insights across Group companies and update each Group company on the latest food regulations and international trends in food. This enables us to reduce and eliminate new issues and potential risks related to product safety and quality, and make continuous improvements toward higher standards of safety and customer trust. Furthermore, this allows us to resolve problems that do arise more quickly and collaboratively by sharing analytical methods and dispatching experts, avoiding any inconvenience to our customers.



Acquisition of Management Certifications

Group companies' management certification status

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

Risk management methods for food safety

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

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

Food safety-related risks and countermeasures

In FY2023, the risk assessment 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

Within the Group, the Quality Assurance Department or the department in charge of quality assurance at each Group company plans and provides appropriate training to employees to further raise quality awareness in accordance with local conditions. For example, Fuji Oil Co., Ltd. supports activities at each plant conducted in accordance with the action guidelines and holds lectures on hygiene and other matters. The hygiene lecture that had been canceled due to COVID-19 was held once again in FY2023 with around 100 employees participating, mainly from production plants. 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.

Group companies outside Japan also hold awareness-raising events, such as Quality and Safety Month (Fuji Oil (Zhang Jia Gang) Co., Ltd. in China), Quality and Food Safety Day (Harald Indústria e Comércio de Alimentos Ltda in Brazil), and the Quality and Food Safety Culture Awareness Program (PT. Freyabadi Indotama in Indonesia).



An educational session at PT. Freyabadi Indotama (Indonesia)

Product labeling

GRI:417-1

Information indicated on labels of 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 regularly distributed Food Safety Information newsletter, 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 manner through product specifications and the Fuji Oil Co., Ltd. website.

In FY2023, no serious labeling violations occurred at Group companies in or outside Japan.

Metrics and targets

GRI:416-2

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

FY2023 Goals	FY2023 Results	Self-assessment
No serious quality-related complaints*	No serious quality-related complaints received	○

* Incidents concerning food products that are harmful to health or violate the law, and require a recall.

Analysis

There were no serious quality-related complaints (recalls) in FY2023 thanks to efforts to maintain hygiene at production sites. We have continued to implement corrective and preventative measures to eliminate non-conformities identified by safety and quality patrols, internal audits and audits by external organizations, as well as to prevent recurrence of previous customer complaints. Moreover, the quality-related information sharing platform we developed to improve quality assurance levels and share quality information across the Group has now made it possible to regularly send and share quality information across companies and national borders. We also strove to raise quality assurance levels by creating opportunities for quality managers to learn from other companies by sharing examples from their own company on specific topics.

Next steps

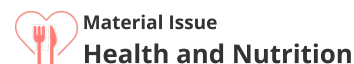
We are again aiming for no serious quality-related complaints in FY2024. To achieve this goal, our challenge is to reduce all quality-related complaints and improve the level of quality assurance in Group companies. To address these issues, we set the following goals for FY2024.

- Raise quality and food safety awareness of employees in order to achieve zero serious quality-related complaints
- Strengthen communication with quality managers at Group companies and promote a food safety culture and the sharing of quality-related information

Related documents

ESG Data Book (PDF 2.85MB) 

Solutions for Health and Well-being



Governance

The Fuji Oil Group's Sustainability Committee^{*1} is an advisory body to the Board of Directors that is chaired by the President and CEO. It deliberates on and monitors the material ESG issue^{*2} of Health and Nutrition from a multi-stakeholder perspective, and recommends the results to the Board. The Chief Technology Officer (CTO) oversees the progress of initiatives for Solutions for Health and Well-being, a priority action in this material issue.

*1 Governance, Strategy, Metrics and Targets, Risk Management > Governance

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

*2 Governance, Strategy, Metrics and Targets, Risk Management > Strategy, metrics and targets

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

Strategy

As we transition into super-aging societies and face escalating healthcare costs and the potential collapse of social security systems, people have become more aware of the need for living healthy and fulfilling lives. We need solutions that balance physical health and mental well-being, leading to longer, healthy lives. The Fuji Oil Group provides food ingredients such as plant-based proteins, and vegetable oils and fats for delicious and healthy food. As such, our social mission as a company is to meet these needs.

Poor lifestyle habits, excessive sugar intake and salt intake, overeating or undereating, and lack of exercise can eventually lead to various mental and physical disorders.* For example, excessive sugar intake carries the risk of developing lifestyle-related diseases such as diabetes and obesity, which in turn can lead to many serious diseases, as well as declining cognitive function. We conduct research to create products aimed at restoring pre-disease states to health. In doing so, we believe that, even as they age, people will be able to achieve their ideal fitness and continue to maintain their social connections, with bodies that can move and do whatever it is they want. With this concept of preventing pre-disease through food, the Group is helping address physical and mental health issues faced by people around the world. Furthermore, we believe that all our efforts will result in an increase in our corporate value as well.

* Includes poor appetite, physical or mental pain, low mood. Also called mild disorder or pre-disease state.

Risk management

At our Group, we believe that in order to work on issues related to health and well-being through food, and conduct research to create products aimed at restoring pre-disease states to health, we need to prove their efficacy in humans. Research on humans requires high ethical standards and privacy protection. To achieve this, we have established an Institutional Review Board (IRB) registered with Japan's Ministry of Health, Labour and Welfare's reporting system, with doctors, experts, and ordinary people who have undergone research ethics training by the Association for the Promotion of Research Integrity (APRIN) as members. The IRB reviews all human clinical trials involving the Group and also conducts follow-up evaluations after the trials.

At our research and development centers, we focus on DHA/EPA^{*1} and soy peptides^{*2} among various food ingredients that help in promoting health. We carry out human trials as proofs of concept (PoC) to shed light on the benefits of consuming these ingredients in food. For example, we have been working on determining whether there are health benefits to making easily-oxidized DHA extremely resistant to oxidation.

*1 Docosahexaenoic acid (DHA)/ eicosapentaenoic acid (EPA). These are fatty acids that are recommended to be consumed from food because they are inefficiently synthesized by the body. Studies have shown that DHA/EPA have various health benefits, including preventing memory and concentration loss, and reducing triglyceride levels.

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

Metrics and targets

Solutions for health and well-being

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

FY2023 Goals	FY2023 Results	Self-assessment
Conduct a comparative study of PRORARE [®] (fresh DHA) and general oil (general DHA) using easy-to-ingest soft capsules for an internal proof of concept	Conducted a volunteer study with healthy subjects using PRORARE [®] (POV [*] = 0.5) and general DHA oil (POV = 12, within the Food Sanitation Act limit). There were 21 participants each for the PRORARE [®] and general oil groups, with an intake period of 2 months.	○
Aim to identify one or more oxidation markers to bring out the effects of antioxidant treatment in humans (establish differentiated advantages)	Comparisons before and after taking PRORARE [®] showed improved nutritional status (increase in serum albumin) and enhanced bone metabolism markers.	○

* Peroxide value (POV). Indicates the degree of deterioration due to storage conditions and autoxidation.

Reduction of trans fatty acid content

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

FY2023 Goals	FY2023 Results	Self-assessment
Pal maju Edible Oil Sdn. Bhd. (Malaysia),. Fuji Oil (Singapore) Pte. Ltd., Fuji Oil (Zhang Jia Gang) Co., Ltd. (China): Reduce TFA in all products subject to change (to less than 2 g/100 g of total fat or oil)	<ul style="list-style-type: none"> Completed the reduction for all applicable products at Pal maju Edible Oil Sdn. Bhd. (Malaysia) and Fuji Oil (Zhang Jia Gang) Co., Ltd. (China) Fuji Oil (Singapore) Pte. Ltd. is expected to finish the reduction around September 2024 	○

Reduction of sugar intake

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

FY2023 Goals	FY2023 Results	Self-assessment
Expand the market for low-sugar/ protein-fortified foods	Promoted fortified foods and other concept proposals, and succeeded in getting bakeries and processed food markets to use soy protein	○

Analysis

Solutions for health and well-being

Both the ingestion of oxidized DHA oil at typical levels and oil containing DHA with extremely low oxidation did not result in any deviation from the healthy range. However, ingesting DHA oil with extremely low oxidation showed significant changes not only in lipid metabolism but also in biomarkers related to antioxidants and energy metabolism. Moving ahead, we will focus our research on the advantages of non-oxidization and the functionalities of DHA.

Reduction of trans fatty acid content

In FY2023, trans fatty acids (TFAs) were reduced in all products at Palmaju Edible Oil Sdn. Bhd. (Malaysia) and Fuji Oil (Zhang Jia Gang) Co., Ltd. (China). This progress was achieved thanks to legislation in countries around the world, improved customer understanding of the need to reduce TFA intake, and the development of a Group-wide system for making reductions. Fuji Oil (Singapore) Pte. Ltd. has finished coordinating with customers and plans to complete their reduction by the first half of 2024. By FY2023, 13 out of 14 relevant Group companies outside Japan have completed the switch to low-TFA products by drawing on Fuji Oil Group expertise to maintain product taste and functionality.

Reduction of sugars intake

With the consumer demand for low-carb, high-protein rice and noodles, the use of soy protein as a substitute ingredient is becoming more popular. In recent years, drugstores have also been actively selling products promoting nutrition and health. We marketed proposals based on the concept of delicious protein supplementation, resulting in the Group’s soy protein being used in snacks exclusively sold at the drugstores.

Group companies outside Japan	Target date for switching to low-TFA products				
	2019 or earlier	2020	2021	2022	2023
FUJI OIL (SINGAPORE) PTE. LTD.					First half of FY2024
PALMAJU EDIBLE OIL SDN. BHD. (Malaysia)					Completed
FUJI OIL (ZHANG JIA GANG) CO., LTD. (China)					Completed
WOODLANDS SUNNY FOODS PTE. LTD. (Singapore)			Completed		
PT. FREYABADI INDOTAMA (Indonesia)				Completed	
HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA (Brazil)			Completed		
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. (U.S.)	Completed				
BLOMMER CHOCOLATE COMPANY (U.S.)	Completed				

Next steps

- To provide solutions to issues related to health and well-being through food, it is important to provide evidence and advantages in terms of the health functions of our food ingredients, and to create the motivation for consumers to want to consume these ingredients. With these in mind, we set the following goals for FY2024.
- Expand the market for foods that help improve health and well-being
 - Establish differentiated advantages of the health functions of stabilized DHA/EPA

Specific initiatives

Benefits of taking DHA oil with extremely low oxidation

DHA oil is promising to be effective in preventing dementia, and is generally ingested in the form of a soft capsule containing the functional oil. However, currently available soft capsules containing DHA/EPA have a problem with the characteristic odor (fishy odor peculiar to oxidative deterioration of ω -3 fatty acids) that accompanies oxidative deterioration of the oil. The odor of deteriorated oil experienced in the breath after taking the capsule has also been cited as a reason for discontinuing their intake. We believe that the stabilized DHA-rich oil PRORARE[®], with its extremely low oxidative deterioration of DHA oil, would not cause any bad or unpleasant smell when burping, even when taken in soft capsule form. To test this, we asked volunteers to take soft capsules containing PRORARE[®] or general DHA oil. During the trial, a survey given to the subjects (conducted with the subjects not knowing whether they were taking PRORARE[®] or general DHA oil) showed that the group who took PRORARE[®], with low oxidative deterioration of DHA oil, did not experience any bad or unpleasant smell when burping. In contrast, among subjects who took soft capsules containing the placebo of general DHA oil, 67% of the respondents said they noticed a bad smell in their burp, and 93% said the odor was unpleasant, showing the superiority of PRORARE[®] in terms of eliminating odor. Going forward, in addition to the physiological functions of DHA, we will also study the mechanism by which we sense the oxidation of DHA oil and conduct emotional analysis of what makes people prefer and want to consume DHA.



Expanding our lineup of low-sugar foods

Our Group is working to propose and provide nutritionally balanced food products that replace some of the sugars in high-carb foods (e.g., staple foods, sweets) with protein in the Japanese market. For instance, we propose adding soy protein ingredients in breads eaten as a staple food, to replace some sugar with protein to obtain a high-protein bread (containing 16.2 g or more protein per 100 g). We have received positive feedback that this was an easy way to consume protein without sacrificing taste. Several customers are already selling healthy breads enriched with our soy protein ingredients.



Protein-enriched meal options

Reduced-sugar and sugar-free chocolate

According to the market research firm IRI, sales of sugar-free chocolate have been declining along with the overall demand decline in the North American chocolate market caused by rising prices due to inflation and other factors. Despite this trend, the sales of chocolate in the health and wellness segment of Blommer Chocolate Company (U.S.) continue to rise.

The company offers a range of low-sugar, sugar-free, and reduced-sugar chocolate products, as well as chocolate products made with natural or artificial sweeteners. Sales of low-sugar, sugar-free, and reduced-sugar chocolate products increased by 3%, while sales of chocolate products using natural sweeteners increased by 23.3% compared to 2022. Sales of dairy-free chocolate are also on the rise, with market sales up by 17.9% compared to 2022.

Through these products, we will continue to work on solutions for health and well-being. Our research and development will also continue exploring new ingredients as sugar substitutes and fulfilling our customers' needs.

Reduction of Process Contaminants in Oils and Fats



Material Issue
Health and Nutrition

Governance

The Group's Sustainability Committee^{*1} is an advisory body to the Board of Directors that is chaired by the President and CEO. It deliberates on and monitors the material ESG issue^{*2} of Health and Nutrition from a multi-stakeholder perspective, and reports the results to the Board. The Chief Strategy Officer (CSO) oversees the progress of initiatives for Reduction of Process Contaminants in Oils and Fats, a priority action within this material issue.

^{*1} Governance, Strategy, Metrics and Targets, Risk Management > Governance

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

^{*2} Governance, Strategy, Metrics and Targets, Risk Management > Strategy, metrics and targets

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

Strategy

Process contaminants are substances that are incidentally formed from lipids originally present in raw materials through heating at high temperatures and other processes during food manufacturing (3-MCPDE^{*1}/GE^{*2}), as well as substances that are unintentionally introduced through the supply chain, including raw materials procurement, transportation, storage, and manufacturing (MOSH/MOAH^{*3}). Currently, these substances have not been conclusively proven to be harmless to human health, and are still under study by risk management agencies worldwide. Therefore, their concentrations in food must be reduced as much as possible to a reasonably achievable range.

Our Group has been working for some time to reduce various process contaminants according to our client's demands across our Group companies. For instance, we have developed and implemented a method at our manufacturing sites that reduces process contaminants with minimal impact on the quality of oils and fats, such as flavor and texture. We plan to further accelerate our efforts to meet rising market expectations in the coming years.

^{*1} 3-MCPDE: Fatty acid esters. Formed during the refining process of oils and fats by their reaction with chlorine when heated at high temperatures (> 160-200°C)

^{*2} GE: Glycidyl fatty acid esters. Formed during the refining process of oils and fats when heated at high temperatures (> 200°C)

^{*3} Mineral oil saturated hydrocarbons (MOSH) and mineral oil aromatic hydrocarbons (MOAH). Types of mineral oil hydrocarbons comprising a wide range of chemical compounds obtained mainly from petroleum distillation and refining

Risk management

We regularly collect information from all Group companies on the latest laws and regulations, industry trends, and client demands related to the reduction of contaminants, and have developed a system that can respond to market needs well in advance. We also select suppliers who can supply raw materials with low risks of contaminants and work collaboratively with them to build a sustainable supply chain.

Metrics and targets

Next steps

To reduce process contaminants, it is essential for us to procure high-quality raw materials and maintain their quality during processing at our factories. To that end, we are working on building a system that can respond to market needs well in advance.

In FY2024, we aim to achieve a 100% supply rate for products that meet our clients' standards for maximum contaminant levels at the following seven Group companies.

- Fuji Oil Co., Ltd. (Japan)
- Fuji Oil (Singapore) Pte. Ltd.
- Palmaju Edible Oil Sdn. Bhd. (Malaysia)
- Fuji Oil (Zhang Jia Gang) Co., Ltd. (China)
- Fuji Oil Europe (Belgium)
- Fuji Oil Ghana Ltd.
- Fuji Oil (Thailand) Co., Ltd.

Specific initiatives

Reducing process contaminants

We have been working on initiatives to reduce process contaminants at various stages across the supply chain.

To reduce contaminants in the raw materials we use, we have selected suppliers who pose lower risks of contaminants and have begun collaborating with them. By managing upstream of the supply chain, we reduce the risk of contamination.

Furthermore, to reduce the formation of contaminants and limit their introduction during the manufacturing process, we have developed and implemented a method at our manufacturing sites that reduces contaminants with minimal impact on the quality of oils and fats, such as flavor and color. Through such efforts of leveraging our Group's patented methods, we work to meet the level of quality expected by the market and our customers. We will continue to enhance our initiatives in the coming years.

Creation of Diverse Plant-based Ingredients



Material Issue

Creation of Sustainable Food Resources

Governance

The Fuji Oil Group's Sustainability Committee^{*1} is an advisory body to the Board of Directors that is chaired by the President and CEO. It deliberates on and monitors the material ESG issue^{*2} of Creation of Sustainable Food Resources from a multi-stakeholder perspective, and recommends the results to the Board. The Chief Technology Officer (CTO) oversees the progress of initiatives for Creation of Diverse Plant-based Ingredients, a priority action in this material issue.

^{*1} Governance, Strategy, Metrics and Targets, Risk Management > Governance

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

^{*2} Governance, Strategy, Metrics and Targets, Risk Management > Strategy, metrics and targets

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

Strategy

Since its early days, our Group has been considering the future problem of food resources caused by the growing global population. We have explored the possibilities of soy and developed plant-based protein ingredients that can complement animal protein sources. With the world population expected to reach 9.7 billion by 2050, providing solutions to the problem of food scarcity by developing healthy plant-based protein ingredients with lower impact on the global environment has been our Group's mission since the company was founded. Our products are created from a variety of plant-based proteins, fats and oils, as well as combinations of these ingredients, and provide greater options to help create a world where everyone can truly enjoy their meal. We believe these activities not only help solve social issues, but also lead to improved corporate value.

In recent years, there has been growing global interest in physical and mental health, global environmental problems, uneven distribution of food resources, and other social issues. Instead of merely replacing animal-based food with plant-based ones, we aim to provide delicious plant-based foods that resonate with consumers and consider the health of people and the planet in order to help solve these social issues. By combining our plant-based ingredients with our many processing technologies, we will provide plant-based foods that cater to diverse dietary cultures.

Risk management

The R&D Division engages in the following in order to quickly gain understanding of the many social issues that are changing day by day, and create opportunities to address them.

- Exchange the latest information through a voluntary, cross-departmental discussion group
- Raise awareness of plant-based foods through industry-government-academia collaboration

Metrics and targets

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

FY2023 Goals	FY2023 Results	Self-assessment
Develop next-generation soy meat ingredients that provide new value	Expanded the Prime Soy Meat* series, marketing three new types	○
Develop plant-based ingredients other than soy meat to help our customers and address social issues, and expand the market for such foods	Marketed seven products, including plant-based whipped cream, chocolate, and dashi (Japanese soup stock)	○

* Prime Soy Meat is a delicious soy-based meat alternative that offers both an authentic meat-like fibrous texture and a melt-in-the-mouth quality.

Analysis

To realize our vision, “Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy,” as stated in the Fuji Oil Group Management Philosophy, we have leveraged the technologies for combining flavors and textures that we have developed over many years to develop new plant-based ingredients with better quality than ever before. The meat-like texture and flavor of the ingredients themselves have been well received by our customers and are used in various products.

Next steps

It is important to create an enjoyable experience with food and to help keep people and the planet healthy, rather than simply offering plant-based ingredients as alternatives to animal-based products. To address this issue, we set the following goals for FY2024.

- Develop new plant-based ingredients that cater to diversifying values
- Provide sustainable plant-based protein sources

Specific initiatives

GOODNOON: A flagship initiative towards the vision stated in Fuji Oil Group Management Philosophy

We launched our flagship plant-based food products initiative GOODNOON*¹ in July 2022 to fulfil the vision*² stated in our Fuji Oil Group Management Philosophy, and started to work on expanding the market for Plant-Based Foods (PBF). GOODNOON products are specially selected out of Fuji Oil Group plant-based foods as meeting five conditions: amazingly delicious, unique, easy to understand, healthy for people and the planet, and a solution to social issues. Combining our Group's unique ingredients and technologies, we will make it possible to create surprisingly delicious foods more quickly and in more creative ways, helping to address social issues.



*¹ <https://www.goodnoon.jp/> (in Japanese)

*² Revised in April 2023 to: “Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy.”

Next-generation plant-based protein ingredients developed by combining years of technological innovation

Our Group strives to develop products that bring out the flavor of plant-based food ingredients to help solve food insecurity and global environmental challenges. These products harness the development technologies of oils and fats and soy protein ingredients we have cultivated over many years.

In FY2023, we added three new types to the Prime Soy Meat series, a product line pursuing a superior, delicious taste to dispel preconceptions about soy meat. By applying oil, fat, and protein processing technologies, we have reduced the bean-like flavor and achieved an elastic and fibrous meat-like texture and pleasant mouthfeel.

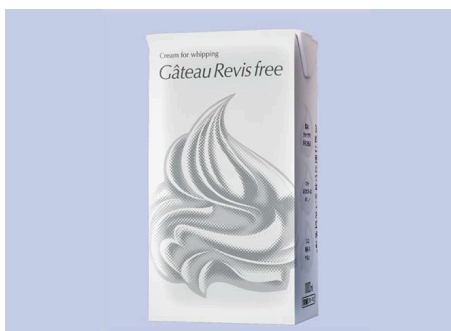


Prime Soy Meat block WN1



Example of use: Plant-based braised pork belly

There is also Gateau Revis free, our newly developed whipped cream made with no animal-based ingredients. It is delicious itself but also enhances the flavors of the ingredients it is combined with, and has a clean mouthfeel and plain taste that works in any preparation.



Gateau Revis free

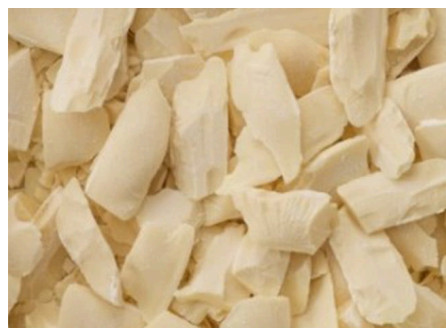


Example of use: Tropical mousse (PBF)

Sales growth in products with no animal-based ingredients is predicted even in the chocolate market. By merging our Group's unique ingredients and technologies, we have developed a chocolate that is dairy-free yet has a milky texture. Both milk-flavored and white types have a mild flavor that enhance the taste of the ingredients they are combined with.



Plant-based chocolate, milk flavored



Plant-based chocolate, white



Example of use: Tablet chocolate



Example of use: Matcha mousse

Proposing new value to consumers

Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd. will leverage our expertise to provide “surprisingly delicious foods,” giving consumers more choice by making PBF an everyday food option. Aiming to expand the market for PBF, we are working with our customers to create new products, starting from the PBF strategy presentation in July 2022, when we announced the scheme of the flagship GOODNOON initiative.

Delicious PBF available to everyone

New Otani Co., Ltd.

The Hotel New Otani, operated by New Otani Co., Ltd., offers several dishes on its restaurant menu using soy protein products and soy milk-related products made by our Group.



PBF dishes available at the hotel restaurant: Soy Meat and Tomato Stew, Healthy Soy Milk Pudding, Soy Milk Basque Burnt Cheesecake, from left to right (images from Hotel New Otani's website)

cotta Inc.

We have entered into a capital and business alliance with cotta Inc., which operates one of the largest websites for confectionery and baking ingredients in Japan.

The cotta tomorrow* website was jointly launched in May 2023 to provide healthy products and information, and became Japan's largest e-commerce media platform focusing on PBF. Through it, we promote our products and share recommended recipes, creating opportunities to raise the profile of PBF and encourage purchases. For example, Soy lait Beurre butter made from soy milk cream is a healthy product free from animal-based ingredients, and has been steadily gaining repeat customers.

* <https://www.cotta.jp/tomorrow/> (in Japanese) 



cotta tomorrow website (2D code)



Products in the Soy lait Beurre series (image provided by cotta)

FamilyMart Co., Ltd.

FamilyMart's Blue Green Project promotes the value of making incremental contributions to the global environment. In April 2024, it featured breads, desserts and other products made with plant-based ingredients and developed with taste in mind. Products created with our plant-based ingredients and designed to taste great provide consumers with new options.



Tiramisu created from plants
(images provided by Family Mart)



Soy danish (cinnamon apple and raisin)
(images provided by Family Mart)

* The above products are currently not available.

Kadohama Gomatohu Sohampo Co., Ltd.

Established in 1927, Kadohama produces and sells sesame tofu Koyasan in Wakayama Prefecture. In November 2023, they began offering "Kadohama-style Koyasan Noodle", which were created in collaboration with Nankai Electric Railway Corporation, Ryukishin Co., Ltd. and Fuji Oil Co., Ltd.

The dish features a ramen soup made using the liquid from pressed Kadohama sesame tofu and a plant-based soup base created by Ryukishin utilizing MIRACORE™. Together with gluten-free noodles made from rice flour, it is a dish befitting Koyasan's traditional vegetarian cuisine that will delight visitors to Japan.



Kadohama-style Koyasan Noodle -
tonkotsu flavor (three dishes
currently available at their shop in
Odawara area near Koyasan)

MIRACORE™: the technology behind plant-based foods with satisfaction

Led by the Fundamental Seasoning Business Development Department established in FY2023 (renamed to Fundamental Seasoning Business Division in FY2024), we are aiming to utilize MIRACORE™* to develop business in new markets, such as the inbound tourism market where demand for PBF is high.

At the G7 Hiroshima Summit held in May 2023, we exhibited in the international media center presentation corner together with Chikaranomoto Holdings Co., Ltd., and offered international media representatives with plant-based ramen created using MIRACORE™. In September 2023, we released our fourth plant-based soup stock product in a bonito-style seafood flavor. Souhonke Sarashina Horii, a traditional soba restaurant that has been operating since 1789 during the Edo period, uses the new bonito-style soup stock, in their monthly vegan menu. Initiatives such as these have shown that MIRACORE™ can become a technology that supports the global spread of Japanese cuisine.



MIRA-Dashi™ C400 (bonito dashi type)



Sarashina Horii's vegan offering: soba with seasonal vegetables

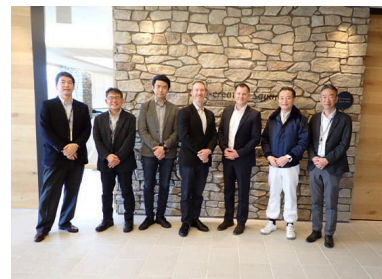
* MIRACORE™ is a new technology brand that helps plant-based foods provide the same satisfaction as animal-based products.

<https://www.miracore.jp/> (in Japanese) 

Investing in a major Dutch fund dedicated to food technologies

In FY2021, Fuji Oil Holdings Inc. invested in Unovis NCAP Fund II through its subsidiary. This is a major fund dedicated to food technologies based in the Netherlands. Unovis Asset Management B.V., which manages the fund, is a pioneer in the field of alternatives to animal-based protein, finding food technology businesses seeking to build new food systems at an early stage and helping them grow. The company also has specialists with extensive experience in the field of ESG who constantly monitor their portfolio companies from an ESG perspective. Aiming to create a sustainable world through plant-based ingredients, the Fuji Oil Group positioned this investment as an initiative linking the Group's wide range of unique technologies with solutions to the world's food issues. Through ongoing communication with the fund management company and the food tech portfolio companies around the world, we will move forward to enter a wider range of alternative protein business sectors and build our business based on consumer needs, using the market-in approach.

In FY2023, senior executives from Unovis Asset Management B.V. visited Fuji Oil Holdings Inc. to share cutting-edge information on global food technology and report on the companies it invests in, and we went into partnership on individual projects where co-creation is possible.



Unovis Asset Management B.V. senior executives visit Fuji Oil Holdings Inc.

Partnering with other companies on sustainable food

As a founding member of the Plant Based Lifestyle Lab (P-LAB)*, we are working to raise awareness of and promote PBF in collaboration with companies from a range of business domains.

In FY2023 we once again participated in the World King of Chefs Summit held on Awaji Island (November 11-13, 2023, with P-LAB as a special sponsor), and in collaboration with member companies provided PBF dishes that garnered great interest from visitors. Continuing from the previous fiscal year, P-LAB general meetings were also held on September 11, 2023 and March 27, 2024. Lectures on PBF markets around the world and group work on the spread of PBF in Japan were held in September, while in March details and results were reported for the annual fixed-point survey of general consumers on the awareness and spread of PBF. In addition, introduction and tasting sessions for member companies' PBF products became a regular feature, and provided opportunities to expand relations between companies.

Going forward, as well as stepping up activities to serve as a communication hub of PBF information, we will continue to promote value creation by collaborating with member companies to develop new PBF products and dishes.

* Founded in March 2021 with 15 member companies, and became a general incorporated association in October 2021. Currently has 53 member companies (as of March 2024)

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



P-LAB display at the World King of Chefs Summit



Group work session at a P-LAB general meeting

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

Fuji Oil Ghana Ltd. 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 cultivation. Since 2019, our Group has been conducting a business feasibility study on the procurement of soybeans and the development, manufacturing 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 FY2023, we conducted surveys on nutrition and the acceptability of products and prices. While we were able to confirm potential for higher incomes for women farmers and a certain level of demand for our products, we decided to forego business development in light of how long it would take to become profitable, and the changing security and investment environments in the area.

Information gained from these surveys on the market environment, partner companies, and soybean supply chain environment proved to be valuable insight for medium- and long-term consideration of future business in the area.

* 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.

Sustainable Food Value Chain

Environment & Social



Fuji Oil Group's Value Proposition

As we move toward realizing a sustainable world, and as awareness of food and health grows, consumers are seeking ways to enjoy delicious food that also leads to good health and well-being. In essence, there is a demand for delivering both deliciousness and healthiness, and contributing to a sustainable food value chain.

Here, we present the FY2023 achievement highlights of our efforts to address our material ESG issues related to Sustainable Food Value Chain.

Visit the following links for details on the Fuji Oil Group's value proposition.

- Governance, Strategy, Metrics and Targets, Risk Management
- Integrated Report

FY2023 Achievement Highlights

Commitments to Sustainable Procurement

Palm Oil

95%

TTP^{*1}

FY2023 Goals: 85%

Cocoa

100%

of farmer groups across our direct supply chain covered by CLMRS^{*2}
(Côte d'Ivoire, Ghana)

FY2023 Goals: 100%

Soybeans

83%

traceability to primary collection points

FY2023 Goals: 80% or more

Shea Kernels

88%

traceability to the regional level

FY2023 Goals: 50%

Environmental Vision 2030

CO₂ emissions

29% reduction

(Scopes 1 & 2)

FY2030 Goals: 40% reduction

27% increase

(Scope 3 Category 1)

FY2030 Goals: 18% reduction

Water use

33% reduction

(in water intensity)

FY2030 Goals: 20% reduction

Waste

15% reduction

(in waste intensity)

FY2030 Goals: 10% reduction

Recycling rate

99.85%

FY2030 Goals: 99.8% or more

Disclosures Based on TNFD*3 Recommendations



Identifying nature-related risks and opportunities across the value chain.



Analysis results of nature-related risks in cocoa producing countries.

*1 Traceability to plantation
*2 Child Labour Monitoring and Remediation System
*3 The Taskforce on Nature-related Financial Disclosures

Management

Environmental Management					>
> Response to TCFD and TNFD Recommendations	> Policy	> Governance	> Strategy		
> Risk management	> Metrics and targets				
Human Rights Management					>
> Policy	> Governance	> Strategy	> Risk management	> Metrics and targets	
Sustainable Procurement Management					>
> Policy	> Governance	> Strategy	> Risk management	> Metrics and targets	
> Specific initiatives					

Initiatives on Material ESG Issues

Climate Change

Priority action CO ₂ Emissions Reduction				
> Policy	> Governance	> Strategy	> Risk management	> Metrics and targets
> Specific initiatives				
Priority action Environmentally Responsible Production				
> Governance	> Strategy	> Risk management	> Metrics and targets	> Specific initiatives

Water Resources

Priority action Water Use Reduction				
> Policy	> Governance	> Strategy	> Risk management	> Metrics and targets
> Specific initiatives				

Circular Economy



Priority action Waste Reduction >

- > Policy
- > Governance
- > Strategy
- > Risk management
- > Metrics and targets
- > Specific initiatives

Priority action Reduction and Upcycling of Food Loss and Waste >

- > Governance
- > Strategy
- > Risk management
- > Metrics and targets
- > Specific initiatives

Biodiversity



Priority action Biodiversity Conservation and Restoration >

- > Policy
- > Governance
- > Strategy
- > Risk management
- > Metrics and targets
- > Specific initiatives

Sustainable Procurement



Priority action Sustainable Procurement of Palm Oil >

- > Policy
- > Governance
- > Strategy
- > Risk management
- > Metrics and targets
- > Specific initiatives

Priority action Sustainable Procurement of Cocoa >

- > Policy
- > Governance
- > Strategy
- > Risk management
- > Metrics and targets
- > Specific initiatives

Priority action Sustainable Procurement of Soybeans >

- > Policy
- > Governance
- > Strategy
- > Risk management
- > Metrics and targets
- > Specific initiatives










Priority action Sustainable Procurement of Shea Kernels >




- > Policy
- > Governance
- > Strategy
- > Risk management
- > Metrics and targets
- > Specific initiatives

Environmental Management

Managing climate- and nature-related impacts, risks and opportunities

GRI : 2-24, 27, 3-3, 101-1, 4, 201-2

	TCFD (Climate)	TNFD (Nature)	Relevant webpages
Policy	<p>The Fuji Oil Group established the Basic Policy of Environmental Integrity in 2015, and accelerated our efforts in 2018 with the establishment of the Environmental Vision 2030, in which we commit to achieving reduction targets for CO₂ emissions, water use, and waste across the Group. Additionally, we formulated the Fuji Oil Group Policy on Biodiversity in March 2023 to announce our basic approach and code of conduct for conserving and restoring biodiversity.</p>		<p> Fuji Oil Group Basic Policy of Safety, Quality and Environment (PDF, 331KB)</p> <p> Fuji Oil Group Policy on Biodiversity (PDF, 195KB)</p>
Governance	<p>The Group's Sustainability Committee^{*1} is an advisory body to the Board of Directors of Fuji Oil Holdings Inc. It deliberates on and monitors the Group's response to environmental and social issues, including climate- and nature-related issues, and recommends and reports the results to the Board. Chaired by the President and CEO, the committee is composed of chief officers with voting rights, other executive officers, heads of each business division, outside directors, and the ESG advisor, and meets at least twice a year. The ESG Division Officer and the Chief Strategy Officer (CSO) oversee initiatives across divisions for material ESG issues.^{*2} The ESG Division Officer is responsible for Climate Change, Water Resources, Circular Economy, and Biodiversity, while the CSO is responsible for Sustainable Procurement. Under this committee, the Subcommittee on Group Significant Risks discusses and manages Group-wide risks and opportunities related to climate change and nature. Their results are reported and approved in the Management Committee Meeting and the Board of Directors meeting at least once a year.</p> <p>Moreover, in order to realize a sustainable future for food, we follow the relevant policies in responding to Indigenous Peoples, social minorities, local communities, and other groups who may be affected by our business operations, and strive to build a foundation for ongoing dialogue and collaboration with our stakeholders.</p> <p>^{*1} Governance, Strategy, Metrics and Targets, Risk Management > Governance https://www.fujioilholdings.com/en/sustainability/sustainability_management/</p> <p>^{*2} Governance, Strategy, Metrics and Targets, Risk Management > Strategy, metrics and targets https://www.fujioilholdings.com/en/sustainability/sustainability_management/</p>		<p> Fuji Oil Group Human Rights Policy (PDF, 388KB)</p> <p> Fuji Oil Group Policy on Biodiversity (PDF, 195KB)</p> <p> Fuji Oil Group Supplier Code of Conduct (PDF, 2.3MB)</p> <p> Responsible Palm Oil Sourcing Policy (PDF, 1.66MB)</p> <p> Responsible Cocoa Beans Sourcing Policy (PDF, 79KB)</p> <p> Responsible Soybeans and Soy Products Sourcing Policy (PDF, 922KB)</p> <p> Responsible Shea Kernel Sourcing Policy (PDF, 945KB)</p>
Strategy GRI : 2-24	<p>In recent years, escalating climate change and biodiversity loss have led to a decline in the ecosystem services that society relies on and which underpin all economies. The global deterioration of the natural environment is seriously impacting corporate business operations and people's lives. Forest and soil degradation, biodiversity loss, higher water stress, and more frequent extreme weather events are interfering with the stable supply of the agricultural products we use as key raw materials to make our products, and are becoming a threat to our business operations.</p> <p>Our Group's businesses are benefitting from nature and ecosystem services while also affecting them through the global value chain, which includes raw material production, procurement, transportation, and product processing. We believe that changes in climate and nature are critical to our businesses in terms of both risks and opportunities. For these reasons, we strive to face these risks appropriately by working to reduce CO₂ emissions, conserve natural ecosystems, and use natural capital sustainably. At the same time, we have incorporated the concept of nature-positive future^{*1} in developing our technologies and products with a positive impact on the natural environment to open up better business opportunities in the future.</p> <p>With the goal of reducing our negative impacts and creating positive impacts, we will accelerate our sustainability initiatives at each Group company based on material ESG issues^{*2} and co-create the solutions with our stakeholders.</p>		

	TCFD (Climate)	TNFD (Nature)	Relevant webpages
	<p>*1 Halt and reverse biodiversity loss in order to put nature on a path to recovery</p> <p>*2 Climate change, water resources, circular economy, biodiversity, sustainable procurement, and creation of sustainable food resources</p>		
	<p>We performed the TCFD-recommended climate change scenario analysis to select climate change risks and opportunities, and qualitatively assessed their financial impact for a major Group company in Japan in FY2019, and for eight major Group companies outside Japan in FY2020. In FY2022, we conducted a quantitative assessment of the financial impacts of climate-related risks after conducting the scenario analysis based on 1.5°C/4°C climate scenarios instead of 2°C/4°C, with the goal of achieving more aggressive climate intervention.</p>	<p>In FY2022, we set out to understand how all of our activities are related to biodiversity throughout the value chain, and identified biodiversity issues*¹ relating to our Group's business as a whole. We then identified and compiled a list of potential nature-related risks and opportunities. In FY2023, based on the LEAP approach*² recommended by the Taskforce on Nature-related Financial Disclosures (TNFD), we used Geographic Information Systems (GIS) to analyze our dependencies and impacts on nature and ecosystem services using various indicators, and assessed our nature-related risks*³ and opportunities*⁴ in countries where our Group sources our key raw materials, palm oil and cocoa. Palm oil and cocoa were selected for analysis based on the following points:</p> <ul style="list-style-type: none"> • They are closely related to the biodiversity issues we identified in FY2022 • They are the main raw materials for the Group's main businesses, vegetable oils and fats and industrial chocolates, and have relatively high traceability • Oil palm and cocoa are included in the High Impact Commodity List of the Science Based Targets Network (SBTN) <p>*1 Habitat loss due to conversion of forest to agricultural land, impact on ecosystems in areas surrounding farmland, climate change, and water resources</p> <p>*2 An integrated approach developed by the TNFD for assessing nature-related issues including interfaces with nature, nature-related dependencies, impacts, risks and opportunities</p> <p>*3 Potential threats posed to an organization that arise from its and wider society's dependencies and impacts on nature</p> <p>*4 Activities that create positive outcomes for organizations and nature through positive impacts or mitigation of negative impacts on nature</p>	<p> Biodiversity Conservation and Restoration</p>
<p>Risk management</p> <p>GRI : 2-27</p>	<p>The Group has positioned the Management Committee Meeting as its Group-wide risk management body. The committee uses information sources that reflect the Group — including risks identified by executive teams, our material ESG issues, and operational risks — to comprehensively determine the level of impact on Group business, likelihood of occurrence, and time of onset, and to select the risks that are significant to the entire Group. We have developed a Group-wide risk management system aimed at managing these risks through a process of developing and implementing responsive measures, monitoring progress, evaluating results, and making improvements.</p> <p>Risks related to climate change, biodiversity and the natural environment are also identified as significant Group-wide risks. These risks are managed through the Group-wide risk management system by assessing their degree of significance, assigning priorities to</p>		<p> Risk Management System > Governance, Strategy</p> <p> Sustainable Procurement Management > Risk management</p>

	TCFD (Climate)	TNFD (Nature)	Relevant webpages
	initiatives, and planning and implementing responsive measures, which are reported to the Board of Directors at least once a year.		
	Assessment of risks and opportunities		
	See the section below “Assessment of climate change-related risks and opportunities and their financial impact on the Fuji Oil Group” for details.	Using the assessment of dependencies and impacts on nature and ecosystem services, we comprehensively identified the nature-related risks and opportunities that our Group needs to address. See the section below “Nature-related risks and opportunities across the Fuji Oil Group's value chain.”	
	Environmental audits		
	<p>The Fuji Oil Group strives to promote, improve and enhance our environmental conservation efforts across the Group by referring and conforming to international standards such as ISO 14001: Environmental management systems. Every year ISO 14001-certified operating sites undergo verification by external audits and conduct their own internal audits on safety, quality, and the environment. Operating sites outside Japan undergo safety, quality, and environmental audits by Fuji Oil Holdings Inc. By verifying, evaluating, and encouraging improvements at these companies, we strive to raise environmental performance across the Group.</p> <p>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 in Japan. No environmental nonconformities were found in the FY2023 external audits and internal audits.</p> <p>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 for employees' further understanding. Through internal 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.</p> <p>Outside Japan, the Production Productivity Management Group of Fuji Oil Holdings Inc., a strategy development unit with specialized knowledge in the fields of quality and safety, 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 FY2023, we conducted environmental audits in seven out of our Group's 20 production sites outside Japan.</p>		
	Acquisition of management certifications		
	<p>Group companies' certification for ISO 14001/ ISO 50001</p> <p>https://www.fujioilholdings.com/en/sustainability/authen/iso14001/</p>		
	Training		
	<p>The Sustainability Development Group and Production Productivity Management Group at Fuji Oil Holdings Inc. jointly provide regular training on safety, quality, and the environment among management and staff in relevant departments of Fuji Oil Group companies outside Japan. In FY2023, the team held awareness-raising activities at seven production sites of Group companies outside Japan. These activities are scheduled such that all sites are visited in a three to four-year cycle. In Japan, we publish a monthly environment and energy newsletter on our internal messaging board and display monitors in our cafeteria to raise employee awareness.</p>		
	Compliance with environmental laws and regulations		

	TCFD (Climate)	TNFD (Nature)	Relevant webpages
	In FY2023, there were no serious environmental legal violations in the Fuji Oil Group.		
Metrics and targets	Environmental Vision 2030		

	TCFD (Climate)	TNFD (Nature)	Relevant webpages
	Analysis		
	CO ₂ emissions (Scope 1 & 2)		
	Scope 1 and 2 emissions in FY2023 were 29% lower than the baseline, an improvement of three points from the previous fiscal year's 26% reduction. This represents a 73% achievement rate relative to our 40% reduction target by FY2030. In Japan, our operating sites have been switching to carbon-free electricity, with 50% of our electricity purchases now carbon-free. Group companies outside Japan are also continuing to reduce energy use through activities such as power saving and facilities maintenance.		
	CO ₂ emissions (Scope 3 Category 1)		
	At the result of recalculating emissions for FY2016, FY2022, and FY2023 using emissions factors of IDEA ver. 3.3 and LULUC (land use, and land-use change) Regulations, scope 3 emissions in FY2022 were changed from a 12% increase to a 30% increase, and scope 3 emissions in FY2023 were 27% higher than the baseline, an improvement of three points from the previous fiscal year. This represents a 0% achievement rate relative to our 18% reduction target by FY2030. We conducted engagement with suppliers in and outside Japan with the aim of reducing scope 3 emissions.		
	Water use (intensity)		
	Water use intensity in FY2023 was 33% lower than the baseline, an improvement of six points from the previous fiscal year's 27% reduction. This represents a 166% achievement rate relative to our 20% reduction target by FY2030. We reviewed our water use optimization at production lines in Japan. We also improved water recycling systems and revised the cleaning frequency of production facilities at Group companies outside Japan. All these actions contributed to the reduction in our water usage.		
	Waste (intensity)		
	Waste intensity in FY2023 was 15% lower than the baseline, an improvement of 10 points downward from the previous fiscal year's 5% reduction. This represents a 153% achievement rate relative to our 10% reduction target. At Fuji Oil Co., Ltd., improvement in dewatering rate of scum sludge using the dewatering equipment introduced in FY2020 has contributed to a reduction in waste. Spent bleaching earth (SBE) at Fuji Oil Europe (Belgium) and waste oil at Fuji Oil (Singapore) Pte. Ltd. have been converted into valuable raw materials for biofuel, thereby reducing our volume of waste.		
	Resource recycling		
	The resource recycling rate in FY2023 was 99.85%, an increase of 0.16 points from the previous fiscal year's 99.69%. This means that we achieved our target of 99.8% or higher. We will continue to promote recycling by sorting waste more thoroughly.		
	Reforestation and forest protection & conservation		
	Visit the following links for details on ensuring traceability of our raw materials and tree planting in countries producing these raw materials.		→ Sustainable Procurement of Palm Oil → Sustainable Procurement of Cocoa → Sustainable Procurement of Soybeans → Sustainable Procurement of Shea Kernels

	TCFD (Climate)	TNFD (Nature)	Relevant webpages
Metrics and targets	External recognition		
	<ul style="list-style-type: none"> • “A-” rating from CDP in 2023 for forests, climate change, and water security • Selected among the top 350 Asia-Pacific Climate Leaders 2024 in a joint survey by the Financial Times and Statista 		→ External Recognition

Assessment of climate change-related risks and opportunities and their financial impact on the Fuji Oil Group

GRI : 201-2

Level of impact

The level of impact categories — small, medium, and large — refer to the magnitude of financial impact that is projected to occur around the year 2050 based on estimates that assume a certain set of conditions, including but not limited to the Fuji Oil Group’s current business portfolio, financial condition, and business performance. This financial impact assessment is based on these impact categories and therefore is subject to change.

Large: Potential profit impact of 10 billion yen or more

Medium: Potential profit impact of 2 billion yen to less than 10 billion yen

Small: Potential profit impact of less than 2 billion yen

Risks

		Assessment of financial impact around 2050							
Item		Details	Financial impact	1.5°C scenario			4°C scenario		
				Details			Details		
Transition risks	Policy & regulations	Risk of increased cost of complying with environmental regulations	Increased cost due to adoption of carbon taxes	Environmental regulations around the world are tightened to address climate change, and costs increase due to the following factors. • Introduction of carbon taxes, carbon border adjustment mechanisms (CBAM), emissions trading systems (ETS) and other schemes in countries where Group companies are located. • Capital investment and depreciation of existing assets for reducing greenhouse gas emissions, including replacing gasoline, diesel, and other fossil fuels used in logistics vehicles and fossil fuels used for electricity and for boiler operation in certain production processes with renewable energy sources.			Compared to the 1.5°C scenario, environmental regulations for addressing climate change are not tightened as much and carbon taxes are smaller. However, carbon taxes may be levied in countries where Group companies are located, resulting in increased costs.		
				Time of onset	Duration of impacts	Impact level	Time of onset	Duration of impacts	Impact level
				Within 5 years	Longer than 10 years	5.8 billion yen ¹⁾	Within 10 years	Longer than 10 years	0.9 billion yen ²⁾
				Response approach ● Comply with CO₂ emissions reduction targets by promoting Environmental Vision 2030 • For CO ₂ emissions reduction, we have set a 40% reduction of Scopes 1 ³⁾ and 2 ⁴⁾ emissions and an 18% reduction of Scope 3 ⁵⁾ (Category 1 ⁶⁾) emissions as FY2030 targets (base year: FY2016). • To achieve our 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. ● Introduce internal carbon pricing⁷⁾ to all Group companies • We carried out the pilot introduction in FY2022 at Fuji Oil Co., Ltd. Going forward, we plan to introduce internal carbon pricing to all Group companies for use in developing investment plans, as an incentive for energy-saving initiatives, and as guidelines for investment decision-making.					
Transition risks	Reputation	Risks associated with deforestation and parkland/peatland loss in our supply chain	Increased cost associated with supplier engagement and lost sales due to suspended transactions from major customers	Costs will increase and sales will decline due to the following risks associated with deforestation and loss of parkland/peatland in the supply chain of the Group's major raw materials (e.g., palm oil, cocoa, soybeans, shea kernels). • Increased cost associated with strengthening engagement with suppliers to ensure that deforestation and parkland loss, which increase atmospheric CO ₂ concentrations and exacerbate climate change, do not occur. • As more and more people place greater priority on environmental problems, stricter environmental regulations are introduced and public awareness of the need for action to conserve the environment grows. The Group faces criticism and damage to its reputation when deforestation and parkland loss occur in its supply chain. Moreover, if such actions by suppliers are prohibited in a contract between the Group and its customer, the Group may be liable for damages and its business dealings may be terminated due to a breach of contract with the customer. • Under the EUDR, violations on products traded within the EU are subject to penalties such as fines and confiscation of income and products. Moreover, if a contract with a customer requires compliance with the EUDR, the Group may be liable for damages, including the penalties imposed on the customer, and its business dealings may be terminated due to a breach of contract.			Compared to the 1.5°C scenario, increased cost associated with strengthening supplier engagement is limited. While the Group makes advances as necessary in purchasing raw materials from suppliers that are implementing appropriate environmental conservation based on the Group's sustainable sourcing policies, society makes little progress in sustainability awareness and has a high tolerance of climate change, reducing the Group's need to strengthen supplier engagement on its own.		
				Time of onset	Duration of impacts	Impact level	Time of onset	Duration of impacts	Impact level
				Within 5 years	Longer than 10 years	Medium	At least 11 years from now	Longer than 10 years	Small
				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 medium- 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 medium- 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 are working to achieve traceability to the community level, No Deforestation and No Exploitation, and 100% procurement of RTRS (Round Table on Responsible Soy Association)-certified products or products certified to equivalent standards. • For shea kernels, we are working to plant 6,000 trees per year and achieve 75% traceability to the regional level, with the goals of conserving forests and supporting women's empowerment. ● Fully disseminate the Supplier Code of Conduct • We developed a Supplier Code of Conduct in 2021 to serve as a high-level policy to existing guidelines and policies for communicating the Group's overall approach to procurement to all suppliers. The code urges suppliers to comply with a list of basic principles (e.g., environmental conservation) and to devise preventive and remedial measures for identifying code violations and making improvements.					
Physical risks	Acute risks	Risk of more severe natural disasters due to extreme weather	Losses incurred by Group companies from storms and floods	More frequent and intense storms and floods cause damage and suspend operations at Group companies, such as Fuji Oil Co., Ltd. in Japan, which is prone to typhoon damage, and Fuji Vegetable Oil, with plants in Savannah, Georgia, U.S., which are prone to hurricane damage.			Storms and floods of even greater frequency and intensity than in the 1.5°C scenario cause greater devastation and suspend operations at Group companies, such as Fuji Oil Co. Ltd. in Japan, which is prone to typhoon damage, and Fuji Vegetable Oil, with plants in Savannah, Georgia, U.S., which are prone to hurricane damage.		
				Time of onset	Duration of impacts	Impact level	Time of onset	Duration of impacts	Impact level
				At least 11 years from now	Longer than 10 years	Medium	Within 10 years	Longer than 10 years	Large
				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 risks	Chronic risks	Risk of global shortages of major raw materials and soaring prices	Sales decline due to decrease in procurable volume of major raw materials	The following factors cause a decline in yields and supply shortages of major raw materials procured by the Group (e.g., palm oil, cocoa, soybeans, shea kernels), making it impossible to procure some of the raw materials needed, disrupting the manufacture of Group products, and causing a decline in sales. • Impacts from extreme weather events (e.g., heat waves, droughts, increased annual precipitation, rainstorms) and natural disasters • Increased demand caused by global population growth • With more people in society placing greater priority on environmental problems, greater restrictions on forest development and new agricultural methods such as regenerative agriculture are introduced, limiting the amount of farmland to a level that cannot meet the needs of a larger global population.			The following factors cause a major decline in yields and major supply shortages of major raw materials procured by the Group (e.g., palm oil, cocoa, soybeans, shea kernels), making it impossible to procure most of the raw materials needed, significantly disrupting the manufacture of Group products, and causing a dramatic decline in sales. • Impacts from extreme weather events (e.g., heat waves, droughts, increased annual precipitation, rainstorms) and natural disasters exceeding those in the 1.5°C scenario • The rise in the average global temperature shifts the location of arable lands and reduces the amount of land suitable for cultivating the Group's major raw materials. • Increased demand caused by global population growth		
				Time of onset	Duration of impacts	Impact level	Time of onset	Duration of impacts	Impact level
				Within 10 years	Longer than 10 years	Small	At least 11 years from now	Longer than 10 years	Medium
				Response approach ● Improve sustainability of raw material procurement and strengthen supply sources • Carry out our Group programs, including supplier engagement, agricultural support for farmers to improve farm yields and increase productivity, and farming guidance • Diversify our raw materials • Encourage boosting productivity through breeding research, in collaboration with academic institutions, governments, and industries					

- *1 Based on carbon tax data for each country in 2030 taken from the Global Energy and Climate Model Documentation 2023 by the International Energy Agency (IEA) (developed countries: USD 140/tonne, emerging countries: USD 90/tonne)
- *2 Based on carbon tax data for each country in 2030 taken from the IEA's World Energy Outlook 2020 (OECD member countries: USD 34/tonne, other countries: not adopted)
- *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
- *5 Scope 3: Emissions from the activities of non-Group companies in our value chain (Categories 1 to 15)
- *6 Category 1: Purchased goods and services
- *7 An internal scheme for promoting low-carbon investment and initiatives by placing a price on carbon based on estimates conducted within the organization.

Opportunities

		Assessment of financial impact around 2050						
Item	Details	Financial impact	1.5°C scenario			4°C scenario		
			Details			Details		
Market	Opportunity of expanded PBF ¹ market	Increased sales of Group products in the plant-based protein (e.g., meat and dairy alternatives) market	The Group seizes the following opportunities by leveraging its differentiated and integrated technologies and by co-creating solutions with customers to enhance product competitiveness through the addition of better flavor, richness of taste, and aroma to plant-based ingredients, resulting in dramatically increased sales for the Group. • As more and more people place greater priority on environmental problems, consumption of plant-based protein (e.g., meat and dairy alternatives) thrives and the global market for such alternatives grows dramatically, mainly among Millennials, Generation Z, and vegetarians. These groups hold the view that raising livestock requires large amounts of feed, water, and land, causing water shortages and deforestation, and exacerbating climate change. Therefore, they attach greater importance to sustainability and express their values through their consumption behavior. • While the demand for meat and dairy increases mainly in low- and middle-income countries, there is a global supply shortage of meat and dairy. This is due to global population growth, economic development and dietary changes as well as adverse impacts on livestock production caused by extreme weather events, natural disasters, and the rise in the average global temperature due to climate change. Demand for plant-based protein (e.g., meat and dairy alternatives) increases to make up for this shortage. Demand for plant-based protein expands as Japan, the US, and Europe transition away from their dependency on animal protein toward plant-based protein, and due to a shortage of protein in regions such as Sub-Saharan Africa and South Asia.			The Group seizes the following opportunities by leveraging its differentiated and integrated technologies and by co-creating solutions with customers to enhance product competitiveness through the addition of better flavor, richness of taste, and aroma to plant-based ingredients, resulting in increased sales for the Group. • In contrast to the 1.5°C scenario, the number of people placing greater priority on environmental problems does not grow and consumer behavior that attaches importance to sustainability does not gain traction. However, demand for meat and dairy increases mainly in low- and middle-income countries because of global population growth, economic development, and dietary changes, even as extreme weather events, natural disasters, and the rise in the average global temperature caused by climate change adversely impact livestock production, resulting in a global supply shortage of meat and dairy. Demand for plant-based protein (e.g., meat and dairy alternatives) increases to make up for this shortage. Demand for plant-based protein expands as Japan, the US, and Europe transition away from their dependency on animal protein toward plant-based protein, and due to a shortage of protein associated with population growth in regions such as Sub-Saharan Africa and South Asia.		
			Time of onset	Duration of impacts	Impact level	Time of onset	Duration of impacts	Impact level
			Within 5 years	Longer than 10 years	Medium	At least 11 years from now	Longer than 10 years	Small
Resilience	Opportunity relating to new health issues caused by climate change	Increased sales due to growing consumer needs for immunity-boosting, highly nutritious, high-protein, and low-sugar foods	The Group seizes the following opportunities by 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 and plant-based protein businesses, leading to increased sales for the Group. • Global climate change has shifted the temperature region of infectious diseases such as dengue fever and malaria, causing outbreaks in countries and regions where they have never occurred before. Also, there are new health issues such as higher cases of heat stroke. Health awareness grows over time as a result. • Adding to the increase in these infectious disease outbreaks and cases of heat stroke is an anticipated sharp rise in lifestyle diseases such as obesity, diabetes and dementia in regions including South Asia, Europe, Africa, North America, and Central and South America. This leads to greater consumer needs for immunity-boosting, highly nutritious, high-protein, and low-sugar foods that help prevent such health issues, driving increased demand and market expansion for lactic acid bacteria, DHA/EPA, polyphenols, proteins, peptides, and low-sugar chocolates. • With more people in society placing greater priority on environmental problems, the concept of One Health ¹² gains traction across all generations, increasing demand for products focused on human and environmental health. As a result, the Group sees rising demand for its PBF products, which contribute to environmental conservation and improved health through their potential benefits in preventing infectious diseases, heat stroke, and lifestyle diseases such as obesity, diabetes and dementia.			The Group seizes the following opportunities by 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 and plant-based protein businesses, leading to increased sales for the Group. • Global climate change has shifted the temperature region of infectious diseases such as dengue fever and malaria, causing outbreaks in countries and regions where they have never occurred before. Also, there are new health issues such as higher cases of heat stroke. Health awareness grows over time as a result. • Adding to the increase in these infectious disease outbreaks and cases of heat stroke is an anticipated sharp rise in lifestyle diseases such as obesity, diabetes and dementia in regions including South Asia, Europe, Africa, North America, and Central and South America. This leads to greater consumer needs for immunity-boosting, highly nutritious, high-protein, and low-sugar foods that help prevent such health issues, driving increased demand and market expansion for lactic acid bacteria, DHA/EPA, polyphenols, proteins, peptides, and low-sugar chocolates. • In contrast to the 1.5°C scenario, the number of people placing greater priority on environmental problems does not grow and the concept of One Health does not gain traction in society, so that the demand for products focused on human and environmental health does not increase. As a result, demand for the Group's PBF products — which contribute to environmental conservation and improved health through their potential benefits in preventing infectious diseases, heat stroke, and lifestyle diseases such as obesity, diabetes and dementia — does not rise as much as in the 1.5°C scenario.		
			Time of onset	Duration of impacts	Impact level	Time of onset	Duration of impacts	Impact level
			Within 10 years	Longer than 10 years	Medium	At least 11 years from now	Longer than 10 years	Medium
Response approach ● Conserve the environment through sustainable procurement ● Offer plant-based ingredients, one of our Group's strengths, to address social issues and foster the next-generation of businesses in a decarbonizing society ● Build a global research network and promote open innovation ● Recognizing changing market dynamics and needs — such as rising health consciousness and ethical awareness due to climate change impacts — as an opportunity, conserve the environment through sustainable procurement and offer plant-based ingredients, one of our Group's strengths, to address social issues and foster the next-generation of businesses in a decarbonizing society • By establishing the systems needed to develop products and promote business strategies that accurately respond to market trends, we will focus on new challenges such as revising our business portfolio for high value-added products and optimizing our production across the Group in anticipation of these future changes in the business environment. • By building and actively participating in an industry-academia consortium with research institutions worldwide and promoting open innovation using Fuji Oil Global Innovation Center Europe (GICE) as a hub, we will acquire new technologies and develop global human resources that will accelerate the creation of social value in a decarbonized society.								




*1 PBF: Plant-based food

*2 One Health: A concept recognizing the fact that safeguarding the health of ecosystems and animals serves the health of humans as well, inviting everyone to think of and work to protect the health of people, animals and ecosystems as one living system.

Nature-related risks and opportunities across the Fuji Oil Group's value chain

GRI : 304-2

Type		No.	Risk/ Opportunity	Potential impacts	Risk reduction	Opportunity creation	Strategies (○: Risk reduction, ◎: Opportunity creation)
Transition risks	Policy & Regulations	1	Tougher enforcement of regulations, new regulations	<ul style="list-style-type: none"> Increased cost of complying with regulations¹ for the Group Fines, suspension of operations and sales, loss of credibility, reparations and others due to legal violations 	●		<ul style="list-style-type: none"> Keep informed of the various regulations and share with everyone concerned Cooperate with external stakeholders on laws and regulations (e.g., EUDR)
		2	Soaring raw material prices, unstable raw material supply	<ul style="list-style-type: none"> Increased cost of complying with regulations² at major raw material suppliers Increased demand for certified raw materials (e.g., RSPO, RTRS) due to tougher regulations 	●	●	<ul style="list-style-type: none"> Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies³ ◎ Increase suppliers' understanding of certification systems and strengthen supply system^{4,9}
	Market	3	Exclusion from business dealings	<ul style="list-style-type: none"> Decline in public credibility if evidence of deforestation, peatland development or human rights violations emerges from major raw material suppliers, resulting in the loss of markets and customers 	●		<ul style="list-style-type: none"> Implement actions to achieve sustainability KPIs on NDPE and eliminating child labor^{5,7} ○ Promote initiatives to prevent deforestation and restore forests^{5,7,8} ○ Reduce impact on ecosystems in farmlands and surrounding areas, reduce chemical use^{5,7,10} ○ Raise awareness and conduct capacity building of stakeholders^{5,7,8}
		4	Lower competitiveness due to inadequate response to change in consumer behavior and environmental concerns	<ul style="list-style-type: none"> Decline in competitiveness due to delay in response to the biodiversity demands of markets and customers 	●	●	<ul style="list-style-type: none"> ○ Implement actions to achieve sustainability KPIs on NDPE and eliminating child labor^{5,7} ○ Implement measures to manage reputational risks in partnership with NGOs⁶ ◎ Promote business strategies that take advantage of changes in social trends as opportunities ◎ Enhance initiatives to address global issues
	Technology	5	Development and spread of alternative biological resources	<ul style="list-style-type: none"> Increased development and production costs due to growing demand for products that use alternative raw materials in consideration of biodiversity 	●	●	<ul style="list-style-type: none"> ◎ Offer sustainable food using plant-based ingredients¹¹ ◎ Explore new alternative raw materials¹² ○ Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies³
	Reputation	6	Damage to reputation among consumers and society	<ul style="list-style-type: none"> Consumer boycotts and criticism from consumers, NGOs and local residents Decline in public credibility, resulting in the loss of markets and customers 	●	●	<ul style="list-style-type: none"> ○ Implement actions to achieve sustainability KPIs on NDPE and eliminating child labor^{5,7} ○ Implement measures to manage reputational risks in partnership with NGOs⁶ ○ Promote initiatives to prevent deforestation and restore forests^{5,7,8} ○ Reduce impact on ecosystems in farmlands and surrounding areas, reduce chemical use^{5,7,10} ○ Raise awareness and conduct capacity building of stakeholders^{5,7,8} ◎ Disclosure of high-quality information on nature-related risks and opportunities
		7	Damage to reputation among investors	<ul style="list-style-type: none"> Company stocks excluded from ESG funds if our response strategies to nature-related risks and opportunities are evaluated as inadequate, resulting in a slump in stock prices 	●	●	
	Physical risks	8	Unintentional introduction of invasive species and GMO crops	<ul style="list-style-type: none"> Consumer boycotts and criticism from consumers, NGOs and local residents Decline in public credibility, resulting in the loss of markets and customers 	●	●	<ul style="list-style-type: none"> ○ Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies³ ◎ Explore new alternative raw materials¹² ◎ Reduce number and distance of transportation
		9	Increase in flooding and storm surges	<ul style="list-style-type: none"> Damaged factories and suspension of operations Disruption in supply chains 	●		<ul style="list-style-type: none"> ○ Enhance the resilience of our business sites ○ Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies³
		10	Biological resource depletion	<ul style="list-style-type: none"> Reduced production volume due to changes in the growing environment of major raw materials, resulting in higher raw material prices 	●	●	<ul style="list-style-type: none"> ◎ Promote initiatives to conserve and restore biological resources^{7,8} ○ Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies³
		11	Water resource depletion, pollution from wastewater	<ul style="list-style-type: none"> Reduced supply volume due to crop failure of major raw materials or suspension of operations at suppliers, resulting in higher raw material prices 	●	●	<ul style="list-style-type: none"> ◎ Promote initiatives to conserve and restore water resources^{7,8} ○ Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies³
		12	Lower farmland productivity	<ul style="list-style-type: none"> Decline in farmland productivity in regions producing our raw materials, resulting in higher raw material prices Environmental destruction of farmlands at suppliers, making procurement difficult 	●	●	<ul style="list-style-type: none"> ◎ Promote initiatives to conserve and restore farmland productivity^{7,8} ○ Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies³
		13	Dairy cattle grazing and excrement	<ul style="list-style-type: none"> Consumer boycotts and criticism from consumers, NGOs and local residents Decline in public credibility, resulting in the loss of markets and customers 	●		<ul style="list-style-type: none"> ○ Strengthen efforts to prevent or mitigate environmental risks across the supply chain based on the Group's sourcing policies³
Systemic risks		14	Decline in raw material harvest due to decrease in pollinators	<ul style="list-style-type: none"> Decline in volume of raw material harvests due to decline in percent fruit set, resulting in procurement shortage 	●		
		15	Ecosystem destabilization	<ul style="list-style-type: none"> Decline in volume of raw material harvests due to ecosystem collapse in countries and regions growing our raw materials, resulting in procurement shortages 	●		

- *1 Potential regulations on land use, water use, pesticides, chemical substances, plastics, waste, greenhouse gas emissions, water/soil/air pollution, mandatory due diligence on raw materials, new regulations, among others
- *2 Potential regulations on land use, water use, pesticides, chemical substances, plastics, waste, greenhouse gas emissions, water/soil/air pollution, among others
- *3 Sustainable Procurement Management
<https://www.fujioilholdings.com/en/sustainability/procurement/>
- *4 https://www.fujioilholdings.com/en/pdf/news/2024/240125_en.pdf 
(Notice of Establishment of Joint Venture Company by Consolidated Subsidiary)
- *5 Sustainable Procurement of Palm Oil
https://www.fujioilholdings.com/en/sustainability/palm_oil/
- *6 FUJI OIL GROUP Grievance Mechanism
https://www.fujioilholdings.com/en/sustainability/grievance_mechanism/
- *7 Sustainable Procurement of Cocoa
<https://www.fujioilholdings.com/en/sustainability/cocoa/>
- *8 Sustainable Procurement of Shea Kernels
https://www.fujioilholdings.com/en/sustainability/she_a_kernel/
- *9 Sustainable Procurement of Soybeans
<https://www.fujioilholdings.com/en/sustainability/soy/>
- *10 https://www.fujioil.co.jp/news/2021/_icsFiles/afieldfile/2021/10/04/211012.pdf 
(Launched "SoyBio MA," upcycled soy whey for bioremediation of soil, in Japanese)
- *11 Creation of Diverse Plant-based Ingredients
https://www.fujioilholdings.com/en/sustainability/food_resources/
- *12 <https://www.fujioilholdings.com/pdf/news/2022/20221004Newsrelease.pdf> 
(Palm oil substitute derived from oleaginous yeast achieved world-leading production volume (98 g/l), in Japanese)

Related documents

ESG Data Book (PDF 2.85MB) 

Human Rights Management

Policy

In April 2017 the Fuji Oil Group established the Fuji Oil Group Human Rights Policy, which lays out our basic approach to human rights. In March 2023, we established the Fuji Oil Group Human Rights Guidelines to serve as specific principles that guide the shared recognition for respect for human rights in all employees.

Fuji Oil Group Human Rights Policy (PDF,388KB) 

Fuji Oil Group Human Rights Guidelines (PDF,300KB) 

Governance

GRI : 3-3

The Group's Sustainability Committee,^{*1} an advisory body to the Board of Directors of Fuji Oil Holdings Inc., deliberates on and monitors the Group's responses to environmental and social issues including human rights, and recommends and reports the results to the Board. Chaired by the President and CEO, the committee is composed of chief officers with voting rights, other executive officers, heads of each business division, outside directors, and the ESG advisor, and meets at least twice a year. Under the ESG Division Officer, the Sustainability Development Group supervises relevant divisions and identifies Group-wide human rights risks. Key human rights risks are incorporated into our material ESG issues,^{*2} and cross-departmental responses for human rights issues within the Group and within the supply chain are led by the Chief Administrative Officer (CAO) and the Chief Strategy Officer (CSO), respectively. Under this committee, the Subcommittee on Group Significant Risks discusses and manages human rights-related risks and opportunities as the Group, and reports the results to the Management Committee Meeting and Board of Directors for approval at least once a year.

*1 Governance, Strategy, Metrics and Targets, Risk Management > Governance

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

*2 Governance, Strategy, Metrics and Targets, Risk Management > Strategy, metrics and targets

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

Strategy

GRI : 2-24

Human rights are the rights that all people are born with to live freely and with dignity. As stated in the Policy section above, we have established the Fuji Oil Group Human Rights Policy and the Fuji Oil Group Human Rights Guidelines, and in the Group Management Philosophy,^{*} one of our principles declares that we will respect the diversity and individuality of Fuji Oil Group employees. Therefore, we aim for corporate management that emphasizes diversity, equity and inclusion (DE&I). Respect for human rights forms the foundation of these ideas.

Failure to address human rights issues will increase risk of discrimination based on attributes such as nationality, race, age, sexual orientation and gender identity, personality, or disability. Conversely, addressing human rights issues in detail throughout the Group will be an opportunity to conduct fair evaluations, provide equitable opportunities, and improve employee engagement.

As a Group with a global supply chain, we also recognize our responsibility to respect the human rights of all stakeholders, including those working in the supply chain (focusing on working conditions, occupational health and safety, non-discrimination and equal opportunity, forced and child labor, and land rights at plantations) and consumers, in addition to our employees. We will thus strive to fulfill this responsibility, embodying our commitment to “work for people” as declared as one of the Values that inform our actions in the Group Management Philosophy.

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

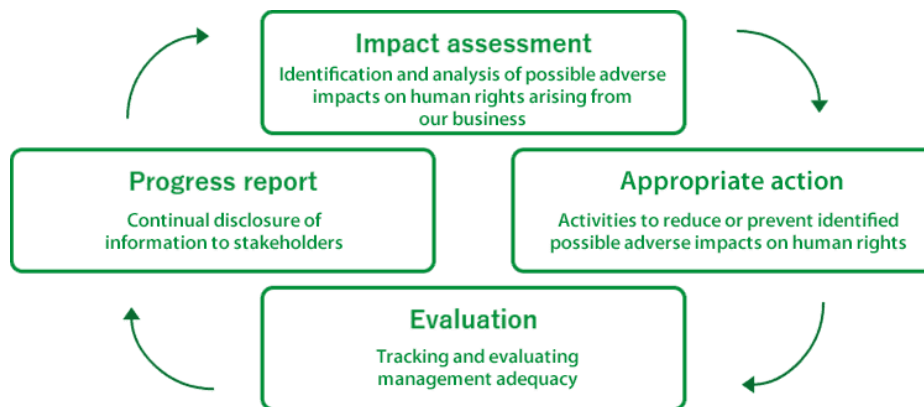
Human rights due diligence

Overview

The UN Guiding Principles on Business and Human Rights^{*1} clearly state that businesses also have the responsibility to respect human rights. They require that businesses understand the social and moral significance of respecting human rights in fulfilling this responsibility, and doing so consists of three components: policy commitment, conducting human rights due diligence,^{*2} and establishing a process that enables remediation. Our Group conducts human rights due diligence as part of the “implementation of the responsibility to respect human rights” specified in the Group’s Human Rights Policy.

^{*1} A set of international standards unanimously endorsed by the UN Human Rights Council in 2011.

^{*2} The act of identifying human rights risks in a company’s business throughout the supply chain, and explaining and disclosing information on the effectiveness of initiatives and approaches towards preventing and reducing those risks.



Impact assessment process

Our Group conducts human rights impact assessments following the process advocated by the UN Guiding Principles on Business and Human Rights with guidance from outside experts in order to identify and evaluate the possible adverse impacts of our business activities on human rights and to identify priority issues. We conducted our first assessment in FY2016, and second assessment in FY2020, and identified our human rights risks as described below. During the second assessment in FY2020, we received guidance from BSR, a third-party expert on business and human rights.

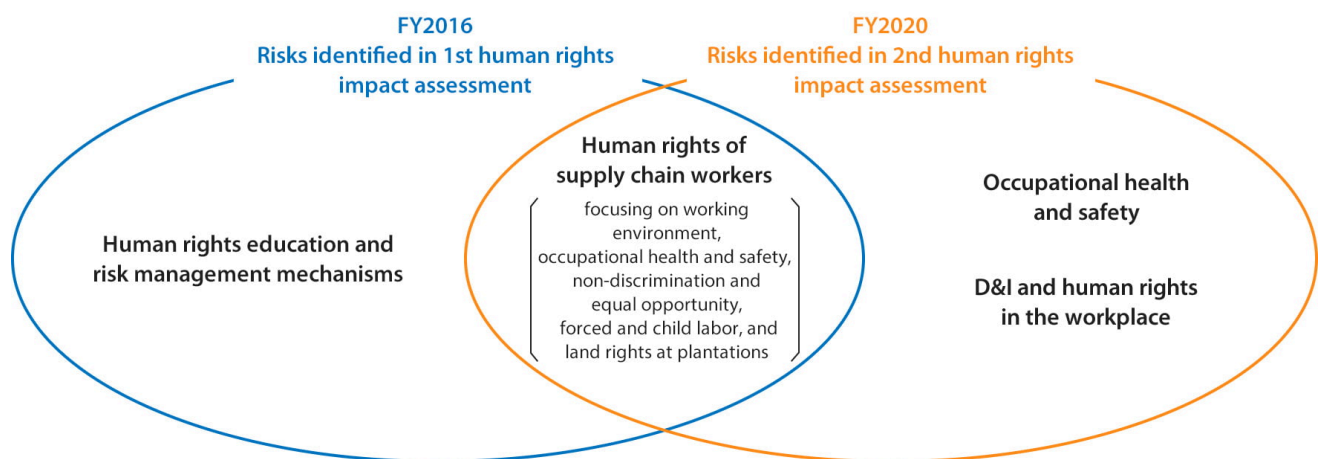
In the first stage, we identified human rights risks based on the nature of the Group’s business and our operating locations using the expertise of BSR.

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) Governance, risk, and compliance, 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.

In the medium-term we will work to reduce identified risks in these three categories and share details of our progress through this report (in sections according to theme, such as human rights management, promotion of DE&I and sustainable procurement).

Results of 1st and 2nd human rights impact assessments



Progress in addressing human rights risks based on views from stakeholders

Since our first human rights impact assessment in FY2016, we have been addressing human rights risks by taking into account views from stakeholders such as experts in the field of business and human rights. For our FY2023 progress on the human rights risks identified in our second assessment, see the “Metrics and targets” section.

Human rights risk management mechanisms

- Established the Fuji Oil Group Human Rights Policy and began conducting human rights due diligence (April 2017)
- Conducted second human rights impact assessment (2020)
- Established the Fuji Oil Group Human Rights Guidelines (March 2023)

Initiatives for supply chain worker human rights

- Established the Responsible Palm Oil Sourcing Policy (March 2016)
- Established and announced a palm oil grievance mechanism (May 2018)
- Published the Palm Oil Mill List (June 2018)
- Established the Responsible Cocoa Beans Sourcing Policy (August 2018)
- Revised the palm oil grievance procedures (April 2020)
- Published the Fuji Oil Group Supplier Code of Conduct (April 2021)
- Established the Responsible Soybeans and Soy Products Sourcing Policy (June 2021)
- Established the Responsible Shea Kernels Sourcing Policy (June 2021)
- Revised the Fuji Oil Co., Ltd. CSR Procurement Guidelines (3rd Edition) (November 2021)
- Established the Fuji Oil Group Policy on Biodiversity (March 2023)

Grievance mechanisms

GRI : 2-25, 26

Whistleblowing system

We have established a whistleblowing system* for employees (including retired employees) of Group companies in and outside Japan and employees of some cooperating companies.

* Fair Business Practices > Whistleblowing system

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

Grievance mechanism for our supply chains

In May 2018, we established a grievance mechanism* based on our Responsible Palm Oil Sourcing Policy. This mechanism provides a way to raise concerns about environmental or human rights issues within the Group's palm oil supply chain. We set up a grievance mechanism webpage in English on our Group website to announce the mechanism and its progress.

Fuji Oil Group Human Rights Guidelines

Based on the Fuji Oil Group Human Rights Policy, we established the Fuji Oil Group Human Rights Guidelines in March 2023 to address human rights issues related to Group workplaces and employees. The guidelines have been translated into nine languages so that all employees can understand them.

The Guidelines are a part of our response to the “human rights in the workplace (harassment, forced labor)” risks identified in our second human rights impact assessment, and aim to ensure that human rights are respected consistently across all Group companies, in our efforts to establish a comprehensive human rights management system. This was a point raised in our dialogue with BSR in FY2021.

Fuji Oil Group Human Rights Guidelines (PDF,300KB) 

Education, awareness raising

We designated the week of December 10, International Human Rights Day, as Fuji Oil Group Human Rights Week. During this period, leadership statements on business and human rights are shared with all Group employees, and e-mail messages are sent to draw attention to the event. In FY2023, we also shared information on understanding respect for human rights from a corporate perspective on our internal communication site in Japanese, English, Chinese, and Portuguese to raise awareness within the company.



A leadership statement posted on our internal communication site (Japanese, English, Chinese, and Portuguese)

Business and human rights e-learning video (Shared in the 2019 Fuji Oil Group Human Rights Week)



Metrics and targets

GRI : 408-1, 409-1

Risks identified in 2nd human rights impact assessment in FY2020	Special points to confirm/consider (recommended by experts)	Actions	FY2023 Results
<p>Occupational health and safety</p> <p>Relevant stakeholder group: Employees</p>	<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 	<ul style="list-style-type: none"> Conducted joint on-site audits of five individual companies with safety officers from each regional headquarters
<p>Human rights of supply chain workers (focusing on working environment, occupational health and safety, non-discrimination, and equal opportunity, forced and child labor, and land rights on plantations)</p> <p>Relevant stakeholder group: Supply chain workers</p>	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Supplier Code of Conduct was agreed on by 70% of suppliers (as of January 2024) Achieved 100% CLMRS coverage for farmers groups within our Group's direct procurement supply chain (Côte d'Ivoire, Ghana) Ensured 83% traceability to primary collection point for soybeans Continued the Tebma-Kandu shea kernel sustainability program in Ghana, resulting in 19% of shea kernels being procured from women's cooperatives

Risks identified in 2nd human rights impact assessment in FY2020	Special points to confirm/consider (recommended by experts)	Actions	FY2023 Results
<p>D&I and human rights in the workplace (harassment, forced labor)</p> <p>Relevant stakeholder group: Employees</p>	<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 	<ul style="list-style-type: none"> See “Promotion of DE&I” page for more information on diversity, equity and inclusion Designated a Human Rights Week every December at Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd. Sent daily newsletters on preventing harassment over the five days to all employee e-mail addresses, and also posted them on our internal communication site to provide opportunities to deepen understanding of human rights Strengthened harassment prevention measures by making viewing the videos on anti-harassment and raising awareness of the whistleblowing hotline a compulsory part of FY2023 division training (planned and conducted annually in each division for all employees regardless of employment status)

Related documents

ESG Data Book (PDF 2.85MB) 

Sustainable Procurement Management

Policy

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

Group policies on sustainable procurement

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

Governance

GRI:3-3

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

^{*1} Governance, Strategy, Metrics and Targets, Risk Management > Governance

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

^{*2} Governance, Strategy, Metrics and Targets, Risk Management > Strategy, metrics and targets

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

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

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

Risk management

Engagement with suppliers

Group-wide engagement with suppliers

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

Engagement with suppliers in Japan

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

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



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

Metrics and targets

Commitments to sustainable procurement

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

Raw material	Social issues in the supply chain		Our vision, medium- to long-term goals	KPIs		FY2023 results	Solution-based approach
				2030	2025		
Palm oil	Global environment	Climate change, deforestation, peatland development, biodiversity loss	No Deforestation, No Peatland Development and No Exploitation (NDPE)	Traceability to plantation (TTP ^{*1}): 100%	TTP: 85%	TTP: 95%	<ul style="list-style-type: none"> Trace supply chain to plantations Monitor deforestation by satellite images Implement a supply chain transformation program Improve supply chain (reduce environmental/human rights risks) by collaborating with NGOs and oil mills, and engaging direct suppliers Operate a grievance mechanism Participate in landscape initiatives^{*3} Procure RSPO^{*4}-certified oil
	Human rights	Forced labor; child labor; exploitation of Indigenous Peoples, local residents and workers		Labour Transformation Programme (LTP) implementation rate: 100% (of all direct suppliers)	LTP implementation rate: 100% (of all suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia) ^{*2})	LTP implementation rate to suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia): 74%	
Cocoa	Global environment	Deforestation, climate impacts on producing regions, biodiversity loss	Reforestation, elimination of child labor	One million trees planted ^{*5}	500,000 trees planted	145,748 trees planted in our direct supply chain in Côte d' Ivoire (315,748 trees in total)	<ul style="list-style-type: none"> Map out boundary lines (polygon) of supplier farms Conserve and restore forests Protect children (promote implementation of CLMRS) Implement community support programs (Côte d' Ivoire, Ghana)
	Human rights	Child labor, poverty among farming families		Elimination of child labor	No worst forms of child labor ^{*6}	100% of farmer groups across our direct supply chain covered by CLMRS ^{*7} (Côte d' Ivoire, Ghana) 60% of farms across our direct supply chain covered by effective and sustainable child protection and human rights due diligence system that assess and address child labor (Côte d'Ivoire, Ghana)	
Soybeans	Global environment	Deforestation, biodiversity loss	No deforestation, no exploitation	Traceability achieved to the community level, or 100% procurement of RTRS ^{*8} -certified products or products certified to equivalent standards	Traceability achieved to primary collection points, or 100% procurement of RTRS-certified products or products certified to equivalent standards	<ul style="list-style-type: none"> Facilitated dialogues with suppliers in North America and China to determine the progress of traceability Traceability achieved to primary collection points: 83% 	Promote continuous direct dialogue with suppliers in China
	Human rights	Exploitation of Indigenous Peoples, local residents and workers					
Shea kernels	Global environment	Loss of parkland	Forest conservation, support to women's empowerment	6,000 trees planted/year ^{*9}	6,000 trees planted/year	9,364 trees planted/year	<ul style="list-style-type: none"> Implement Tebma-Kandu program Conserve parkland in habitat of shea trees Reduce environmental impact by shifting energy sources
				Traceability to the regional level, including procurement from Tebma-Kandu cooperatives ^{*10} : 75%	70%	88%	
				Procurement of shea kernels from the Tebma-Kandu program ^{*11} : 50%	30% ^{*12}	19%	
	Human rights	Poverty among farming families		Percentage of shea kernels crushed and fractionated (separated) in West Africa: 100%	100%	100%	
				Non-fossil fuel energy ^{*13} used by Fuji Oil Ghana Ltd. (for steam generation): 100%	100%	97.6%	
				Utilization rate of warehouses donated by our Group that generate alternative income for Tebma-Kandu cooperatives: 80% ^{*14}	20%	—	

^{*1} Traceability to plantation

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

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

^{*4} Roundtable on Sustainable Palm Oil

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

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

^{*7} Child Labour Monitoring & Remediation System

^{*8} Round Table on Responsible Soy Association

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

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

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

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

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

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

Specific initiatives

Sustainable procurement information by raw material

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

Sustainable Procurement of Palm Oil

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

Sustainable Procurement of Cocoa

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

Sustainable Procurement of Soybeans

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

Sustainable Procurement of Shea Kernels

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

Related documents


ESG Data Book (PDF 2.85MB) 

CO₂ Emissions Reduction



Policy

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

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

Governance

The Group's Sustainability Committee^{*1} is an advisory body to the Board of Directors that is chaired by the President and CEO. It deliberates on and monitors the material ESG issue^{*2} of Climate Change from a multi-stakeholder perspective, and reports the results to the Board. The ESG Division Officer oversees the progress of initiatives for CO₂ Emissions Reduction, a priority action within this material issue, to achieve our Environmental Vision 2030.^{*3}

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

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

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

Strategy

In the movement towards decarbonization, it became clear at COP28 that global progress in reaching the Paris Agreement's 1.5°C target is uneven, and it is required that an approach is taken where each country's circumstances are considered to reliably reduce CO₂ emissions. Climate change is a key issue for our Group, which operates while benefitting from nature in its use of agricultural products as primary raw materials, and while using energy at production sites around the world. Without progressive climate change mitigation, our Group will experience higher natural disaster risk as well as other increased risks such as reduced raw material yield impacting stable procurement, carbon taxes, and other environmental regulations restricting business activities.

The Fuji Oil Group has committed to CO₂ emissions reduction across the Group based on our Environmental Vision 2030. By 2030, we aim to reduce Scope 1 and 2 emissions by 40% and Scope 3 (Category 1) emissions by 18% compared to the base year of FY2016. These targets were approved by the Science Based Targets initiative (SBTi)^{*1} in May 2020. The Group works together as one to achieve these targets through continued efforts to conserve energy, installing new energy-efficient equipment, and using renewable energy at production sites. In Japan, we also aim to shift to purchasing only carbon-free electricity^{*2} by 2030.

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

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

*2 Electricity from energy providers that is generated from renewable energy sources and is carbon-free as an added value. CO₂ emission factor can be taken as zero.

Risk management

Environmental Management > Risk management

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

Metrics and targets

GRI : 305-5

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

*1 Base year: FY2016

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

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

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

Recalculated emissions for FY2016, FY2022, and FY2023 using emissions factors of IDEA ver. 3.3 and LULUC (land use, and land-use change) Regulations.

*5 Category 1: Purchased goods and services

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

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

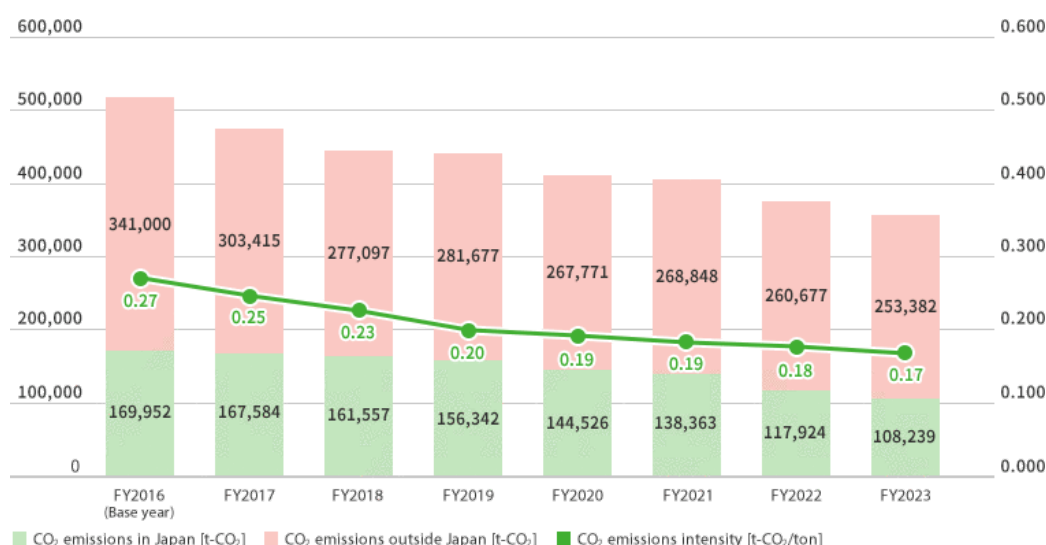
FY2023 Goals	FY2023 Results	Self-assessment
Promote energy conservation efforts, renewable energy use and other initiatives	<ul style="list-style-type: none"> • Raised awareness through environmental audits of seven Group companies • Explained internal carbon pricing system at Group companies outside Japan ahead of FY2024 introduction • Began energy conservation patrols at Fuji Oil Co., Ltd. to enhance conservation efforts and make them more autonomous • Installed solar panels on the rooftop and carports at Fuji Oil Co., Ltd.'s Kanto Plant • Installed solar panels for the first time at Fuji Oil (Zhaoqing) Co., Ltd. (China) • Installed solar panels at Blommer Chocolate Manufacturing (Shanghai) Company Ltd. 	○
Engage with key suppliers	Conducted engagement with 16 suppliers around the world through online meetings, surveys and other activities	○

Analysis

Scope 1 and 2 emissions in FY2023 were 29% lower than the baseline, an additional improvement of three points from the previous fiscal year's 26% reduction compared to the base year. This represents a 73% achievement rate relative to our target (40% reduction by FY2030). At business sites in Japan, approximately 50% of purchased energy is now carbon free. Outside Japan, Group companies worked on electricity conservation, equipment maintenance and other energy-saving efforts, along with introducing renewable energy, which contributed to reduced CO₂ emissions. We also aimed to improve environmental management through environmental audits. In addition, we prepared for trial introduction of the internal carbon pricing system (reference: 10,000 yen/t-CO₂) at some Group companies outside Japan in order to promote environmentally responsible investments.

At the result of recalculating emissions for FY2016, FY2022, and FY2023 using emissions factors of IDEA ver. 3.3 and LULUC (land use, and land-use change) Regulations, scope 3 emissions in FY2022 were changed from 12% increase to 30% increase, and scope 3 emissions in FY2023 were 27% higher than the base year, an improvement of three points from the previous fiscal year. This represents a 0% achievement rate relative to our 18% reduction target by FY2030. Increased production led to an increase in Scope 3 Category 1 emissions. In efforts to reduce emissions, we engaged with 16 supplier companies around the world — which make up 10% of all suppliers — through meetings, surveys and other activities.

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



Next steps

Our Group has been successfully reducing CO₂ emissions since the base year, and has set the following goals for FY2024 as we work towards a decarbonized society.

- Set new CO₂ emissions reduction targets
- Further reduce Scope 1 and 2 emissions
 - Continue energy conservation and introduction of renewable energy
 - Further introduction of the internal carbon pricing system at Group companies outside Japan
- Further reduce Scope 3 emissions
 - Continue conducting supplier engagement

Specific initiatives

Energy management in Japan

As part of achieving the Environmental Vision 2030, Fuji Oil Co., Ltd. and Group companies in Japan are working to manage and improve their energy usage. In particular, we have started energy conservation patrols in order to enhance conservation efforts and make them more autonomous. First, in order to increase energy conservation awareness, we visualized energy loss in the Hannan Business Operations Complex using ultrasonic and thermal cameras. Moving forward, we are planning to apply loss-reducing measures at this plant and introduce them to other facilities. With these activities in place, we expect to achieve Japan's Energy Conservation Act^{*1} non-binding target^{*2} once again in FY2023.

Fuji Oil Co., Ltd. has also agreed to a trial of the regular reporting and disclosure system under the Energy Conservation Act,^{*3} scheduled for official operation in FY2024, and is proactively disclosing information. In additional efforts to significantly reduce our CO₂ emissions, we have also decided to update the cogeneration equipment^{*4} at the Hannan Business Operations Complex,^{*5} and are aiming to begin operation in FY2025. The equipment is designed so that it can be modified to co-fire with hydrogen, and we will investigate making shift to use non-fossil fuels.

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

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

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

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

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

Enhancing the energy efficiency of production equipment

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

- The Hannan Business Operations Complex worked to reduce energy consumption by reusing waste heat recovered from production processes as a heat source for cleaning water.
- The Fuji Oil Co., Ltd.'s Chiba Plant worked to reduce steam use during equipment shutdowns by introducing a proprietary automatic system to control the steam supply for equipment heat retention.
- Fuji Oil (Zhang Jia Gang) Co., Ltd. (China) reduced steam usage, which led to a reduction in CO₂ emissions.
- Fuji Global Chocolate (M) Sdn. Bhd. (Malaysia) optimized the flow volume of their cold-water pump to reduce energy usage.
- Fuji Oil (Thailand) Co., Ltd. installed small boilers to improve energy efficiency during small-lot production.
- Palmaju Edible Oil Sdn. Bhd. (Malaysia) switched to high-efficiency motors to reduce energy usage.

Introducing renewable energy

GRI : 302-4

Of the 20 production sites in our Group, 11 are now equipped with photovoltaic (PV) power generation. Fuji Oil Co., Ltd.'s Kanto Plant and Fuji Oil (Zhaoqing) Co., Ltd. (China) began using PV power generation facilities for the first time, and PV panels were also installed at Blommer Chocolate Manufacturing (Shanghai) Company Ltd. (China).

Blommer Chocolate Company (U.S.) partly uses renewable energy as required by state laws in Pennsylvania, Illinois, and California, where it has production sites, and also purchases Renewable Energy Certificates (RECs).

At Fuji Oil Co., Ltd.'s Hannan Business Operations Complex and Chiba Plant and Fuji Oil Ghana Ltd., we introduced biomass boilers and use by-product oil, which we produce as a by-product in the manufacturing process, as fuel. This has helped reduce both CO₂ and waste.

The Tokyo Regional Office of Fuji Oil Holdings Inc. uses power from Green Power



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

Certificates.* Since electricity with Green Power Certificates is considered to be sourced from natural energy that does not emit CO₂, the purchase represents a CO₂ emissions reduction of approximately 31 t-CO₂ equivalent in FY2023. By the end of FY2023, the share of renewable energy use in our CO₂ emissions assumed as equivalent fossil fuel sources was 7% of our total Scope 1 and 2 CO₂ emissions (25,240 t-CO₂ equivalent). We will continue efforts to increase our renewable energy use.

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



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



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

Activities to reduce Scope 3

To reduce Scope 3 CO₂ emissions, we used interviews and surveys to engage with 16 supplier companies around the world, which make up approximately 10% of our Category 1 emissions. Along with encouraging understanding of the importance of reducing CO₂ emissions, and our Group policies, environmental targets and reduction activities, we had them share with us their own CO₂ reduction targets and initiatives. We will continue to engage with suppliers so that the effects of their CO₂ reduction efforts can be reflected in our Group Scope 3 calculations, in efforts to reduce CO₂ emissions throughout the supply chain.

Related documents

ESG Data Book (PDF 2.85MB) 

Environmentally Responsible Production



Governance

The Fuji Oil Group's Sustainability Committee^{*1} is an advisory body to the Board of Directors that is chaired by the President and CEO. It deliberates on and monitors the material ESG issue^{*2} of Climate Change from a multi-stakeholder perspective, and reports the results to the Board. The Chief Technology Officer (CTO) oversees the progress of initiatives for Environmentally Responsible Production, a priority action within this material issue.

^{*1} Governance, Strategy, Metrics and Targets, Risk Management > Governance

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

^{*2} Governance, Strategy, Metrics and Targets, Risk Management > Strategy, metrics and targets

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

Strategy

Our Group is aiming to reduce the environmental impact of diverse processes in our product supply chain. Our particularly significant challenges as a food company are the utilization of the CO₂ emitted in raw material cultivation processes and reduction of CO₂ emissions in product manufacturing processes. We also believe it is vital to evaluate and effectively reduce the environmental impact not only in raw material procurement and our own manufacturing processes, but throughout the entire product supply chain including at the stage at which customers process our products.

Failure to address these issues will increase risk in all areas, including in raw material procurement, logistics and manufacturing, as well as resulting in biodiversity loss caused by climate change-driven extreme weather. Conversely, responding to these issues will become an opportunity to achieve sustainable raw material supply through environmental conservation, reduce costs by streamlining production processes, and cultivate trust among stakeholders.

Starting from our own manufacturing processes, we will work to develop processing technologies with a low environmental impact and help us achieve our reduction targets of CO₂ emissions, water usage, and waste outlined in our Environmental Vision 2030.* We also conduct assessments of all our business activities from a wider point of view, such as on the environmental conservation during the production process of raw materials and aim to reduce environmental impacts throughout the entire product lifecycle by leveraging technological innovation.

* https://www.fujioilholdings.com/en/sustainability/environmental_management/

Risk management

Environmental Management > Risk management

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

Metrics and targets

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

FY2023 Goals	FY2023 Results	Self-assessment
Establish test cultivation conditions and collect the data required for selecting soybean varieties, with the aim of building an indoor soybean farm that effectively utilizes CO ₂ emissions	Investigated favorable cultivation temperature, density, and other environmental conditions for increased yield per unit area. Obtained necessary data for variety selection, such as growth potential and number of flowers	○
Study the reduction in environmental impact (CO ₂ emissions reduction) achieved by streamlining the production process using new oils and fats from new plant breeds developed by breeding technology	Used laboratory-scale testing to confirm that new oils and fats help reduce CO ₂ emissions by 17% over existing raw materials	○

Analysis

Establishing successful soybean indoor farming requires higher productivity compared to outdoor production. By actually growing several varieties of soybeans and collecting data on the way CO₂ fertilization* and cultivation conditions impact growth, we were able to collect the data necessary to select varieties favorable for indoor farming. Moving forward, we will select the optimal soybean varieties and also investigate productivity at appropriate cultivation scales.

In terms of the practical application of new oils and fats created through breeding technology, we conducted laboratory-scale production testing using seeds obtained from experimental cultivation to obtain a highly accurate estimate of reduced CO₂ emissions.

* CO₂ fertilization: A technology that artificially increases carbon dioxide density inside cultivation sites to promote photosynthesis and increase crop yield. It is a form of carbon dioxide capture and utilization (CCU).

Next steps

We aim to reduce our environmental impact by utilizing CO₂ emissions. Our present challenge is to improve soybean and edamame productivity for commercialization. To address this issue, we set the following goals for FY2024.

- Select suitable soybean and edamame varieties suitable for increasing yields with CO₂ fertilization
- Investigate cultivation conditions at medium-scale facilities

Specific initiatives

Research project on soybean cultivation in Japan utilizing carbon emissions from a waste incineration facility

Developing technology that helps address shortages in food resources caused by climate change and population growth is an important issue for our Group. To counter the recent price increases in food and energy resources, and from the standpoint of food security, we believe that providing delicious, healthy and sustainable foods that use domestic crops is indispensable.

To that end, in May 2022, we launched a joint research project with Saga City, Saga University, and ITOCHU ENEX Co., Ltd. to capture and utilize CO₂ in the production of soybeans in Japan. In order to produce soybeans at indoor farms, we are currently selecting the most suitable varieties and cultivation conditions to increase harvests. Moving forward, we will collect data as we sequentially increase our scale of cultivation with the aim of creating successful indoor farms. In the future, we will use our Group's technology to commercialize the domestic soybeans grown through this cultivation system as sustainable soy products for our customers.



CCU facility at the waste incineration facility in Saga City



Soybeans in a cultivation test using CO₂ fertilization

Water Use Reduction

Policy

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

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

Governance

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

^{*1} Governance, Strategy, Metrics and Targets, Risk Management > Governance

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

^{*2} Governance, Strategy, Metrics and Targets, Risk Management > Strategy, metrics and targets

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

^{*3} Environmental Management

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

Strategy

GRI : 303-1, 2

Climate change has increased the incidence of droughts and floods, which not only adversely affect agricultural production but also exacerbate water resource problems. This leaves 2.2 billion people around the world without stable access to safe water.^{*1} As the global population grows and climate change worsens, it is estimated that 5 billion people worldwide will face water shortages by 2050.^{*2} Using agricultural produce as our main raw material and water for manufacturing and processing our products,^{*3} we recognize that the proper management of water resources is a critical issue for our Group. Deficiencies or delays in addressing environmental issues increase the risk to our business operations.

The Group has made a Group-wide commitment to reduce water consumption under the Environmental Vision 2030. We have set a reduction target in terms of water use intensity, assessment of water risks at our Group sites, and taking appropriate action. To reduce the negative impact of our water withdrawals and discharges, we diligently comply with the regulations and standards of each country or region in which we operate, or work on remediation management based on our own metrics that exceed those standards, with the ultimate goal of achieving our Group-wide target.

Environmental Management > Strategy

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

^{*1} "Progress on household drinking water, sanitation and hygiene 2000-2017: Special focus on inequalities," WHO/UNICEF Joint Monitoring Programme for Water Supply, Sanitation and Hygiene (JMP), (2019),

^{*2} "State of the Global Climate 2021," World Meteorological Organization (WMO), (2021)

^{*3} See ESG Data Book for total water withdrawal, breakdown by water source, total water withdrawal from regions with water risk, and other information.

Our Group manages water risks as a significant Group-wide risk. 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. For water-related risks at Group sites, we refer to Aqueduct^{*1} and risk maps to assess water risks in regions where Group companies have operations, implement measures, and monitor them regularly. Because the results of the Aqueduct analysis conducted in FY2023 showed that Belgium was classified as a high-risk region in terms of water stress, we verified that Fuji Oil Europe (Belgium) is taking appropriate measures to reduce water withdrawal risks, such as by using canal water for industrial use and recycling wastewater. This assessment also helped us identify wastewater compliance risks at a Group company in China and flooding risk at a Group company in Indonesia as material risks. We are now implementing measures to prevent these risks from arising and to mitigate losses from risks that do occur.

For water risks related to our raw material production, we assessed risks associated with water stress, drought, water purification, flood, and water pollution in our nature-related risk analyses for palm oil and cocoa producing countries in FY2023.^{*2}

Environmental Management > Risk Management

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

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

*2 Biodiversity Conservation and Restoration > Specific initiatives > Analysis results of nature-related risks connected with palm oil and cocoa

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

Metrics and targets

FY2030 targets ^{*1}	FY2023 results ^{*1}	Progress on FY2030 targets
20% reduction in water intensity ^{*2} (All Group companies ^{*3})	33% reduction	166%

*1 Base year: FY2016

*2 Water use per unit of production

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

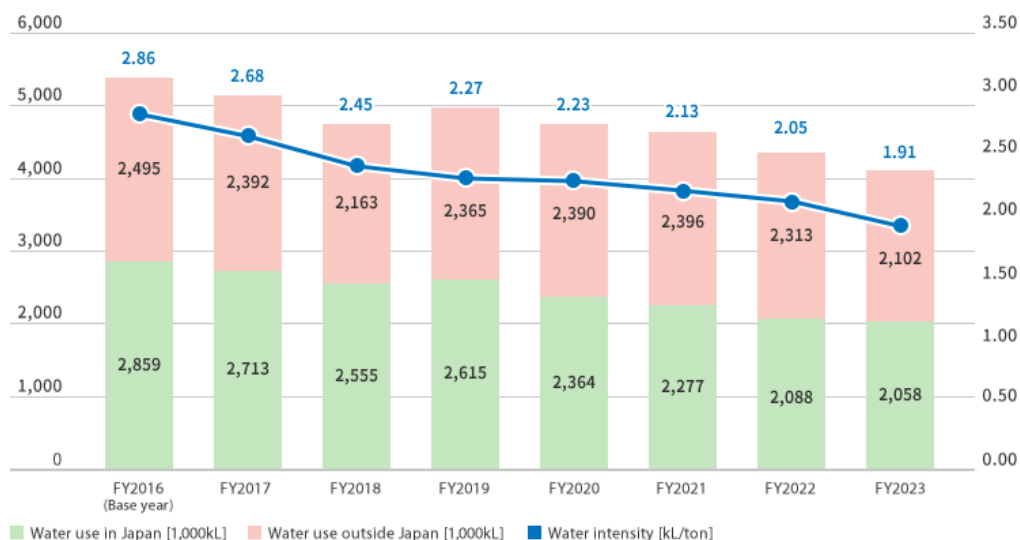
FY2023 Goals	FY2023 Results	Self-assessment
Promote continuous reduction and raise awareness levels	Raised awareness within the company through environmental audits at seven Group companies	○
Make preparations for setting new water use reduction targets	Proposed Group-wide reduction targets for water use	○

Analysis

Water use intensity in FY2023 was 33% lower than the baseline, an improvement of six points from the previous fiscal year's 27% reduction. This represents a 166% achievement rate relative to our 20% reduction target by FY2030. We reviewed our water use optimization at production lines in Japan. We also improved water recycling systems and revised the cleaning frequency of production facilities at Group companies outside Japan. All these actions contributed to the reduction in our water usage. In environmental management, we aimed to make improvements through environmental audits and shared our approach to water conservation and water resource efficiency. We also introduced environmental data collection systems to collect and analyze water data in a timely manner at each company, in order to improve our reduction rates at the company level.

In FY2023, we also proposed Group-wide reduction targets for water use based on the results and status of progress at Group companies.

Annual water use and water intensity



Next steps

Through the efforts of all our production sites, we were able to achieve results that greatly exceeded our water reduction target. To make more effective use of precious water resources, we will work on the following goals for FY2024.

- Set new water reduction targets
- Promote ongoing efforts to reduce water usage and raise employee awareness

Specific initiatives

Water conservation efforts at Group companies

Examples of water conservation activities in FY2023 are as follows:

- At the Fuji Oil Co., Ltd.'s Hannan Business Operations Complex, water usage optimization in the protein production line was revised.
- At Fuji Oil Europe (Belgium), the volume of water withdrawal was reduced by using canal water and improving wastewater recycling rates.
- At Blommer Chocolate Manufacturing (Shanghai) Company Ltd. (China) and Harald Indústria e Comércio de Alimentos Ltda (Brazil), additional water meters were installed to enhance water withdrawal management.
- At Fuji Oil (Zhaoqing) Co., Ltd. (China), the volume of water withdrawal was reduced by improving the CIP* program.
- At Fuji Vegetable Oil, Inc. (U.S.) and Fuji Oil (Thailand) Co., Ltd., the reuse of filtered water was promoted.
- At Fuji Oil (Singapore) Pte. Ltd., a system with ultra filters and reverse osmosis filters was installed at the wastewater treatment facility.

* Cleaning in place: An automated system of cleaning the interior surfaces of equipment without disassembling it

Related documents

ESG Data Book (PDF 2.85MB) 

Waste Reduction



Material Issue
Circular Economy

Policy

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

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

Governance

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

*1 Governance, Strategy, Metrics and Targets, Risk Management > Governance

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

*2 Governance, Strategy, Metrics and Targets, Risk Management > Strategy, metrics and targets

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

*3 Environmental Management > Metrics and targets

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

Strategy

In the face of challenges arising from the depletion of natural resources, environmental pollution due to waste, and climate change caused by greenhouse gas emissions, the transition from a conventional linear economy based on mass production, mass consumption, and mass disposal to a circular economy that utilizes resources in a sustainable manner has become an urgent global issue. Our Group has incorporated the concept of upcycling into our technological development since our founding, starting with our soy protein business using defatted soybeans as a raw material. Although the Group has worked to effectively use and create value from resources in every way possible, our manufacturing processes still produce waste.* Most of the waste is organic sludge contained in wastewater from the plants and spent bleaching earth (SBE) generated after adsorbing impurities in the oil and fat refining process. Waste is also generated by food losses during the manufacturing process as well as in the disposal of products past their expiration dates. All this requires further waste reduction and more effective resource use.

The Group has made a Group-wide commitment to reduce waste under the Environmental Vision 2030. We have set a reduction target in terms of waste intensity to reduce waste disposal costs as well as to help reduce our environmental impact. We are also working to recycle waste* and create high added value from byproducts. The Group is united in efforts to achieve our target.

Environmental Management > Strategy

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

* See ESG Data Book.

Risk management

Environmental Management > Risk management

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

Metrics and targets

GRI : 306-3

FY2030 targets*1	FY2023 results*1	Progress on FY2030 targets
10% reduction in waste intensity*2 (All Group companies*3)	15% reduction	153%
Maintain a recycling rate of at least 99.8% (All Group companies in Japan)	99.85%	Achieved

*1 Base year: FY2016

*2 Amount of waste per unit of production

*3 Excluding waste volume generated at Industrial Food Services (Australia) and Fuji Brandenburg GmbH (Germany)

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

FY2023 Goals	FY2023 Results	Self-assessment
Continuously promote waste reduction and further enhance awareness	Raised awareness within the company through environmental audits at seven Group companies	○

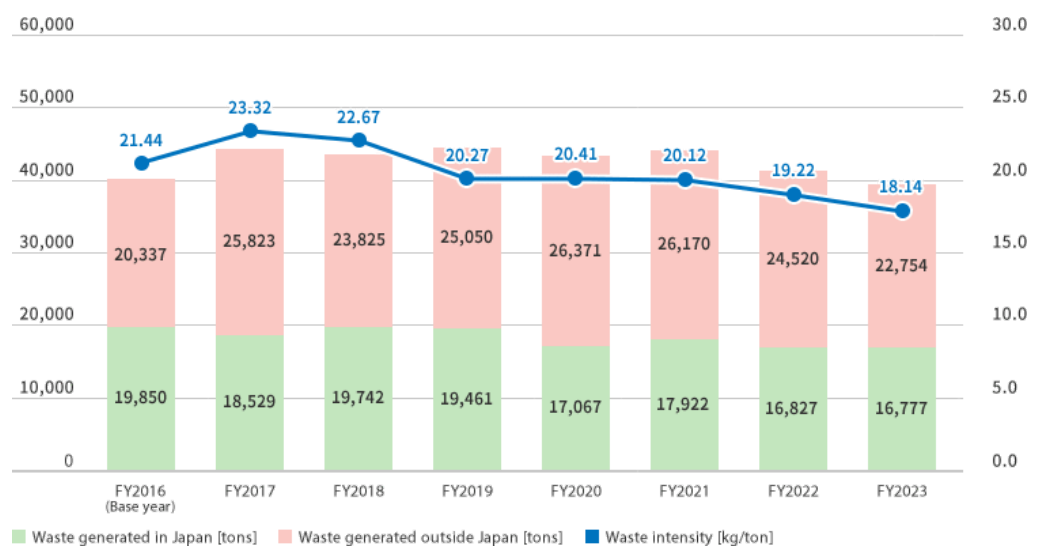
Analysis

Waste intensity in FY2023 was 15% lower than the baseline, an improvement of 10 points from the previous fiscal year's 5% reduction. This represents a 153% achievement rate relative to our 10% reduction target by FY2030. At Fuji Oil Co., Ltd., new dewatering equipment introduced in FY2020 has improved dewatering efficiency of scum sludge, contributing to overall waste reduction. All of the SBE generated at Fuji Oil Europe (Belgium), as well as part of the waste oil produced by the manufacturing process at Fuji Oil (Singapore) Pte. Ltd., have been converted into valuable biofuels, thereby reducing our volume of waste.

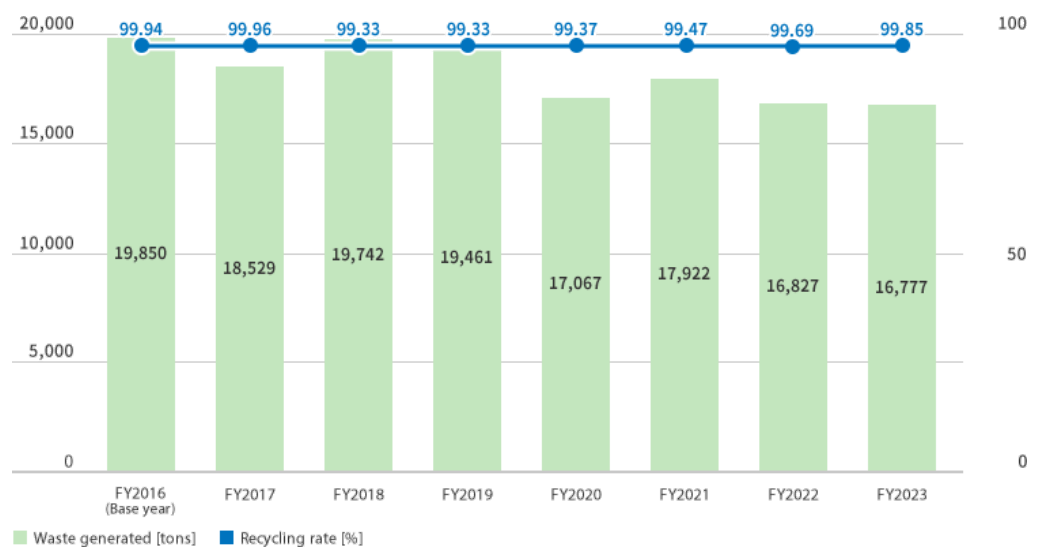
At Group companies in Japan, the resource recycling rate in FY2023 was 99.85%, an increase of 0.16 points from the previous fiscal year's 99.69%. Going forward, we will promote recycling by sorting waste more thoroughly.

In environmental management, we aimed to make improvements through environmental audits and shared our approach to resource recycling with Group companies. We also introduced environmental data collection systems to collect and analyze waste-related data in a timely manner at each company, in order to improve our reduction rates at the company level.

Annual waste generation and waste intensity



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



Next steps

As a natural consequence of our business characteristics, the Group generates waste such as sludge and SBE, and reducing these types of waste is a challenge. In recent years, these wastes are being increasingly viewed as sources of bioenergy, and their use in clean energy creation has grown. As we explore ways to recycle and effectively use waste, we will work on the following goal for FY2024.

- Promote ongoing efforts to reduce waste and raise employee awareness of waste reduction

Specific initiatives

Waste reduction initiatives

In FY2023, we carried out the following initiatives to reduce waste.

- At Fuji Oil Co., Ltd.'s Hannan Business Operations Complex, scum sludge dewatering efficiency was improved.
- At Fuji Oil Europe (Belgium), all of the SBE was sold to methane gas producers as ISCC EU-certified* biofuel, which was used for biogas power generation.
- At Fuji Oil (Singapore) Pte. Ltd., the type of bleaching earth used in the refining process was studied and changed, resulting in fewer refinements for some products and reducing the amount of waste. Converting the waste oil generated by the manufacturing process into a valuable resource as an ISCC EU-certified* biofuel also helped reduce our waste.
- At Fuji Vegetable Oil (U.S.), the type of bleaching earth was also considered and changed, leading to a reduction in the amount of SBE.

* The International Sustainability and Carbon Certification (ISCC) is a global certification system for certifying businesses and organizations that manufacture products using sustainable raw materials such as biomass and recycled products.

Reducing food loss and waste

Referencing definitions of food loss and waste from the Food and Agriculture Organization of the United Nations and each country and region, the Group has created our own definition that suits our business structure, which has been used to monitor food loss and waste since FY2023.

In FY2023, we carried out the following initiatives to reduce food loss and waste.

- At Fuji Oil Co., Ltd., measures were implemented to prevent products from falling off the production line.
- At PT. Freyabadi Indotama (Indonesia), stock management and production planning were enhanced, reducing the amount of product waste.
- At Fuji Oil (Zhaoqing) Co., Ltd. (China), sampling quantities were revised, leading to a reduction in the amount of food loss.

The Fuji Oil Group definition of food loss and waste

Items that were produced or processed for human consumption but no longer have a purpose as food (including as animal feed, etc.).

Related documents

ESG Data Book (PDF 2.85MB) 

Reduction and Upcycling of Food Loss and Waste



Material Issue
Circular Economy

Governance

The Fuji Oil Group's Sustainability Committee^{*1} is an advisory body to the Board of Directors that is chaired by the President and CEO. It deliberates on and monitors the material ESG issue^{*2} of Circular Economy from a multi-stakeholder perspective, and reports the results to the Board. The Chief Technology Officer (CTO) oversees the progress of initiatives for Reduction and Upcycling of Food Loss and Waste, a priority action within this material issue.

^{*1} Governance, Strategy, Metrics and Targets, Risk Management > Governance

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

^{*2} Governance, Strategy, Metrics and Targets, Risk Management > Strategy, metrics and targets

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

Strategy

As a manufacturer of food materials and ingredients, the Fuji Oil Group recognizes the efficient use of limited food resources as a material issue, given the concerns over future food supply posed by global population growth, climate change, and biodiversity loss. Food loss and waste reduction is an explicitly defined target of Goal 12 of the SDGs, and we view them as significant challenges for global society. It is the responsibilities of companies to respond to these challenges, and failure to do so will increase the risk of a decline in social reputation.

As a manufacturer of intermediate food materials, our Group provides products that help extend the best-before date of our customers' products to in turn reduce end consumers' food waste, and also aims to effectively use resources through upcycling. We are working towards the following two goals.

1. Contribute to reducing food loss and waste throughout the value chain
2. Create products with added value using waste and byproducts as raw materials

Risk management

The R&D Division engages in the following in order to quickly gain understanding of the many social issues that are changing day by day, and create opportunities to address them.

- Offer customers product concepts and application formulas in a single package that helps resolve social issues

Environmental Management > Risk management

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

Metrics and targets

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

FY2023 Goals	FY2023 Results	Self-assessment
Develop technologies and products to maintain food quality longer and expand the market	Marketed four products including a whipped cream with improved freezing resistance and a cooking cream with greater heat denaturation resistance	○
Add new functions and seek value through effective use of byproducts	Expand sales of SoyBio MA, a soil amendment made from soy whey, and offer new functions for soy polysaccharides	○

Analysis

Our new types of cream, which help extend best-before dates of customers' products, have been adopted by several companies as a result of smoothly gaining understanding and cooperation in maintaining product quality. A customer has also obtained new sales opportunities by expanding the food product lineup.

Next steps

We will focus our efforts on developing ingredients and technologies that maintain the “freshly made” quality of foods. We will also search for ways to make good use of what is typically discarded as waste. We set the following goals for FY2024.

- Develop technologies and products to maintain food quality longer and extend best-before dates
- Seek new functions and value through proactive and effective use of waste

Specific initiatives

Developing ingredients that sustain food quality

Extending the best-before dates of products is one of the key measures promoted by the Japanese government to reduce food waste. By providing technologies and materials that maintain quality, Fuji Oil Co., Ltd. makes retort pouch foods and other non-perishable food products more delicious and varied, which also helps reduce food waste.

Increasing social demand for online shopping and food waste reduction has led to rising consumption of frozen foods, yet the quality of frozen whipped cream after thawing had yet to reach that of chilled products, as degradation of texture and milk flavor remained challenges. The company thus developed a frozen-to-chilled whipped cream using both technology to improve freezing resistance and technology to further improve taste. In FY2023 they also developed Grand Delica® Crysta, a new and more heat-resistant version of the Grand Delica® cooking cream launched in FY2022. The improvement gained praise from customers who then began using the product, which also increased sales volume.



Cod roe cream pasta made with Grand Delica® Crysta

Creating functional food ingredients through upcycling

Our 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. Since its foundation, our Group aims to reduce food residues and create high value-added ingredients through upcycling, one example of which is the upcycling of process streams in the production of soybeans for oil. After extracting oil from the soybeans, we separate the soy protein, and from the curd byproduct we separate the soluble soy polysaccharides. Another example of this is our effective use of starch residues. The manufacturing process for pea starch, which is an ingredient of cellophane noodles, generates large volumes of pea fiber as a byproduct. We developed an upcycling technology for processing soluble pea fiber into a stabilizer of acidic milk drinks and acidic plant protein drinks. In this way we make effective use of a byproduct, that would have little value otherwise. We began commercial production at our German plant specializing in soluble pea fiber in spring 2023.



Plant specializing in soluble pea fiber (Fuji Brandenburg GmbH, Germany)

Upcycled product SoyBio MA

Fuji Oil Co., Ltd. has begun sales of SoyBio MA, a bioremediation* agent for detoxifying polluted soils (Distributor: Shoei Yakuhin Corporation). SoyBio MA works by serving as a source of nutrition for microorganisms that break down toxic substances. The product is especially effective in remediating industrial brownfield sites that have been polluted by volatile organic compounds (VOCs) and oil. SoyBio MA has also a lower price than other soil amendments in the market, helping to reduce project costs. SoyBio MA is also used to clean contaminated groundwater and for a number of other uses every year.

The product draws on our expertise in making food products such as soy meat, which has become popular as a plant-based food, as well as nutritionally rich soy protein and soy peptides. Soy whey, the main ingredient used to make SoyBio MA, is a byproduct of food production where the soy protein is separated, heated and concentrated, which is naturally rich in nutrients.

We also expect soy whey to contribute to soil health through its ability to activate microorganisms and cause them to proliferate, and are aiming to introduce SoyBio MA into the agricultural industry. We completed fertilizer registration in FY2023, and will commercialize the material for agricultural use in FY2024.



SoyBio MA

* A process of harnessing the natural activity of microorganisms to remediate polluted soil

Biodiversity Conservation and Restoration



Policy

GRI : 101-1

The Fuji Oil Group published the Fuji Oil Group Policy on Biodiversity^{*1} in March 2023, setting out our basic approach to biodiversity and action guidelines. Based on this policy, we will avoid or reduce negative impacts on biodiversity throughout the value chain, and work to conserve and restore natural ecosystems with nature-based solutions. Through ongoing co-creation with our stakeholders, we aim to put biodiversity on a path to recovery by 2030 in order to help achieve a world living in harmony with nature by 2050.^{*2}

Environmental Management > Policy

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

*1 Fuji Oil Group Policy on Biodiversity (PDF, 196KB) 

*2 The Kunming-Montreal Global Biodiversity Framework (GBF), adopted at the 15th Conference of the Parties to the United Nations Convention on Biological Diversity (COP15), sets out on a mission “to take urgent action to halt and reverse biodiversity loss to put nature on a path to recovery” with targets to be achieved by 2030, and reach the vision of “a world living in harmony with nature” by 2050. This 2030 mission aligns with the G7’s commitment to become “nature positive.”

Governance

GRI : 101-3

The Group’s Sustainability Committee^{*1} is an advisory body to the Board of Directors that is chaired by the President and CEO. It deliberates on and monitors the material ESG issue^{*2} of Biodiversity from a multi-stakeholder perspective, and reports the results to the Board. The ESG Division Officer oversees the progress of initiatives for Biodiversity Conservation and Restoration, a priority action within this material issue.

Furthermore, we adhere to the following policies when dealing with Indigenous Peoples, social minorities, local communities, and other groups who may be affected by our business operations, and strive to build a foundation for ongoing dialogue and collaboration with stakeholders to work toward a sustainable future for food.

Fuji Oil Group Human Rights Policy (PDF, 388KB) 

Fuji Oil Group Policy on Biodiversity (PDF, 196KB) 

Fuji Oil Group Supplier Code of Conduct (PDF, 2.3MB) 

Responsible Palm Oil Sourcing Policy (PDF, 1.66MB) 

Responsible Cocoa Beans Sourcing Policy (PDF, 79KB) 

Responsible Soybeans and Soy Products Sourcing Policy (PDF, 922KB) 

Responsible Shea Kernel Sourcing Policy (PDF, 945KB) 

Environmental Management > Governance

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

*1 Governance, Strategy, Metrics and Targets, Risk Management > Governance

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

*2 Governance, Strategy, Metrics and Targets, Risk Management > Strategy, metrics and targets

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

Strategy

As a food manufacturer, the Group depends on and impacts nature and ecosystem services in a variety of ways, through our impact on natural ecosystems around regions producing our plant-based and other raw materials, as well as through our water resource use, wastewater discharge, energy use, and carbon emissions at business sites. Assessing these impacts and working to conserve and restore natural ecosystems is essential for a sustainable future for food and for the Group's business sustainability.

In FY2022, we examined common nature-related issues (including land use change, impact on ecosystems, climate change, and water resources) across the Group's businesses, revealing connections with palm oil or cocoa. In FY2023, based on the LEAP approach^{*1} recommended by the Task Force on Nature-related Financial Disclosures (TNFD), we used location-based geographic information systems (GIS) to analyze and assess our dependencies and impacts on nature and ecosystem services in palm oil and cocoa producing countries, and identified the sensitive points and priority locations throughout the Group's value chain. See the section "Nature-related risks and opportunities across the Fuji Oil Group's value chain" on the Environmental Management page for the nature-related risks^{*2} and opportunities^{*3} we identified.

The Group will continue working to conserve and restore natural ecosystems, avoid or reduce negative impacts, as well as develop technologies and products with positive impacts.

Environmental Management > Strategy

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

*1 An integrated approach developed by the TNFD for assessing nature-related issues including interfaces with nature, nature-related dependencies, impacts, risks, opportunities, and other issues

*2 Potential threats posed to an organization that arise from its and wider society's dependencies and impacts on nature

*3 Activities that create positive outcomes for organizations and nature through positive impacts or mitigation of negative impacts on nature

Risk management

GRI : 101-2

Environmental Management > Risk management, Nature-related risks and opportunities across the Fuji Oil Group's value chain

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

Sustainable Procurement Management > Risk management

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

Metrics and targets

GRI : 101-1

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

FY2023 Goals	FY2023 Results	Self-assessment
Investigate and assess our Group's dependencies and impacts on nature and ecosystem services connected with palm oil and cocoa	Carried out assessments of our dependencies and impacts on nature and ecosystem services, as well as nature-related risk analysis, in palm oil and cocoa producing countries	○

Analysis

In FY2023 we used GIS to analyze our dependencies and impacts on natural capital and ecosystem services in countries producing palm oil and cocoa, the Group's main raw materials. We used various analytical indicators to understand our businesses' relationship with nature and identify the sensitive points and priority locations across our value chain. Additionally, we identified nature-related risks from the material issues of all our businesses, listed their potential impacts on the Group, and outlined strategies to address them.

Next steps

Based on the results of the analysis on nature-related risks connected with palm oil and cocoa conducted in FY2023, we will work on the following goal for FY2024.

- Investigate additional strategies, targets and monitoring metrics for ongoing sustainable procurement initiatives and goals

Specific initiatives

Analysis results of nature-related risks connected with palm oil and cocoa

GRI : 101-2, 4, 5, 304-2, 3

In FY2023, we assessed our interfaces with nature, as well as our dependencies and impacts on nature and ecosystem services in palm oil and cocoa producing countries, and identified our priority locations and sensitive points, in line with the LEAP approach* recommended by TNFD (corresponding to L3, L4, E2, E3, and E4 of the LEAP approach). The "significance" in the table of analysis results indicates the degree of significance of typical dependencies and impacts on nature of palm oil or cocoa in the countries producing them, measured using several analytical indicators. The nature-related risks identified by this analysis are typical risks in the country of production, rather than specific to the Group's value chain. Note that for corporate strategic reasons, we do not disclose specific regions or the names of locations.

* An integrated approach developed by the TNFD for assessing nature-related issues including interfaces with nature, nature-related dependencies, impacts, risks, opportunities, and other issues

Analysis step

Step 1	Collection of farmland spatial data	Collect farmland data on a global scale and on countries where the Group procures
Step 2	Literature review	Go through reports, papers, and other literature from international organizations to identify impact drivers, the state of nature, and ecosystem services that are closely related to the commodity under study. Select corresponding GIS data based on these results
Step 3	Analysis using farmland spatial data	Analyze farmlands in palm oil and cacao producing countries using GIS data
Step 4	Creation of spatial data images	Generate images of the analysis results from Step 3
Step 5	Summary of results	Identify priority locations and sensitive points

Analysis results on nature-related risk in palm oil producing countries

◎ High significance ○ Medium significance △ Low significance ✕ Insufficient data, etc.

	Dependency									Impact driver			
	Provisioning services			Regulating and maintenance services									
TNFD category	Water resources		Soil and water purification, air filtration, solid waste remediation		Water flow regulation	Soil and sediment retention		Soil quality regulation	Pollination	Land / freshwater / ocean use	Pollution (soil, water, air pollution)		
Analytical indicators	Water stress	Water shortage risk	Water purification, nitrogen distribution	PM2.5	Flood risk	Soil erosion distribution	Soil thickness	Soil organic carbon density	—	Primary forest / peatland / mangrove / wetland distribution, etc.	BOD	PM2.5	Pesticide use
Significance	○	△	○	○	◎	△	○	△	✕	◎	○	○	✕

* The image is linked to a PDF file.

Dependencies

For dependencies on nature, the analysis revealed the high significance of flood risk. We also found that some regions in Thailand and Indonesia have high water stress, and that nitrogen-induced water pollution may potentially exceed the capacity of the ecosystem service for water purification in some regions of Indonesia.

Impacts

For impacts on nature, the analysis revealed the highly significant impact of converting land that is important for ecosystems, such as old-growth forests, peatlands, mangroves, and wetlands, into plantations. We also found that developing peatlands and other areas have a large impact on greenhouse gas (GHG) emissions and air pollution. Moreover, we identified sensitive locations in some parts of Indonesia from a broad perspective that includes peatlands, mangroves, wetlands, and forest fires, as well as found the high possibility of overlap with primary forests, peatlands, and wetlands in other parts of Indonesia.

For conservation priority and protected areas, the southern part of Thailand and the northern part of East Malaysia are particularly important. In the event of pollution, the impact on surrounding ecosystems is expected to be significant. The results of the location analysis have shown once again that the northern part of East Malaysia, which our Group has been supporting in collaboration with social enterprise Wild Asia since 2016, is a high conservation priority area, reaffirming the significance of supporting the introduction of regenerative agriculture to local smallholders.

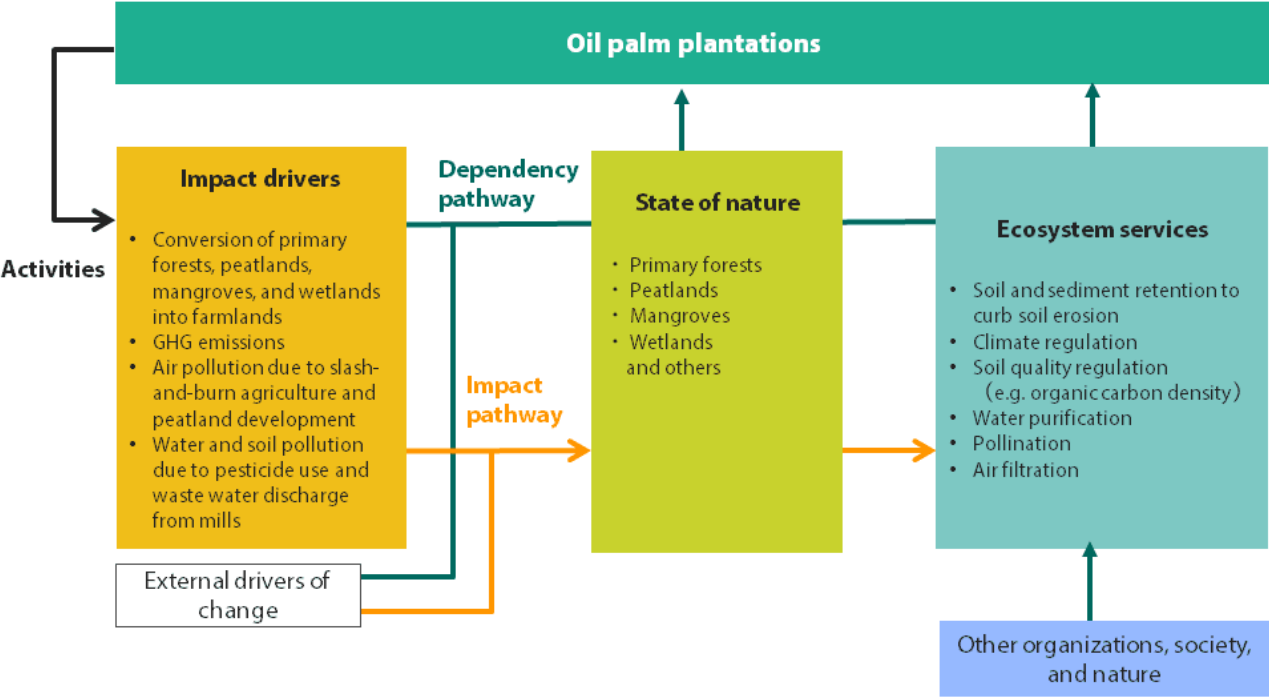
In recent years, deforestation has been conspicuous in some regions of Indonesia and Malaysia. The area in the Indonesian island of Sumatra, where we have been carrying out our landscape initiative since 2018, is a sensitive location with species that fall under the designation of a nature reserve or International Union for Conservation of Nature (IUCN) Protected Area Management Categories I or II, and where many Indigenous Peoples live. We ascertained that, even in Sumatra, the percent tree cover loss in this area has been limited. The area of the Southern Central Forest Spine Landscape program in Malaysia, in which we have been participating since 2022, was found to have a high percent tree cover loss in an area that is highly important for biodiversity. We will continue to work on these initiatives so that we can create a positive impact on the sustainability of our production regions as a whole.

We also found sensitive locations for Indigenous Peoples and local communities in some regions of Indonesia.

* See Sustainable Procurement of Palm Oil for our specific initiatives in Malaysia and Indonesia.

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

Connections between main dependencies and impacts for palm oil



Analysis results of nature-related risk in cocoa producing countries

© High significance ○ Medium significance △ Low significance × Insufficient data, etc.

	Dependency								Impact driver					
	Provisioning services		Regulating and maintenance services											
TNFD category	Water resources		Soil and water purification, air filtration, solid waste remediation		Water flow regulation	Soil and sediment retention		Soil quality regulation	Pollination	Land / freshwater / ocean use		Pollution (soil, water, air pollution)		
Analytical indicators	Water stress	Water shortage risk	Water purification, nitrogen distribution	PM2.5	Flood risk	Soil erosion distribution	Soil thickness	Soil organic carbon density	—	Primary forest / peatland / mangrove / wetland distribution, etc.		BOD	PM2.5	Pesticide use
Significance	△		○	○	⊙	⊙			×	⊙		○	×	

* The image is linked to a PDF file.

Dependencies

For dependencies on nature, the analysis revealed the high significance of flood risk and the importance of soil and sediment retention as well as soil quality regulation. Soil erosion may further increase flood risk, and if floods or soil erosion occur in areas with a thin soil layer, soil quality may also be seriously affected. These indicators are high in some regions of Côte d'Ivoire, and we found that there is a possibility that this could lead to procurement risks in terms of disaster risk and soil fertility.

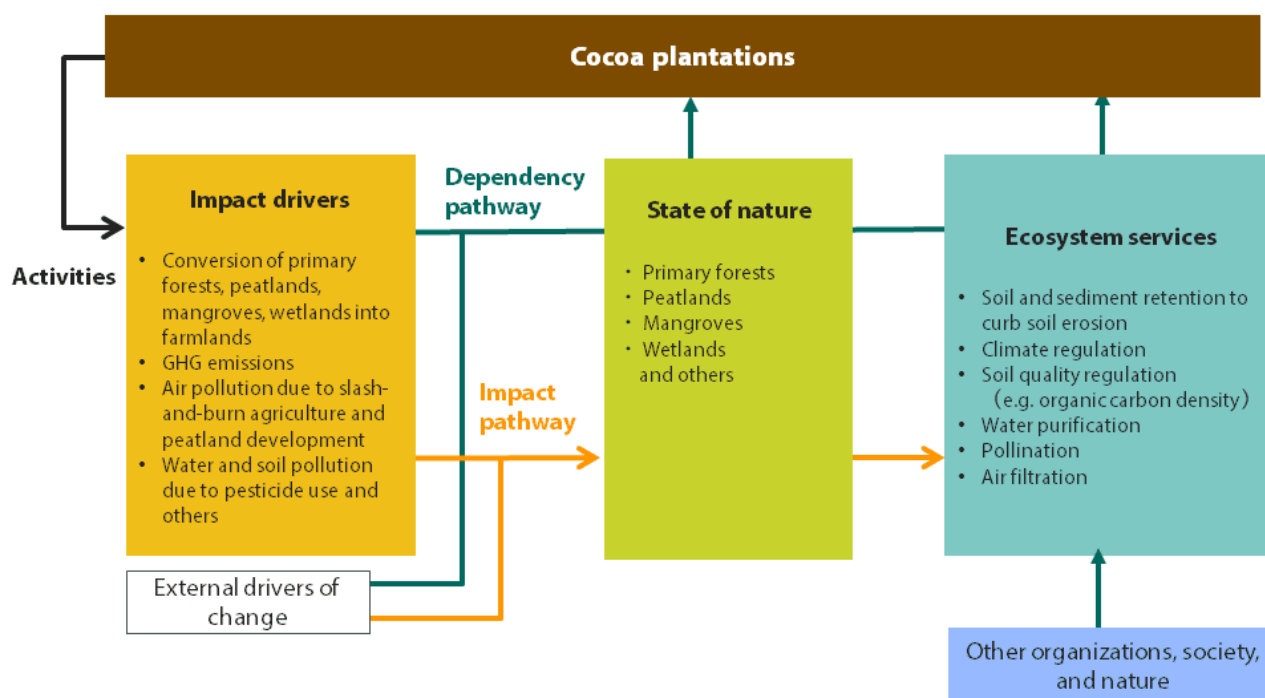
Impacts

For impacts on nature, the analysis revealed the highly significant impact of converting land that is important for ecosystems, such as old-growth forests, peatlands, and wetlands, into farmlands in West Africa. We also found that developing peatlands and other areas has a significant impact on GHG emissions and air pollution, requiring caution when there is overlap. Moreover, we found that there is a possibility that some farmlands in Côte d'Ivoire overlap with protected areas under IUCN Protected Area Management Category II. The results of the location analysis have reaffirmed the significance of our initiatives to plant trees in Ghana and Côte d'Ivoire for ecosystem integrity.

* See Sustainable Procurement of Cocoa for our specific initiatives in Ghana and Côte d'Ivoire.

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

Connections between main dependencies and impacts for cocoa



Initiatives to address biodiversity issues

We are working to address the following biodiversity issues throughout the value chain, in terms of both reducing negative impacts and creating positive impacts.

Preventing deforestation and promoting reforestation

- Palm oil production areas: Satellite monitoring of forests to identify and protect high conservation value (HCV) forests and high carbon stock (HCS) forests^{*1}
- Cocoa production areas: Tree planting and forest monitoring^{*2}
- Shea kernel production areas: Parkland conservation^{*3}

Impact on farmland and surrounding ecosystems; reducing the use of chemicals

- Palm oil production areas: Good Agricultural Practices (GAP); Unifuji (Malaysia): harnessing ecosystems for pest control, expansion of certified palm oil, and support for smallholders to introduce regenerative agriculture^{*1}
- Cocoa production areas: Support for introduction of agroforestry and GAP^{*2}
- Development and promotion of soil conditioners made by upcycling soy whey (a byproduct of the production process)^{*4}

Climate change (CO₂ emissions reduction, waste reduction)

- Shea kernel production areas: Using byproducts (e.g. shea kernel meal) as fuel after oil extraction^{*3}
- Reducing CO₂ emissions by saving energy and introducing renewable energy at Group sites; reducing waste by improving processes and reducing water content of sludge^{*5}
- Research into soybean cultivation using CO₂ captured from a waste incineration facility (CCU)^{*6}
- Development of functional food ingredients by making effective use of pea fiber^{*7}
- Development of technologies and products to maintain food quality longer^{*7}
- Development of palm oil alternatives using oleaginous yeast

Use of water resources

- Reducing water usage at Group sites^{*5}

Stakeholder engagement & capacity building

- Raw material production areas/farms: Landscape initiative, ^{*1} empowerment of female farmers, ^{*2} ^{*3}, parkland management training for female farmers^{*3}
- Suppliers: Engagement with NDPE, ^{*1} introduction of Labour Transformation Programme (LTP)^{*1}
- Employees: Raising awareness through internal communication sites (Japanese, English, Chinese, Portuguese) and sustainability training (Group companies in Japan and other countries)

^{*1} https://www.fujioilholdings.com/en/sustainability/palm_oil/

^{*2} <https://www.fujioilholdings.com/en/sustainability/cocoa/>

^{*3} https://www.fujioilholdings.com/en/sustainability/she_a_kernel/

^{*4} https://www.fujioil.co.jp/news/2021/_icsFiles/afieldfile/2021/10/04/211012.pdf (in Japanese) 

^{*5} https://www.fujioilholdings.com/en/sustainability/environmental_management/

^{*6} https://www.fujioilholdings.com/en/sustainability/research_and_development/

^{*7} https://www.fujioilholdings.com/en/sustainability/food_loss/

Related documents

ESG Data Book (PDF 2.85MB) 

Sustainable Procurement of Palm Oil

Policy

In March 2016, we formulated the Fuji Oil Group's Responsible Palm Oil Sourcing Policy. In this Policy, we stated our commitment to No Deforestation, No Peatland Development and No Exploitation (NDPE) in our palm oil supply chain. We are procuring palm oil produced in a responsible manner from suppliers who respect people and the global environment.

The Responsible Palm Oil Sourcing Policy (PDF, 1.66MB) 

Governance

The Group's Sustainability Committee^{*1} is an advisory body to the Board of Directors that is chaired by the President and CEO. It deliberates on and monitors the material ESG issue^{*2} of Sustainable Procurement from a multi-stakeholder perspective, and reports the results to the Board. The Chief Strategy Officer (CSO) oversees the progress of initiatives for Sustainable Procurement of Palm Oil, a priority action within this material issue.

*1 Governance, Strategy, Metrics and Targets, Risk Management > Governance

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

*2 Governance, Strategy, Metrics and Targets, Risk Management > Strategy, metrics and targets

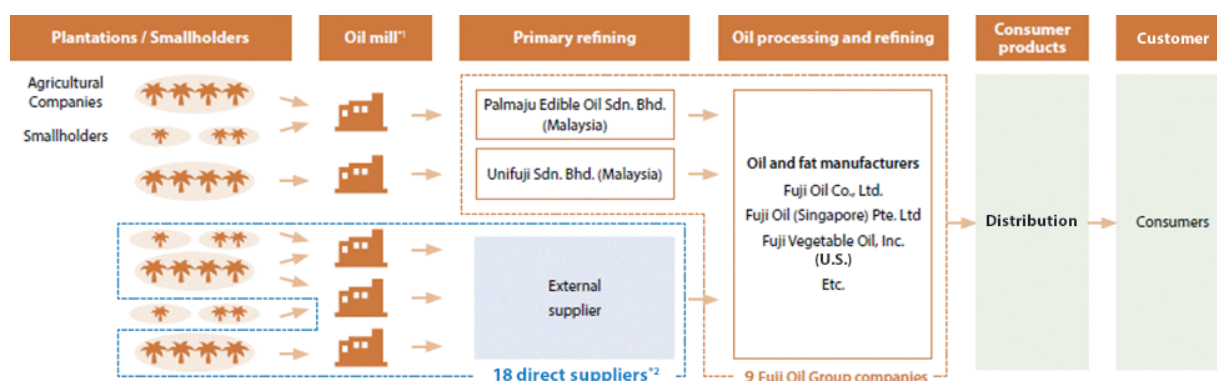
https://www.fujioilholdings.com/en/sustainability/sustainability_management/

Strategy


GRI : 2-6

Palm oil is extracted from the fruit of the oil palm, which grows in tropical regions such as Southeast Asia. Our Group procures palm oil, mainly from Malaysia and Indonesia, as the key raw material for our 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. On the other hand, there have been concerns over environmental and social impacts tied to plantation development, such as deforestation and human rights violations, including child labor and forced labor.

Under the Responsible Palm Oil Sourcing Policy, our Group has set medium- to long-term goals in order to work on improving various issues. These commitments apply not only to our operations, but also to our entire palm oil supply chain. By achieving our commitments, we fulfill our environmental and social responsibilities, thereby enhancing our corporate reputation and creating greater business opportunities.



*1 Our mill list (July to December 2023)

https://www.fujioilholdings.com/pdf/en/sustainability/supplychain_database/h2_2023_mill_list.pdf 

For the latest mill list, please refer to our supply chain data base.

*2 As of December 2023

Risk management

Sustainable Procurement Management > Risk management

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

Traceability

We need to foster better supply chain transparency in our journey toward achieving sustainable procurement. To this end, our Group is working on assessing our traceability, which enables us to prevent, minimize, mitigate and manage the environmental and social risks associated with palm oil production in our supply chain. It is vital to promote best management practices that are both sustainable and responsible. We collect and verify the traceability data of our palm oil supply chain once every six months to confirm that the raw materials we purchase are being produced responsibly. This is not only for our strategic business targets, but also our corporate social responsibility.

Sustainable sourcing makes it possible for us to meet stakeholder expectations, reduce supply chain risk, and ensure long-term partnership with our stakeholders such as customers and suppliers. It is also aligned with our Group mission of contributing to developing a sustainable society by providing safe and healthy foods. As of December 2023, we achieved 100% traceability to mill (TTM) and 95% traceability to plantation (TTP).



Annual dialogue with Malaysian government agencies to achieve better transparency of sharing TTP data

Satellite-based monitoring (Location/scope: Indonesia, Malaysia, Papua New Guinea)

Since FY2020, our Group has been working with the non-profit Earthqualizer to use satellite technology to identify, monitor, and verify the risk of deforestation in the Group's supply chain. Satellite images of plantations and surrounding areas are extremely useful in identifying, mitigating, and preventing deforestation. Based on the reports we receive twice a month from Earthqualizer, we manage all allegations related to deforestation submitted to the Group through our grievance mechanism in order to begin our investigations. When identifying whether an allegation made through our grievance mechanism is relevant to the Group's supply chain, traceability data is essential. If an allegation is found to be relevant through the results of matching our traceability data with the satellite images, we further investigate directly with the related supplier. We work closely with Earthqualizer to address cases of deforestation in the Group's supply chain, including handling grievances, establishing solutions with suppliers, and communicating with NGOs and other stakeholders. We incorporate the investigation results and update the information in our grievance list at least once a quarter.*

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

Supply Chain Transformation Program (Location/scope: Malaysia)

In 2017, the Fuji Oil Group launched a Labour Transformation Programme (LTP) at Palmaju Edible Oil Sdn. Bhd. (Malaysia) in collaboration with the non-profit Earthworm Foundation. This program provides tailored support for addressing human rights-related issues to all of the company's suppliers. LTP has been introduced to the company's direct suppliers, and is now being expanded to all indirect suppliers. The scope of the program includes the following eight elements.



Meeting with supplier management through the program

1. Freedom of movement
2. Contract management
3. Ethical employment
4. Grievance management (through grievance mechanism)
5. Wages and working hours
6. Freedom of association
7. Health and safety
8. Accommodation

Under this program, we provide the following support to our suppliers, to reduce human rights risks at their business and supply locations.

- 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 management
- Help suppliers meet certification and customer requirements

To maximize the impact and effectiveness of our engagement, these activities are typically done face-to-face with local factory and plantation managers. The program had been implemented online due to the COVID-19 situation, but in 2022 we resumed visits to suppliers and returned to providing support in person. As of March 2024, 74% of Palmaju Edible Oil Sdn. Bhd. (Malaysia) suppliers are covered by the program.

The program helps the company's suppliers build and develop better management systems, enabling them to improve labor management and address labor-related issues raised by stakeholders. The Group will continue working toward our goal of 100% LTP implementation across the supply chain to achieve zero exploitation — an urgent issue from the perspective of stakeholders.

Self-assessment tools (Location/scope: The Group's palm oil supply chain)

In cooperation with the non-profit Earthworm Foundation, the Group works on encouraging Palmaju Edible Oil Sdn. Bhd. (Malaysia) suppliers to conduct self-assessments. Using self-assessment tools, suppliers are able to assess and monitor their situation and sustainability performance. These are critical tools in the supply chain due diligence process, making it possible for us to reach out to suppliers more extensively and efficiently.

The following shows our progress in FY2023.

Rate of self-assessment questionnaire and action plan submission in FY2023

Palmaju Edible Oil Sdn. Bhd. (Malaysia)

- Direct suppliers: 100%
- Indirect suppliers: 76%
- Plantations: From 5 plantations

This initiative enables us to provide recommendations and support to help suppliers improve their business operations in line with the Group's policies. It also allows suppliers to share information about their own sustainability efforts and report on how well they are doing in meeting the requirements of the Group's Responsible Palm Oil Sourcing Policy.

Moving forward, we will strengthen our due diligence system by reporting progress on NDPE in our supply chain.

Engagement toward zero deforestation (Location/scope: The Group's palm oil supply chain)

The Group continuously engages with our suppliers to find the best approach to achieving zero deforestation together. Currently, we are taking the following approach.

- Continue working with existing suppliers to improve TTP
- Verify that there is no deforestation within the Group's supply area, by matching TTP and satellite data through a third-party organization
- Directly assist suppliers in obtaining TTP data
- Report potential deforestation risks to suppliers, request and monitor countermeasures

The Group is working toward zero deforestation, removing suppliers who do not actively engage with zero deforestation initiatives or who show insufficient progress on initiatives. Moving forward, we will continue to manage and maintain the supply chain to achieve this commitment.

Grievance mechanism (Location/scope: The Group's palm oil supply chain)

GRI : 2-25, 26

We established a grievance mechanism* in May 2018 in order to enhance the transparency and effectiveness of our Responsible Palm Oil Sourcing Policy. We maintain our grievance mechanism so that our stakeholders can raise concerns regarding any human rights and environmental issues within the Group and across our supply chain. This enables us to effectively involve stakeholders and appropriately take corrective actions in accordance with our Responsible Palm Oil Sourcing Policy.

Every quarter we report all the grievances we receive and our progress in addressing them via the grievance list posted on the Fuji Oil Holdings Inc. website. In FY2023, we registered 42 grievance cases (39 environmental and three social). Of these, 12 have been resolved, 12 are under monitoring and 18 have no record of purchases.

In FY2021, in addition to quarterly updates to the grievance list, we began issuing monthly grievance reports to specific customers and stakeholders. These grievance reports provide the latest progress status particularly on the most notable grievance cases.

We regularly review our grievance mechanism with the help of experts, and are striving to obtain the necessary and vital information to address the concerns of all stakeholders.

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

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

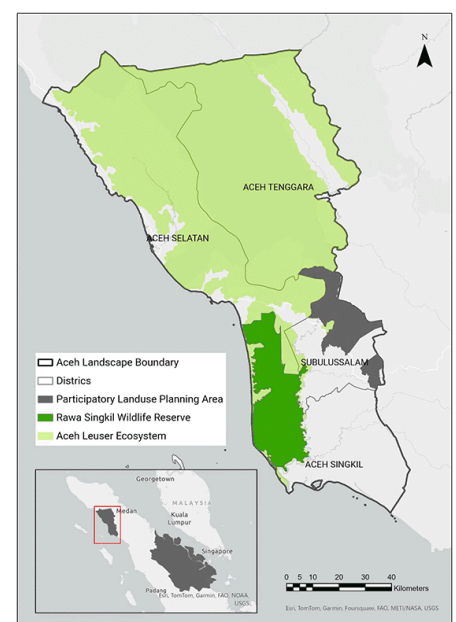
APT Landscape Initiative

GRI : 304-3

Indonesia: Aceh Landscape Initiative (Location/scope: Aceh, Indonesia)



Since 2018, our Group has been supporting a landscape initiative in the Aceh province of Indonesia, with the aim of showing the feasibility of ending deforestation in the country and maintaining a balance between production, protecting nature, and good social and labor practices for crop procurement. Indonesia is an important supplier in the Group's supply chain. We partnered with the Earthworm Foundation to keep working on this initiative.

The Indonesian island of Sumatra is home to the Leuser Ecosystem, one of the planet's most valuable tropical rainforests, and other natural wonders that make it a vital region in terms of natural ecosystems. Yet, palm plantation development and other factors make it vulnerable to deforestation risks. Our Group participates in the Areal Prioritas Transformasi (APT) Landscape Initiative* to reduce and remediate these risks. This program brings together governments, smallholders, local communities, the palm oil supply chain, companies, NGOs and experts in various fields to work toward improvement not only at palm plantations, but throughout the whole region. In 2021, the program expanded its scope across a vast region of about 3.9 million hectares, which covers around 70% of the northernmost province of Aceh in Indonesia. The region spans 12 regencies, with the Leuser Ecosystem at its center. The following are the program's actions in 2023.



Areas of landscape initiative

- Collaborated with the district government authorities of Subulussalam, Aceh Singkil and Aceh Selatan to develop a joint action plan for sustainable palm oil production and environmental management
- Protected a total of 22,704 hectares of forests both inside and outside plantations
- Identified 24,958 hectares of forest conservation areas
- Encouraged cooperation between local producers and downstream companies in the palm sector, by providing incentives to manage 1,270 hectares of forest

* <https://www.earthworm.org/our-work/projects/aceh-indonesia> 
<https://youtu.be/8fvj20TWaUQ> 

Malaysia: Southern Central Forest Spine (SCFS) Landscape program (Location/scope: SCFS, Malaysia)

From 2022, our Group has also been participating in a landscape initiative in the Southern Central Forest Spine (SCFS), our primary palm oil procurement region located in Penninsular Malaysia. The palm oil supply chain in the SCFS landscape^{*1} is interconnected, making it vital to promote initiatives that unite multiple stakeholders within the landscape to achieve 100% TTP in cooperation with FFB dealers,^{*2} improve labor practices, and promote coexistence between humans and wildlife around palm oil plantations. Below is our progress in FY2023.

Achieving 100% TTP/ Promoting coexistence between humans and wildlife around palm oil plantations

We worked with major mills to train over 40 dealers through traceability workshops to fill the gaps in data. To address sector-specific challenges, our landscape team has also initiated groundbreaking dialogues with refinery partners, the Malaysian Palm Oil Board (MPOB) and the Malaysian Sustainable Palm Oil (MSPO) (formerly known as Malaysian Palm Oil Certification Council: MPOCC), to explore ways to create an integrated and common traceability system and build a single platform for traceability data collection. Furthermore, we worked with smallholder communities and plantations to develop and test practical solutions to their challenges. For example, we joined a human-elephant coexistence program that aims to protect and restore forests. In the program, we provide training in using drones to monitor elephant movements during the day and at night, and are designing an early warning system that sends signals to mobile phones when elephants approach fences. These efforts have led to the expansion of the program's coverage area to 8,433 hectares, which is about five times larger than the original target. The landscape team has also expanded into five new villages, holding capacity building sessions focused on better management practices, compliance with MSPO standards, and income diversification for nearly 200 smallholders.

Improving labor practices

Get it Right, a joint initiative with the Malaysian Ministry of Human Resources and the Ministry of Plantation and Commodities, developed a guidance for companies to improve their labor standards. The collaboration of two key government agencies on labor practice issues gave a stronger message to suppliers and encouraged them to implement enhanced labor standards.

At the same time, cooperating with refineries has improved the grievance mechanism for oil mills participating on a trial basis, reinforcing a key element of responsible business practices.

*1 <https://www.earthworm.org/our-work/projects/scfs-malaysia> 

*2 Companies that intermediate between smallholders and oil mills, providing land management support to smallholders and selling fresh fruits bunches (FFB) to oil mills



Get it Right, a joint initiative with the Malaysian Ministry of Human Resources and Ministry of Plantation and Commodities

Metrics and targets

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

Medium- to long-term goals	KPI		FY2023 Goals	FY2023 Results	Self-assessment
	2030	2025			
No Deforestation, No Peatland Development and No Exploitation (NDPE)	Traceability to mill (TTM):100%	TTM : 100%	TTM : 100%	TTM: 100% achieved	○
	Traceability to plantation (TTP): 100%	TTP : 85%	TTP : 85%	TTP: 95% achieved	○
	N/A	N/A	Continue conducting constant monitoring using satellite images to identify, observe, verify and eliminate deforestation in the palm oil supply chain	Continued conducting constant monitoring using satellite images	○
	Labour Transformation Programme (LTP) implementation rate: 100% (all direct suppliers)	LTP implementation rate: 100% (all suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia))*	Implement LTP at suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia): 70%	LTP implementation rate to suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia): 74%	○

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

Analysis

Ensuring traceability makes it possible to know the source and refinery of the palm oil we procure. In recent years, environmental and human rights regulations and reporting requirements have been getting more stringent globally, including in many palm oil consuming countries. This has led to more transparent reporting not just on traceability information and progress on sustainability issues, but also on other information such as progress on addressing grievances. Access to supply chain data have also made it easier for stakeholders to determine the level of involvement between companies and suppliers. At our Group, we set a target to realize 100% TTM by 2030. We achieved this target in 2019, and continued to maintain it throughout FY2023.

We also implemented a procedure to ensure TTP across our entire supply chain. While there are various challenges such as information confidentiality and supply chain complexities, including procurement from FFB dealers, we are working with a number of experts and consultants in order to enhance our strategies for improving our Group's TTP performance and achieve 100% TTP.

For the Labour Transformation Programme (LTP), we were able to start conducting site visits again, which had been temporarily suspended due to COVID-19. We exceeded our target as a result of resuming in-person visits and consultations with suppliers. Going forward, we plan to change the name of the program to the Supply Chain Transformation Program and carry out a wide range of initiatives that include improvements in other areas aside from working environment.

The challenge for smallholders, who account for around 30-40% of the entire palm oil production, is that they lack information on sustainable farming techniques and environmental considerations, as well as the funds to implement sustainable practices. There are still many issues left to address, including deforestation, land rights, and workers' rights. It is vital for us to increase our momentum and enhance public awareness of these issues as we work as a Group to strengthen our procurement strategy and improve our supply chain practices.

Next steps

Continued efforts toward NDPE are crucial for realizing sustainable procurement of palm oil. To address this issue, we set the following goals for FY2024 as a continuation of the previous year.

- TTM : 100%
- TTP : 85%
- Continue constant monitoring using satellite images to identify, observe, verify and eliminate deforestation in the palm oil supply chain
- Supply Chain Transformation Program at suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia): 80%

Specific initiatives

Promoting certified palm oil (Location/scope: The Group's palm oil supply chain)

In 2022, palm oil certified by the Roundtable on Sustainable Palm Oil (RSPO) accounted for roughly 58% of the palm oil handled by our Group, an increase of 17 percentage points year on year. In 2023, the volume continued to increase by 2 percentage points to 60% [mass balance (MB): 20%, segregated (SG)/ identity preserved (IP): 40%]. The growing demand for sustainable palm oil has been a major contributing factor to the increase in the Group's procurement volume of certified palm oil. The Unifuji (Malaysia), a joint-venture with United Plantations Berhad, a Malaysia-based oil palm plantation company, has maintained its production capacity, enabling us to secure enough palm oil supply to meet the demand in this growing market.

RSPO certification is a widely recognized international certification system in the palm oil industry. The Group has been a member of the RSPO since 2004, endorsing the establishment of a certification system for sustainable production and consumption of palm oil. 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 palm oil. When they are properly applied, these criteria can help minimize the negative impact of palm oil cultivation on the environment and communities in palm oil-producing regions. Our Group has implemented the RSPO's new Shared Responsibility (SR) rules and expanded the volume of certified palm oil we procure every year. However, we have been facing challenges in recent years, such as the fact that certified palm oil supply exceeds demand, and that acquiring certification is difficult for smallholders. With this in mind, since 2021 we have been taking active part in RSPO working groups to discuss solutions to these issues and reflect them in our product development.

Going forward, we plan to step up efforts to meet even more customer requests, particularly in the European market where demand is increasing, by deepening our partnership with Johor Plantations Group Berhad in Malaysia, ^{*1} a strategic supplier of Palmaju Edible Oil Sdn. Bhd. (Malaysia).^{*2}



*1 https://www.fujiioilholdings.com/en/pdf/news/2024/240125_en.pdf

*2 For RSPO's progress, see:

<https://rspo.org/our-impact/>

Collaboration with NGOs and industry

GRI : 304-3

(1) Supporting smallholders in Sabah, Malaysia

Since January 2016, our Group has joined the Wild Asia Group Scheme (WAGS), managed by the Malaysian social enterprise Wild Asia, and supported its certification project and WAGS BIO regenerative agriculture project being conducted in the state of Sabah in eastern Malaysia. The scheme helps palm oil smallholders address the problems they face by providing support for improving farming practices

and meeting international standards.

The certification support project provides smallholders with the training for acquiring RSPO certifications. In an RSPO audit conducted in November 2023, 350 new WAGS smallholders received the certification. Since we started providing support to the project in January 2016, the Group has helped a total of 1,263 smallholders to obtain the certification through WAGS (as of March 2024).

The WAGS BIO project conducts practical training on regenerative agriculture with the goal of raising smallholders' income, mitigating their adverse impact on biodiversity, and conserving and restoring natural ecosystems around plantations. In FY2023, we continued to support training on regenerative farming methods and intercropping of ginger and other cash crops. The total number of plantations that meet the BIO farm standard through pesticide-free farming and other methods has reached 96 (as of March 2024). In another initiative, we provided training to farmers on producing biochar from oil palm leaves. The application of biochar is expected to improve soil quality, and the carbon stored in the soil should have a mitigation effect on climate change.



Farm development aid for intercropping ginger at a WAGS BIO farm



Applying biochar

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

Our 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.

(3) Japan Sustainable Palm Oil Network

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

(4) Palm Oil Collaboration Group

Since June 2020, Fuji Oil Holdings Inc. has been participating in the Palm Oil Collaboration Group (POCG),* which brings together companies from every stage of the palm oil supply chain with the aim of accelerating effective action toward NDPE commitments. Currently, we are an active member of the Social Issues Working Group, which discusses and resolves human rights issues. The following are key areas that companies need to work on in the future.

- Human rights due diligence in management systems
- Responsible recruitment in Malaysia's palm oil industry, which is predominantly made up of migrant workers
- Protecting the rights of Indigenous Peoples and local communities

We will continue participating and contributing to the working group to develop effective solutions to achieve NDPE.

* <https://palmoilcollaborationgroup.net/> 

Related documents

ESG Data Book (PDF 2.85MB) 

Sustainable Procurement of Cocoa



Material Issue
Sustainable Procurement

Policy

In August 2018, the Fuji Oil Group established the Responsible Cocoa Beans Sourcing Policy.

Responsible Cocoa Beans Sourcing Policy (PDF, 79KB) 

Governance

The Group's Sustainability Committee^{*1} is an advisory body to the Board of Directors that is chaired by the President and CEO. It deliberates on and monitors the material ESG issue^{*2} of Sustainable Procurement from a multi-stakeholder perspective, and reports the results to the Board. The Chief Strategy Officer (CSO) oversees the progress of initiatives for Sustainable Procurement of Cocoa, a priority action within this material issue.

*1 Governance, Strategy, Metrics and Targets, Risk Management > Governance

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

*2 Governance, Strategy, Metrics and Targets, Risk Management > Strategy, metrics and targets

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

Strategy

GRI : 2-6

Our Group's industrial chocolate business purchases cocoa-derived raw materials such as cocoa beans, cocoa liquor,^{*1} cocoa butter,^{*2} and cocoa powder^{*3} as key raw materials, and uses them to produce chocolate products. Smallholder farmers make up the majority of producers in Côte d'Ivoire and Ghana, the two major cocoa-producing countries, giving rise to a complex web of social and environmental issues. These include poverty and, linked to this, the challenges of children's education and child labor as well as low agricultural productivity, deforestation and climate change impacts. Addressing these issues requires a multifaceted approach, which includes restoring deteriorated soil fertility, empowering women, ensuring children's access to education and their overall protection, and reforestation efforts. We recognize that it is our role and responsibility to respect human rights, conserve natural resources, help farmers lift themselves out of poverty, and build resilient cocoa supply chains that ensure the future of cocoa production.

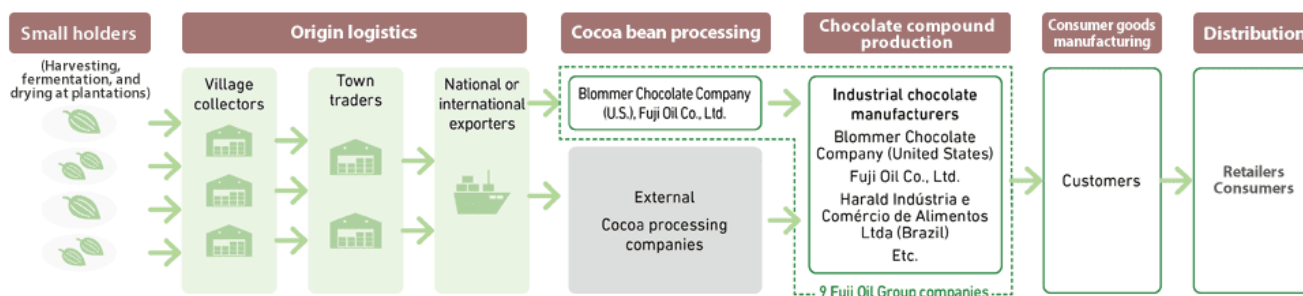
Failure to address these issues with integrity could result in business disruptions and damage to the Group's reputation. It also increases the risk of negatively affecting the Group's financial position by losing investor confidence, as well as customer and consumer trust, resulting in a shift in demand toward more sustainable brands they think and a decline in our market share. On the other hand, taking a proactive approach to these issues not only helps us improve our operational efficiency, strengthen our relationships with established customers, and build new customer relationships, it also links our Group initiatives to sustainability and innovation. This may also be an opportunity for the Group to take the lead in solving issues as an industry leader, by developing new markets and customers through sustainably produced products that provide a strong competitive advantage. In addition to avoiding risks, we will strengthen our Group brand through respecting human rights, conserving natural resources, and further improving cocoa supply chains, while at the same time bring positive changes to society and ensure the future of people.

In 2020, our Group set medium- to long-term goals and KPIs to realize the sustainable procurement of cocoa beans and track its progress. We continuously work on raising household income of farmers, ending child labor, restoring forests, by improving supply chain transparency and strengthening traceability.

*1 Made by removing the shells of cocoa beans and grinding the nibs (inside the cocoa beans) into a smooth, liquid state

*2 Vegetable oil obtained by pressing cocoa beans

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



Risk management

Sustainable Procurement Management > Risk management
<https://www.fujiolholdings.com/en/sustainability/procurement/>

Traceability

Improving traceability across the supply chain is critical to addressing social and environmental issues in the cocoa supply chain. In our direct supply chain,^{*1} we are working with our suppliers to map out the boundary lines (polygons) of farms. The process, called polygon mapping, is used as the basis for establishing compliance regarding protected areas. Plantation polygons can also be used to assess deforestation related to the supply chain using satellite imagery.

Every year, Blommer Chocolate Company (U.S.) publishes a map of farm groups in its direct supply chain of farms on its website.^{*2} It aids in making cocoa farmers and their families visible, protecting children, and preventing child labor.

Blommer's sustainability team working in Côte d'Ivoire plays a major role in overseeing and implementing the program, as well as checking its effectiveness and assessing its impacts. The farm groups supplying Blommer with raw materials are audited annually by product certification bodies or third-party auditing organizations.

^{*1} Supply chain where cocoa beans are purchased directly from farmers or agricultural cooperatives, or where the source is traceable through intermediaries

^{*2} <https://www.blommer.com/sustainability/strategy/traceability.php>

Child protection (Location/scope: West Africa (Ghana, Côte d'Ivoire))

GRI : 408-1

Our Group is working to end child labor — a significant human rights issue in the cocoa industry.

In major cocoa-producing countries, farmers are facing challenges including poverty, child labor, lack of community infrastructure such as schools and health centers, lack of farm workers, and lack of capital to invest in improving agricultural technology, each of which has to be addressed appropriately. The Group focuses on creating an environment to prevent child labor and on developing a mechanism to remediate any violations of children's rights in the supply chain.

To identify the root causes of child labor and raise awareness of potential violations, community agents and farmer groups are working together to set up the Child Labour Monitoring and Remediation System (CLMRS) at all villages in our direct cocoa supply chain in West Africa. Community agents who monitor and carry out remediation measures are trained on child protection and conduct household surveys regularly. The Group focuses on high-risk communities and community agents to identify children at risk of or engaged in child labor and propose action plans to their families and communities. We also advocate for supporting cocoa farmers by providing pruning guidance, promoting women's empowerment through VSLAs,^{*1} environmental conservation,^{*2} and other preventive measures in communities.

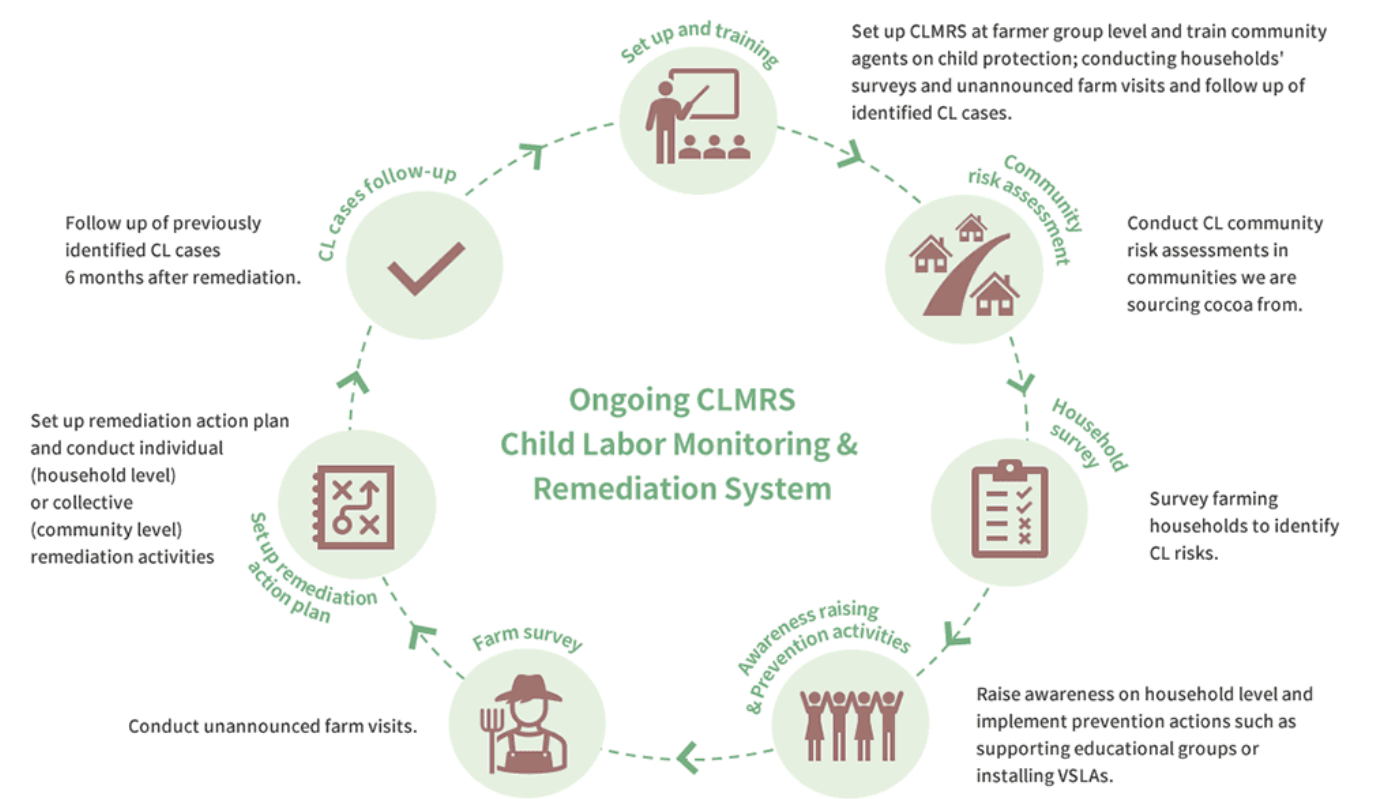
We also work with other stakeholders in the cocoa industry on industry-wide initiatives. In 2022, the Group joined the Child Learning and Education Facility (CLEF)^{*3} and the Early Learning and Nutrition Facility (ELAN).^{*4} CLEF is a coalition that aims to reach 5 million children and 10 million parents in cocoa-growing regions and beyond. It focuses on access to quality primary education by constructing school infrastructure, training teachers in effective pedagogical practices, and engaging parents in their children's learning. The ELAN Initiative aims to provide quality services and training in early childhood development and nutrition to 1.3 million children below the age of five and their caregivers.

^{*1} See the section "Community development and women's empowerment."

^{*2} See the section "Conserving and restoring forests."

^{*3} <https://www.clefcoalition.com/en/our-mission/>

CLMRS (Child Labour Monitoring & Remediation System)



Community development and women’s empowerment

(Location/scope: West Africa (Ghana, Côte d'Ivoire))

Our Group believes that to realize sustainable procurement, it is important to meet the needs, not only of cocoa farmers, but also of the local communities in the sourcing regions. We facilitate the construction of social infrastructure, such as schools, health centers, maternity hospitals, and access to safe water in cocoa-producing communities.

Women play a huge role in ensuring food security and access to nutrition, education and health in cocoa-producing communities and their families. Our community development projects in Ghana and Côte d'Ivoire aim to empower women in their homes and communities by creating economic opportunities for them. As part of these efforts, we offer literacy training courses for women and established village savings and loans associations (VSLAs). The VSLAs are women-led self-managed groups that offer access to savings and loans to their members for investing in existing or new micro-businesses, funding children’s education, or funding income generating activities (IGAs). These initiatives have made a significant impact, leading to growth of activities with similar concepts.

Conserving and restoring forests (Location/scope: Mainly Ghana and Côte d'Ivoire)

GRI : 304-3

Our Group is committed to ensuring long-term benefits for cocoa farmers and their communities, reducing our carbon footprint, achieving a supply chain free of deforestation, and conserving and restoring ecosystems. To achieve these commitments, we focus on promoting agroforestry.

Setting goals under our sustainable procurement commitment

Our Group has committed to planting one million trees in cocoa growing regions affected by deforestation by 2030. We have distributed over 305,000 saplings since 2020. In Ghana, we planted 160,000 trees between 2020 and 2022. And in 2023, we started a three-year project in Côte d'Ivoire in partnership with AgroMap,^{*1} an Ivorian company specializing in nature-based solutions. Through this partnership, we planted more than 145,000 forest and fruit trees in Blommer’s direct cocoa supply chain in 2023, with plans to plant more than 120,000 trees over the next two years. The project promotes cocoa agroforestry and community reforestation, while also focusing on diversifying the income of cocoa farming households through IGAs. Additionally, the project aims to build the resilience of producers and communities affected by climate change and help in carbon sequestration and protecting biodiversity.

Curbing deforestation through the Cocoa & Forests Initiative (CFI)

Blommer has been participating in the Cocoa & Forests Initiative (CFI) since 2017. CFI's 36 participating companies are working with the governments of Côte d'Ivoire and Ghana to end deforestation and promote the protection and restoration of forests in cocoa supply chains.

In 2023, Blommer renewed our commitment, pledging to support the second phase of CFI (CFI 2.0 2023-2025) focused on accelerating and scaling impacts through building collective action and co-investment in priority landscapes. Our CFI 2.0 Action Plan^{*2} details our ambition to highlight and support solutions that have proven to be the most impactful during the first phase of CFI, as well as the wealth of information we acquired during that period to introduce innovative tools and interventions that contribute to curbing deforestation.

Since 2018, Blommer has distributed 1,363,054 shade trees and reached 93% farm plots mapped in our direct supply chain as part of CFI.


Assessing and addressing deforestation risks

Since 2022, the Group has teamed up with Satelligence,^{*3} the world leader in geospatial forest monitoring, to assess and address deforestation risks in Côte d'Ivoire, Ghana, and Ecuador. We leverage satellite imagery to gain landscape- and farm-level insights that include canopy cover change, carbon loss/gain on and around cocoa farms, deforestation risk assessments, identification of shade cocoa areas, and carbon sequestration monitoring. A real-time risk alert system also enhances Blommer's capacity to swiftly address the drivers of deforestation and forest degradation. In 2023, we monitored an area of over 110,000 km² across Côte d'Ivoire, Ghana, and Ecuador. Throughout the 2022-23 cocoa season, no depletion of forest was observed.

Deforestation assessment and carbon reduction with the World Cocoa Foundation (WCF)

In 2023, Blommer partnered with the World Cocoa Foundation (WCF)^{*4} and 17 other cocoa and chocolate companies on a harmonized approach to assessing deforestation risks in the supply chain. The main aim of this partnership is to identify and develop a standard deforestation assessment methodology that can be used by WCF members to comply with the European Union (EU) Regulation on Deforestation Free Products (EUDR). Ultimately, the method will be vetted by the EU competent authorities.

We also teamed up with WCF member companies on a project to streamline carbon accounting for cocoa in 2023. This resulted in the release of an official guidance on carbon accounting methodology as well as carbon reduction and carbon avoidance interventions, such as promoting shade grown cocoa. Informed by this guidance and Satelligence data, Blommer will update our Scope 3 emissions for cocoa and continue to promote agricultural practices with low climate impact to deliver on our Scope 3 emissions reduction goals.

*1 <https://agro-map.com/> 

*2 Blommer publishes a CFI report annually on their website:

<https://www.blommer.com/sustainability/strategy/safeguarding-the-environment.php> 

*3 <https://satelligence.com/news/satelligence-and-blommer-partner-to-fight-deforestation-in-cocoa-areas> 

*4 <https://www.worldcocoafoundation.org/initiative/cocoa-forests-initiative/> 

Handling of certified cocoa-derived raw materials

Fairtrade

The following Group companies have obtained the Fairtrade International certification, which aims to promote sustainable development of smallholders and workers in developing countries. These two companies offer Fairtrade certified products for manufacturing needs of our customers.

- Fuji Oil Europe (Belgium)
- Blommer Chocolate Company (U.S.)



Fair Trade USA

Blommer Chocolate Company (U.S.) has obtained the Fair Trade USA certification.



Rainforest Alliance Certification

The following Group companies comply with the Rainforest Alliance* Sustainable Agriculture Standard: Supply Chain Requirements, which is an international certification program aiming to create a better future for people and nature. Going forward, we will continue to work to meet the demands of our customers for responsible cocoa sourcing.

- The Fuji Oil Hannan Business Operations Complex and Kanto Plant (Japan)
- Industrial Food Services (Australia)
- PT. Freyabadi Indotama (Indonesia)
- Freyabadi (Thailand) Co., Ltd.
- Fuji Global Chocolate (M) Sdn. Bhd. (Malaysia)
- Fuji Oil Europe (Belgium)
- Harald Indústria e Comércio de Alimentos Ltda (Brazil)
- Blommer Chocolate Company (U.S.)
- Blommer Chocolate Manufacturing (Shanghai) Company Ltd. (China)
- Fuji Oil (Zhang Jia Gang) Co., Ltd. (China)

* <https://www.rainforest-alliance.org/>



Sustainable Origins

Sustainable Origins* is our Group's sustainability program. For over 20 years, this program has enabled our customers to achieve sustainable growth by developing a resilient cocoa supply network where farmers and communities thrive, human rights are respected, and nature is protected.



Companies implementing the program:

- Fuji Oil Co., Ltd.
- Blommer Chocolate Company (U.S.)

* <https://www.fujioil.co.jp/product/chocolate/sustainable/about/index.html> (in Japanese)

Initiatives in Japan (Membership in the Platform for Sustainable Cocoa in Developing Countries)

Fuji Oil Holdings Inc. joined the Platform for Sustainable Cocoa in Developing Countries,* an initiative with the Japan International Cooperation Agency (JICA) acting as Secretariat. Fuji Oil Co., Ltd. has expressed support for the Action Plan to Eliminate Child Labour in the Cocoa Industry, which was released by the platform.



Metrics and targets

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

Medium- to long-term goals	KPI		FY2023 Goals	FY2023 Results	Self-assessment
	2030	2025			
One million trees planted* ¹	One million trees planted	500,000 trees planted	Plant 130,000 trees across our direct supply chain (Côte d'Ivoire)	Planted 145,748 trees across our direct supply chain in Côte d'Ivoire (315,748 trees in total)	○
Increase traceability and transparency			Expand our Group's direct supply chain for cocoa beans	73% of the Group's cocoa beans are sourced from our direct supply chain (Côte d'Ivoire, Ghana and Ecuador)	○
			Complete GPS mapping of 90% of farms in our Group's direct supply chain to further improve traceability	93% of farm plots across our direct supply chain mapped (Côte d'Ivoire, Ghana and Ecuador)	○
Support farmers and improve farm resilience			Provide GAP* ³ training/coaching to farms across our Group's direct supply chain	31,827 farmers participated in the GAP training program (Côte d'Ivoire, Ghana and Ecuador)	○
			Promote agroforestry	Developed cocoa agroforestry on 91,391 hectares of land across our direct supply chain (Côte d'Ivoire, Ghana)	○
			Deliver on our commitment in the Cocoa & Forests Initiative (CFI)	372,067 multipurpose trees distributed for off-farm and on-farm planting by Blommer directly or on behalf of customers (Côte d'Ivoire, Ghana)	○
Conserve forests			Assess deforestation related to the supply chain using data provided by Satelligence and conduct deforestation risk assessment for over 140,000 hectares of land	Completed deforestation risk assessment for 139,394 hectares of land across our direct supply chain (Côte d'Ivoire, Ghana and Ecuador)	○
End child labor	End child labor	No worst forms of child labor* ²	Establish Child Labour Monitoring and Remediation System (CLMRS) in all farmer groups across our direct supply chain* ⁴	100% of farmer groups across our direct supply chain covered by CLMRS (Côte d'Ivoire, Ghana)	○

Medium- to long-term goals	KPI		FY2023 Goals	FY2023 Results	Self-assessment
	2030	2025			
			Implement effective and sustainable child protection and human rights due diligence (HRDD) system to assess and address child labor on over 90% of farms across our direct supply chain	60% of farms across our direct supply chain covered by effective and sustainable child protection and HRDD system that assess and address child labor (Côte d'Ivoire, Ghana)	△
			Provide support for women's empowerment in 173 communities across our direct supply chain (Côte d'Ivoire, Ghana, and Ecuador)	Over 90 communities benefited from community development activities that support women's empowerment (Côte d'Ivoire, Ghana)	×

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

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

*3 Good Agricultural Practices

*4 In West Africa

Analysis

To implement the Responsible Cocoa Beans Sourcing Policy formulated in August 2018, we set KPIs in June 2020 and determined a direction for our efforts over the next ten years. Since Blommer became a part of our Group in 2019, the company has been leading our initiatives and playing a major role in the sustainable procurement of cocoa.

Going forward, we will continue collaborating closely with our customers, suppliers, certification bodies and international organizations to develop programs and initiatives in line with the Group's sourcing policy.

Next steps

Crucial elements of our initiatives include raising the income of farming households, protecting children, providing educational opportunities to cocoa farming families, empowering women, and conserving and restoring forests. To address these issues, we set the following goals for FY2024.

- Complete GPS mapping of 90% of farms in direct supply chain and improve traceability system
- Continue introducing the Child Labour Monitoring and Remediation System (CLMRS) in farming communities across our direct supply chain
- Provide support for women's empowerment in 110 communities across our supply chain (Côte d'Ivoire, Ghana)
- Continue GAP training to farms across our direct supply chain
- Plant 62,000 trees across our direct supply chain to continue our initiative to plant one million trees (Côte d'Ivoire)
- Assess deforestation related to the supply chain using data provided by Satelligence and conduct deforestation risk assessment for over 131,000 hectares of land
- Distribute around 165,000 saplings for a wide variety of shade trees in and around plantations conducted by Blommer as part of our CFI commitments (Côte d'Ivoire, Ghana)

* See the section "Conserving and restoring forests."

Participation in the World Cocoa Foundation (WCF)

The Fuji Oil Group is a member of the World Cocoa Foundation (WCF)* since 2012. The WCF is a non-profit international membership organization whose mission is to foster collaboration among its members and beyond, in order to build a more sustainable cocoa sector and improve the lives of cocoa farmers and cocoa-growing communities. Blommer is a founding member of the WCF and currently holds a seat on the WCF Board. The company has demonstrated a leadership role through participation in the WCF flagship programs, such as African Cocoa Initiative, Cocoa Livelihoods Program, Cocoa Action, and the CFI.

We delivered on our CFI commitment: 372,067 multipurpose trees were distributed for off-farm and on-farm planting (Côte d'Ivoire, Ghana) by Blommer directly and on behalf of customers.



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

Participation in the European Cocoa Association (ECA)

Fuji Oil Europe (Belgium) is a member of the European Cocoa Association* and has been participating in the ECA Sustainability Working Group since 2019.

* <https://www.eurococoa.com/en/> 

Supporting cocoa farmers

Our Group directly supports cocoa farms in Côte d'Ivoire (since 2004), Ghana (since 2014) and Ecuador (since 2013). By providing tools and training based on established agricultural technologies, we encourage farmers to adopt Good Agricultural Practices (GAP) and climate-smart cocoa practices.* Pruning is particularly important in GAP, so we launched service groups focused on pruning at the community level in order to provide willing farmers with paid labor services. Although there are major challenges such as pests, diseases, and changes in climate patterns (particularly rainfall), we hope that the adoption of GAP will ultimately improve the resilience of farms.

Farmers and farmer groups that participate in the program receive a premium for the cocoa covered by this initiative. Premiums are paid as compensation for the additional work required to comply with the Group's internal and third-party standards, and supply traceable and sustainable cocoa beans. The premiums paid to farmers also directly contribute to improving their household income. Farmer groups are also encouraged to reinvest a percentage of their premiums into social initiatives that benefit all cocoa farmers, such as the construction and repair of classrooms, school cafeterias, and water pumps.

* A sustainable agricultural approach aimed at mitigating and adapting to climate change impacts in growing cocoa. The focus is on improving the resilience of cocoa cultivation, reducing greenhouse gas emissions and promoting sustainable farming practices.

Sustainable Procurement of Soybeans



Material Issue
Sustainable Procurement

Policy

The Fuji Oil Group formulated the Responsible Soybeans and Soy Products Sourcing Policy in June 2021.

Responsible Soybeans and Soy Products Sourcing Policy (PDF, 922KB) 

Governance

The Group's Sustainability Committee^{*1} is an advisory body to the Board of Directors that is chaired by the President and CEO. It deliberates on and monitors the material ESG issue^{*2} of Sustainable Procurement from a multi-stakeholder perspective, and reports the results to the Board. The Chief Strategy Officer (CSO) oversees the progress of initiatives for Sustainable Procurement of Soybeans, a priority action within this material issue.

*1 Governance, Strategy, Metrics and Targets, Risk Management > Governance

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

*2 Governance, Strategy, Metrics and Targets, Risk Management > Strategy

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

Strategy

GRI : 2-6

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 soy products have recently attracted attention as plant-based alternatives to address global food issues as the world's population continues to grow. They are also increasingly associated with the rising global interest in health.

With the conviction that soybeans could be one of the answers to future global food shortages, our 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 raw materials including whole soybeans and soybean-derived ingredients, such as defatted soybeans and soy protein made from defatted soybeans. We also procure soybean oil at several percent of the total weight of ingredients in our vegetable oils and fats business.

We are aware that management issues in some soybean-producing regions lead to social and environmental problems, such as the infringement of human rights of Indigenous Peoples and local communities, destruction of forests and ecosystems, and soil contamination of farmlands due to pesticides. Failure to address these social issues could affect the sustainable procurement of raw materials, posing a risk of damaging the Group's reputation and reducing profits. Conversely, working to address these issues could foster greater trust from our stakeholders, opening up opportunities for profit growth from new transactions and enhancing our corporate value.

The Fuji Oil Group set medium- to long-term goals and KPIs to achieve sustainable procurement of soybeans in June 2021 in order to meet the customer's expectations amid the growing needs for soy products, while addressing the issues at soy production areas. We procure soybeans and soy products produced in a responsible manner from suppliers that take human rights and the environment into account, and continue to strive to identify problems and provide solutions across the supply chain through continuous engagement with our suppliers of raw materials.

Soy-based ingredients procured by Fuji Oil Group and related products

Ingredients		Related Products	Major Sources
Whole soybeans	Soy in its whole bean form	Soy protein foods Products using the USS manufacturing method	North America, China, Japan
Defatted soybeans	Made from whole soybeans with oil extracted and residues removed	Raw materials for soy protein ingredients	
Soy protein	Protein ingredient extracted from defatted soybeans	Soy protein foods	
Soybean oil	Oil extracted from whole soybeans	Soy protein foods Oil-based products	

Risk management

Sustainable Procurement Management > Risk management

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

Improving traceability of the supply chain to primary collection points

(Location/scope: The US., Canada, China)

Our Group has been working with suppliers based on the Responsible Soybeans and Soy Products Sourcing Policy.

For raw materials produced in North America and China, we are working to further improve traceability of the supply chain to primary collection points, where the soybeans are collected from the farm and stored.

Our progress in understanding the supply chain and improving traceability varies for each region, but in cooperation with our suppliers, 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 community level.

Gathering information through RTRS (Location/scope: The US, Canada, China)

In 2020, our Group joined the Round Table on Responsible Soy Association (RTRS), a global platform for sustainable soybean production, and received their support to gather information and to formulate the Responsible Soybeans and Soy Products Sourcing Policy in June 2021. We will continue to collect information on global trends related to sustainable procurement of soybeans.

Metrics and targets

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

Medium- to long-term goals	KPI		FY2023 Goals	FY2023 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	Better engagement with suppliers based on self-assessment results from suppliers	Facilitated dialogues with suppliers in North America and China to determine progress in traceability	○
			At least 80% traceability achieved to primary collection points	83% traceability achieved to primary collection points	○

Analysis

In FY2023, we determined our progress in traceability through dialogues with suppliers. In North America, we deepened our supplier relationship through concrete dialogues on current issues and future directions, fostering a shared understanding of the importance of sustainability. In China, we were able to gain a more detailed understanding of the situation, including the extent of traceability in the upstream supply chain.

Next steps

Enhancing traceability is the key to understanding the problems in each producing region. To address this issue, we set the following goals for FY2024.

- Better engagement with suppliers through direct dialogues
- At least 90% traceability achieved to primary collection points

Specific initiatives

Ensuring procurement of non-genetically modified soybeans

To meet our stakeholders' demands, our Group's soy-based ingredients business procures 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.

* 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



Material Issue

Sustainable Procurement

Policy

The Fuji Oil Group formulated the Responsible Shea Kernels Sourcing Policy in July 2021, and set medium- to long-term goals and KPIs. We will work toward a sustainable future by fulfilling the following three commitments set forth in the policy.

- Conserve parkland where shea trees grow: Plant 6,000 saplings of shea trees and other native trees every year in the region
- Encourage rural development and environmental initiatives: Empower the women involved in the shea kernel industry and improve production capacity of their cooperatives
- Local value creation: Create employment, including training on operational skills, quality and safety, and create high value-added products in the communities

Responsible Shea Kernel Sourcing Policy (PDF, 945KB) 

Governance

The Group's Sustainability Committee^{*1} is an advisory body to the Board of Directors that is chaired by the President and CEO. It deliberates on and monitors the material ESG issue^{*2} of Sustainable Procurement from a multi-stakeholder perspective, and recommends the results to the Board. Under the supervision of the Chief Strategy Officer (CSO), Fuji Oil Ghana Ltd. cooperates with business divisions of Fuji Oil Holdings Inc. to promote initiatives for Sustainable Procurement of Shea Kernels, a priority action within this material issue.

*1 Governance, Strategy, Metrics and Targets, Risk Management > Governance

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

*2 Governance, Strategy, Metrics and Targets, Risk Management > Strategy, metrics and targets

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

Strategy

GRI : 2-6

Shea trees grow naturally in the Sahel region of sub-Saharan West Africa (Burkina Faso, Mali, Ghana, Côte d'Ivoire, Benin, Togo, and Nigeria). The shea butter extracted from shea kernels (embryos in the seed) is an important raw material in the Group's vegetable oils and fats business. Shea butter is a very versatile oil suitable for various uses including foods, confectionery, and skin care, and is widely used as a cocoa butter equivalent (CBE). Shea nuts are harvested by women in rural districts of the Sahel region, who also carry out the primary processing (boiling, shelling, and drying). To ensure sustainable use of shea butter, it is extremely important to train farmers on topics such as quality improvement and commercial transactions, as well as to maintain shea tree numbers through planting programs and protect their value. This is why we conduct the following activities based on the Responsible Shea Kernel Sourcing Policy.

- Continually improve traceability to the regional level
- Continually increase the amount of shea kernels procured from women's cooperatives we've partnered with through the Tebma-Kandu program^{*1}

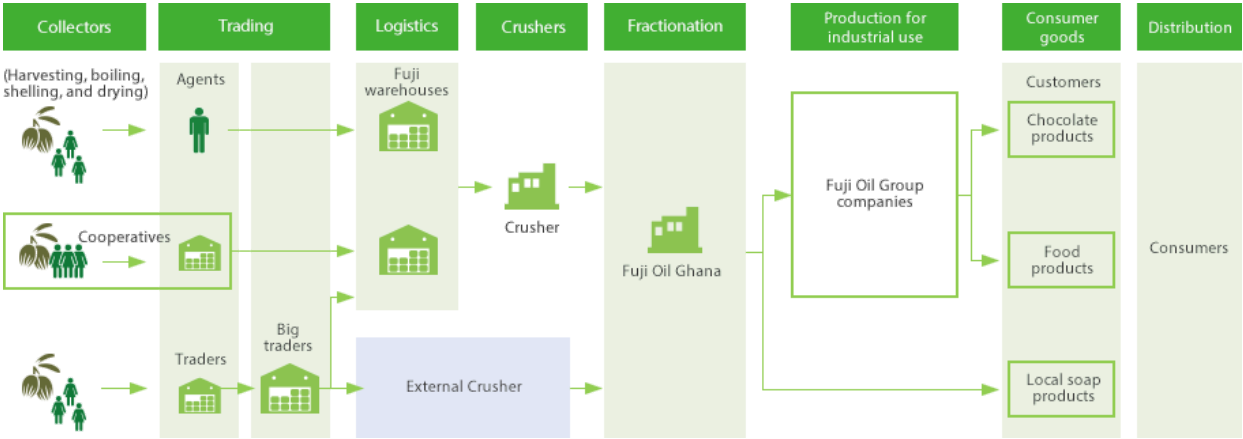


Shea trees growing naturally in West Africa

- Contribute to conserving parkland by planting saplings and promoting sapling management training in regions with Tebma-Kandu cooperatives
- Create value, employment, and worker training opportunities in West African regions through local processing of shea kernels and butter
- Improve our environmental footprint by switching to non-fossil fuels^{*2} for energy at the Fuji Oil Ghana Ltd. factory

*1 See the Tebma-Kandu program for details.

*2 Using non-fossil fuel sources such as shea kernel meal.



Risk management

Sustainable Procurement Management > Risk management
<https://www.fujioilholdings.com/en/sustainability/procurement/>

The Tebma-Kandu program (Location/scope: Ghana)

Fuji Oil Ghana Ltd. processes the shea butter extracted from shea kernels at its own factory. The majority of oil extraction is performed by partner company Ghana Nuts Company Limited, but we also procure from other external oil mills. Building a sustainable supply chain is important in operating this business.

In efforts to realize the Responsible Shea Kernel Sourcing Policy, the Tebma-Kandu shea kernel sustainability program was started in 2021 together with 23 women’s cooperatives located in the north of Ghana. Now in its fourth year, there are an increasing number of women’s cooperatives that wish to join the program. By providing this growing membership of registered cooperatives with pre-financing and training in business skills, cooperative management and quality management, we aim to improve their abilities and help create value for local communities. The program has also started using warehouses built to store harvested shea kernels for generating alternative income during the off season.

In FY2023, the number of women’s cooperatives in the program from which Fuji Oil Ghana Ltd. procures directly increased to 52, and we additionally began working with suppliers that agree to the goals of the program. Because they comply with our Group policies and support the women’s cooperatives, indirect purchases from these suppliers will also now be considered procurement from the Tebma-Kandu program.

In FY2024, the number of cooperatives we deal with directly in the program is set to increase to 75. We will continue promoting the program in our supply chain, including both direct and indirect procurement.

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

Metrics and targets

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

Medium- to long-term goals	KPI		FY2023 Goals	FY2023 Results	Self-assessment
	2030	2025			
Forest conservation, support to women's empowerment	6,000 trees planted/year	6,000 trees planted/year	6,000 trees planted/year	9,364 trees/year	○
	Traceability to the regional level, including procurement from Tebma-Kandu cooperatives*1: 75%	70%	50%	88% achieved	○
	Procurement of shea kernels from Tebma-Kandu program*2: 50%	30%	15%	19% achieved	○
	Percentage of shea kernels crushed and fractionated (separated) in West Africa: 100%	100%	100%	100% achieved	○
	Non-fossil fuel energy*3 used by Fuji Oil Ghana Ltd. (for steam generation): 100%	100%	100%	97.6% achieved	○
	Percentage of Group-donated warehouses being used to generate alternative income for Tebma-Kandu cooperatives: 80%*4	20%	—	—	—

*1 Cooperatives registered in the Tebma-Kandu program

*2 KPI changed from "Direct procurement of shea kernels from Tebma-Kandu cooperatives" to "Procurement of shea kernels from Tebma-Kandu program." We now include procurement volumes from partners that have agreed to the goals of the program in addition to the cooperatives we have been working with based on the philosophy of the Tebma-Kandu program.

*3 Shea olein created as a byproduct when fractionating shea butter is used as biomass fuel.

*4 A new KPI set in FY2024 after achieving our KPI for regional value creation of "Permanent, direct employees at Fuji Oil Ghana Ltd.: 50% increase (base year: 2017)" as of FY2022. This is the percentage of shea kernel storage warehouses donated by Fuji Oil Ghana Ltd. that are being used to generate income by storing other harvested products in vacant space or during periods outside of the shea season.

Analysis

In FY2023, the shea nut harvest was extremely good and we achieved almost all targets for the fiscal year. With regards to traceability, 88% of all purchased shea kernels were traceable to the regional level. It was less than 93.3% achieved in FY2022 because the volume purchased as shea butter from external oil mills increased. Of all purchased shea kernels, 19% were procured from the Tebma-Kandu program.

Partnership with registered cooperatives in the Tebma-Kandu program is maturing, and we have a positive relationship of trust that has greatly improved through prompt payment after purchase and close communication. There are now many cooperatives that are interested in joining the program. In efforts to promote further development, we are also conducting training to encourage utilization of shea kernel storage warehouses to generate alternative income outside of the harvest season. In FY2023, we also aimed for further expansion by extending procurement to partners that agree to the goals of the Tebma-Kandu program.

We plan to continue expanding the program in order to achieve long-term goals. In West Africa, deforestation of shea and other trees is reaching a critical level, and we see sufficient reforestation to be necessary. In addition to our program that plants 6,000 trees each year, we also take part in the Global Shea Alliance (GSA)* to amplify the pace of transplanting.

* A non-profit organization made up of companies, members of civil society, research institutions, governments, and other groups involved in the shea industry.

<https://globalshea.com/> 

Next steps

To work with an even greater number of partners, we aim to expand the Tebma-Kandu program and have set the following goals for FY2024.

- Plant 6,000 trees/year
- Traceability to the regional level: 70%
- Procurement rate of shea kernels from Tebma-Kandu program: 20%

Through rigorous and direct collaboration with the cooperatives and partners that conduct business in accordance with the philosophy of the Tebma-Kandu program, we will learn from our interactions with women in the cooperatives, conduct trainings, and implement other measures for financial support and better business practices according to their needs.

We are also working with Japanese start-up Degas,* a company active in northern Ghana, to expand our efforts to improve traceability by placing electronic tags on shea kernel cargo bags.

* Degas

<https://degasafrica.com/> 



Discussions with women's cooperatives, Tebma-Kandu partners

Specific initiatives

Collaboration with external organizations

Fuji Oil Ghana Ltd. joined the Global Shea Alliance (GSA) in 2013. The primary activities of these organizations are:

- Providing warehouses to store shea kernels and create other sources of income
- Business training for women
- International development of shea products
- Occupational health and safety initiatives
- Training on the management of parkland conservation
- Research and development of afforestation materials
- Pilot projects for parkland conservation

Conserving parkland where shea trees grow (Location/scope: Ghana)

In northern Ghana, shea trees are being felled at a critical pace in order to clear land, and are also increasingly cut down for use as charcoal.

In FY2023, we worked with local company Eco Restore to plant 9,364 saplings of shea and other native trees. We also provided land for the company to plant saplings.

Training in appropriate cultivation techniques is important to improve the survival rate of the saplings. Another one of our initiatives is teaching children at schools the importance of and value in conserving trees. We plan to continue conducting training as well as planting trees in FY2024.



Training in looking after saplings

Reducing environmental impact by shifting energy sources (Location/scope: Ghana)

Fuji Oil Ghana Ltd. is shifting its production energy use from mineral oils to non-fossil fuels, such as by converting a portion of shea kernel meal and other byproducts of the shea butter production process into fuel, in order to reduce CO₂ emissions and waste during shea kernel and shea butter processing. Using fuel from byproducts also reduces the use of firewood, leading to less deforestation, water savings, and reduced energy costs. We aimed to use 100% non-fossil fuel energy at this factory, but boiler issues resulted in just barely missing the target at 97.6%.

Business Foundations

Social & Governance



Business Foundation that Supports Fuji Oil Group's Value Proposition

The Group has designated the three years from FY2022 to FY2024 as a period for strengthening our business foundations with the aim of transforming into a corporate group that creates new value. To achieve this, we have been implementing Reborn 2024, our Medium-Term Management Plan.

Here, we present the FY2023 achievement highlights of our efforts to address our material ESG issues related to business foundations.

Visit the following links for details on our business foundations that support Fuji Oil Group's value proposition.

- Governance, Strategy, Metrics and Targets, Risk Management
- Integrated Report

FY2023 Achievement Highlights



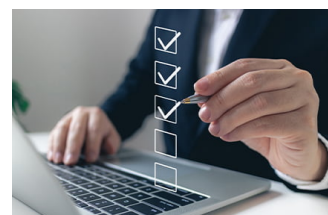
Human resource strategy
Enhanced development of human resources to support global business management



DE&I strategy
Conducted employee engagement surveys globally



Information security
Conducted internal IT security audits and OT security assessments



Fair business practices
Conducted a compliance program for the entire Group

Initiatives on Material ESG Issues

Occupational Health and Safety

Priority action Reducing Occupational Accidents and Property Damage

- > Policy
- > Governance
- > Strategy
- > Risk management
- > Metrics and targets

DE&I

Priority action Promotion of DE&I

- > Policy
- > Governance
- > Strategy
- > Risk management
- > Metrics and targets
- > Specific initiatives

Securing and Developing Human Resources



Priority action	Securing and Developing Human Resources				>
> Policy	> Governance	> Strategy	> Risk management	> Metrics and targets	
> Specific initiatives					

GRC



Priority action	Risk Management System				>
> Governance	> Strategy	> Risk management	> Metrics and targets		
Priority action	Information Security Management				>
> Governance	> Strategy	> Risk management	> Metrics and targets		
Priority action	Fair Business Practices				>
> Policy	> Governance	> Strategy	> Risk management	> Metrics and targets	
Priority action	Group Governance				>
> Policy	> Governance	> Strategy	> Risk management	> Metrics and targets	
Priority action	Corporate Governance				>
> Policy	> Governance	> Strategy	> Risk management	> Metrics and targets	

Reducing Occupational Accidents and Property Damage




Material Issue

Occupational health and safety

Policy

The Fuji Oil Group has set out the Basic Policy of Safety and Health.*

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

Governance

GRI:3-3

The Fuji Oil Group's Sustainability Committee*¹ is an advisory body to the Board of Directors that is chaired by the President and CEO. It deliberates on and monitors the material ESG issue*² of Occupational Health and Safety from a multi-stakeholder perspective, and recommends the results to the Board. The ESG Division Head oversees the progress of initiatives for Reducing Occupational Accidents and Property Damage, a priority action in this material issue.

*1 Governance, Strategy, Metrics and Targets, Risk Management > Governance

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

*2 Governance, Strategy, Metrics and Targets, Risk Management > Strategy, metrics and targets

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

Strategy

Ensuring the safety of our employees is our social responsibility as a corporate group and is essential to the Group's sustainable management. Our initiatives to promote occupational health and safety in a rigorous manner directly contribute to the health of our employees.

Failure to take appropriate measures increases the risks of shutdowns due to serious accidents, loss of social credibility, and other unfavorable outcomes. On the other hand, working on these initiatives provides a safe workplace and more opportunities for stable employment and production.

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 "occupational safety" to achieve continuous growth. Based on the Basic Policy of Safety and Health, we strive to protect the lives and health of our employees and all the people working at our business sites, and eliminating work-related accidents.

Risk management

GRI:403-1, 2, 4, 7

Occupational health and safety audits

Occupational health and safety risks are designated as significant Group-wide risks.* We work to eliminate accidents and raise the level of health and safety management. This is accomplished by conducting occupational health and safety audits at each production site to assess risks.

Planned audits are conducted each year at business sites in Japan and Group companies outside Japan. In FY2023, nine production sites in Japan were audited by the Safety, Quality, and Environment Audit Team of the Safety, Quality, and Environment Audit Office at

Fuji Oil Co., Ltd., the regional 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 FY2023, the Production Productivity Management Group conducted audits of nine production sites. At production sites where audits have been conducted, progress checks and follow-up checks are carried out after improvements have been made in response to the issues identified. We aim to eliminate work-related accidents at our sites through this ongoing cycle of audits, improvements, and follow-up.

* Risk Management > Significant Group-wide Risks

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



Auditing at Fuji Oil (Thailand) Co., Ltd.



Auditing at Blommer Chocolate Manufacturing (Shanghai) Company Ltd. (China)

Multilingual reminders

At Group companies outside Japan, we display safety-related reminders in multiple languages so that employees who use different languages can also carry out their work safely.



Example of a sign at Fuji Global Chocolate (M) Sdn. Bhd. (Malaysia)

Dialogue between labor and management

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 collective bargaining agreement, in order to discuss employees' expectations and concerns regarding occupational health and safety.

Acquisition of Management Certifications

Management certification status

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

Supplier safety and health

The provision of safe and hygienic workplaces for all workers, legal compliance and risk management are stipulated in the Occupational Safety and Health section of the Fuji Oil Group Supplier Code of Conduct*¹ published in April 2021. We ask all our suppliers to agree to this policy and submit a consent form. The third edition of the CSR Procurement Guidelines*² (revised in November 2021) applies to suppliers of Group companies in Japan. In the section regarding Respect for Human Rights and Consideration for Occupational Safety and Health, we ask that suppliers maintain and improve a safe and healthy work environment, and we confirm through a questionnaire that the products and services procured by Group companies in Japan are in line with these procurement guidelines.

Education

GRI:403-3, 5

Our Group implements measures based on the belief that the prevention of labor accidents at manufacturing sites is one of our most important responsibilities. We conduct checks to identify dangerous operations and situations that could lead to accidents and take necessary measures. We also promote the PDCA cycle for risk management, work to identify near-miss incidents, and implement the use of safety observation cards to suggest potential hazards and areas with safety concerns. Through these and other initiatives, the whole Group is committed to working together to prevent occupational accidents.

Disseminating safety-related information

In recognition of the importance of raising safety awareness among employees throughout the Group, we share warnings and information about occupational accidents that have occurred within the Group. Group companies give employees daily safety warnings using electric bulletin boards or information boards.

Education to improve safety awareness

We believe that heightening our employees' sensitivity to danger leads to improved safety awareness. We set up safety experience rooms at Fuji Oil Co., Ltd. and Fuji Oil (Zhang Jia Gang) Co., Ltd. (China), and let employees at Group companies outside Japan experience dangerous conditions through VR devices. VR devices are permanently installed at Fuji Oil Co., Ltd. and Fuji Oil (Zhaoqing) Co., Ltd. (China). Group companies in Japan are aiming to improve safety awareness through simulation classes and safety education that enable employees to learn from past incidents. In this way, rules are observed and mistakes from the past are avoided. We are also working to create a safe and secure work environment by conducting emergency drills for natural disasters and installing motion sensor lights that are also useful when evacuating during a power outage.

Group companies outside Japan are also engaged in various safety initiatives, including emergency drills, education on the effectiveness of risk prediction training, safety communication activities,^{*1} and safety meetings.^{*2}



VR simulator at Fuji Vegetable Oil, (USA)

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

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

Metrics and targets

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

FY2023 Goals	FY2023 Results	Self-assessment
Zero serious accidents ^{*1}	Zero serious accidents occurred	○
Zero serious property damage accidents ^{*2}	Zero serious property damage accidents occurred	○

^{*1} Accidents resulting in death, permanent disability to limbs or other body parts or long-term hospitalization (60 days or more).

^{*2} Explosions, fires, or physical accidents resulting in an order from a public authority to shut down the entire site.

Analysis

We safeguard against similar accidents by sharing information on occupational accidents and property damage that occurred within the Group to raise safety awareness. We also believe that using VR helps improve safety awareness by simulating danger for our employees. We will continue to work on enhancing safety awareness through safety experience training using VR at Group companies outside Japan.

Next steps

Our goal for FY2024 is once again to eliminate the occurrence of serious accidents and serious property damage accidents. We believe that improving the safety awareness of employees is the key to achieving this goal. To address this issue, we will work on the following measures also in FY2024.

- Safeguard against similar accidents by sharing information on occupational accidents and property damage that occurred within the Group
- Encourage sharing of safety information between Group companies
- Continue initiatives that help raise safety awareness, such as adopting safety VR simulators

Related documents

ESG Data Book (PDF 2.85MB) 

Promotion of DE&I

Policy

The Fuji Oil Group formulated the Fuji Oil Group Diversity Vision in May 2020. As a forerunner to this vision, Fuji Oil Co., Ltd. established its Basic Diversity Policy in FY2015.

Fuji Oil Group Diversity Vision (established in May 2020)

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

In 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.

Governance

GRI : 3-3

The Group's Sustainability Committee^{*1} is an advisory body to the Board of Directors that is chaired by the President and CEO. It deliberates on and monitors the material ESG issue^{*2} of DE&I from a multi-stakeholder perspective, and recommends the results to the Board. The Chief Administrative Officer (CAO) oversees the progress of initiatives for DE&I Promotion, a priority action within this material issue.

^{*1} Governance, Strategy, Metrics and Targets, Risk Management > Governance

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

^{*2} Governance, Strategy, Metrics and Targets, Risk Management > Strategy, metrics and targets

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

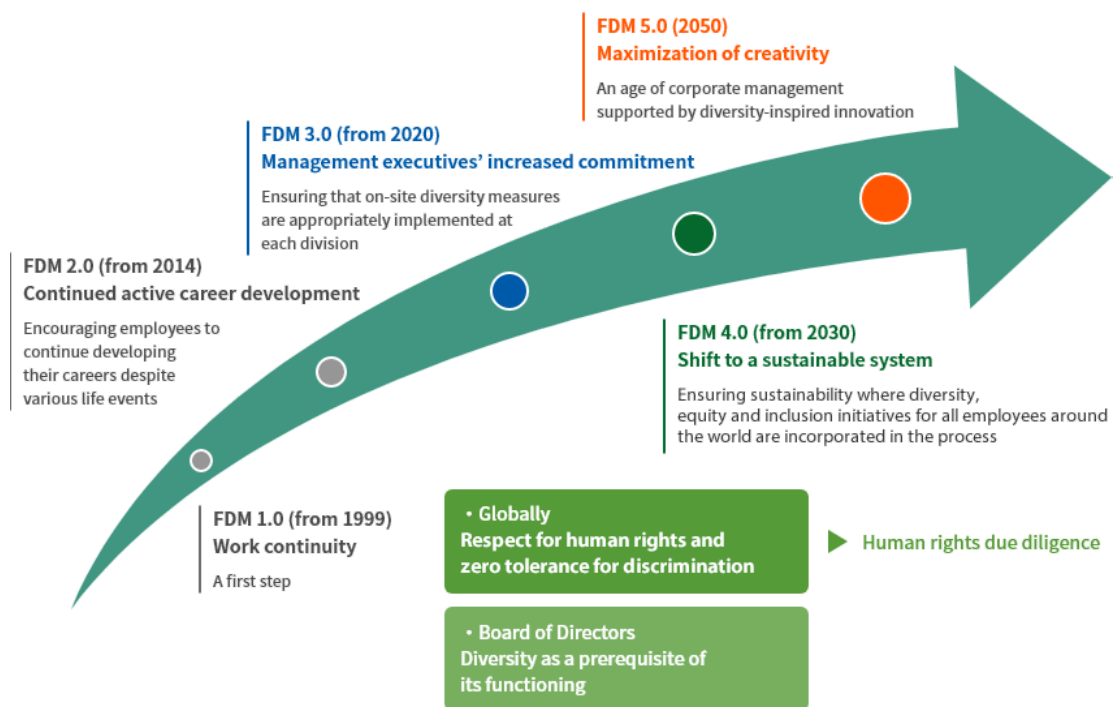
Management system



Strategy

As a corporate group operating globally, our Group has a significant social responsibility to respect the diversity of our employees' values and attributes. Moreover, making the most of the strengths of a diverse range of employees in management is vital to ensuring our competitiveness and improving our corporate value. Failing to respond to society's or employees' changing values may result in business risks such as higher turnover that reduces productivity, or increased reputation risk that drives away investors or leads to suspension of transaction with customers, as well as increased risks such as loss in ability to create new value for the future. Conversely, responding in a way that enables all employees to harness their individuality and abilities can create opportunities that lead to new value creation beneficial for Group growth.

One of the principles in the Fuji Oil Group Management Philosophy is that "we will respect the diversity and individuality of Fuji Oil Group employees." This exemplifies our efforts to create fulfilling workplaces that are free from discrimination and harassment, to respect the basic human rights, diversity, personality and individuality of everyone who works with us, and our approach to proper and fair evaluation of employee efforts and achievements. The Fuji Oil Group Diversity Vision was formulated based on this principle, and it guides us as we open opportunities to posts and projects widely, regardless of nationality, gender or age, and objectively evaluate performance and potential skills to make the most of our diverse human resources. In recent years, the variety of work style choices has been increasing, and as the ways to contribute to the company diversify, we strive to remove the barriers experienced by people from disadvantaged communities and to provide the opportunities and conditions that empower everyone to succeed. Moving forward, we will continue to promote diversity, equity and inclusion (DE&I) in the management of our business so that we can harness the power of diverse human resources and build a corporate culture where everyone feels that they belong and that their voice is valuable.



* FDM: Fuji Diversity Management

Risk management

Employee engagement

In Japan, Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd. have conducted an annual employee satisfaction survey until FY2022. However, in FY2023, we switched to an engagement survey* to gauge our employees' job satisfaction. Conducted twice annually, it numerically visualizes nine areas: work, personal growth, health, support, human relations, recognition, philosophy and strategy, organizational culture, and work environment. We then identify and assess company-wide and organization-specific issues, and prioritize them for improvement. To help support independent improvement in each organizational unit, we have also introduced a system that makes survey results available immediately so that the heads of each organization can swiftly confirm and respond to the situation.

* For details, see the Integrated Report 2024.
 Integrated Report

Metrics and targets

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

FY2023 Goals	FY2023 Results	Self-assessment
Increase diversity on executive teams	<p>[Group-wide]</p> <ul style="list-style-type: none"> Diversity in Management Committee Meeting members decreased (foreign nationals and women) from 45% (as of April 1, 2023) to 40% (as of April 1, 2024). Continued working to increase diversity <p>[Japan]</p> <ul style="list-style-type: none"> Actively appointed women as outside directors and outside corporate auditors at Group companies in Japan, to foster female executive managers by building engagement and participation in management. 	△

FY2023 Goals	FY2023 Results	Self-assessment
	Percentage of women increased from 13% (as of April 1, 2023) to 15% (as of April 1, 2024)	
Japan: Conduct employee engagement survey	<ul style="list-style-type: none"> Conducted the first two engagement surveys in July and January at Fuji Oil Co., Ltd. and Fuji Oil Holdings Inc. Reported analysis results to management, identified the understanding of our philosophy and strategy as an issue, and in response selected the Fuji Oil Group Management Philosophy and GOODNOON as division training themes for all employees*¹ Sent a message directly from the President to all employees 	△
Japan: Encourage diverse work styles	<ul style="list-style-type: none"> Used our telework system to meet the needs of diverse work styles Introduced more non-fulltime employment options in contracts for older employees (to accommodate to different working styles such as side jobs) Fuji Oil Co., Ltd. and Fuji Oil Holdings Inc. received White 500 recognition for the seventh year in a row with an assessment score of 62.2, a 0.6-point improvement over the previous year*² 	○
Japan: Ensure equity	<ul style="list-style-type: none"> Expanded the availability of the new cafeteria-style training program FUJI Learning Café to all direct employees on the basis that all employees, regardless of their employment status, are offered the same enhanced career independence-focused educational opportunities, including cost subsidies Trialed in-house open recruitment in FY2023, to be institutionalized in FY2024. All direct employees are eligible to apply Provided more information to managers and shared educational content annually to encourage use of parental leave regardless of employment status or gender 	○
Japan: Support long-term, meaningful employment of people with disabilities	Rate of employment of people with disabilities was 2.07% as of March 2024 (four below the statutory employment rate). Target was not met due to resignations despite conducting discussions with workplaces, the support center, and employees themselves with an eye toward long-term employment	△
Outside Japan: Embed DE&I into company culture	<p>[Harald Indústria e Comércio de Alimentos Ltda (Brazil)]</p> <ul style="list-style-type: none"> Raised awareness of DE&I through related guidebooks, videos and live webinars Created employment opportunities for women and over 50s (5% increase) Prioritized employment of minorities. Held DE&I committee meetings every month to improve internal efforts <p>[China]</p> <ul style="list-style-type: none"> Held a Human Resources meeting for China to introduce Fuji Oil Group Human Rights Guidelines, the concept of DE&I and examples Promoted a woman to senior management 	○
Outside Japan: Promote cultural reforms	[Blommer Chocolate Company (U.S.)]	△

FY2023 Goals	FY2023 Results	Self-assessment
	<ul style="list-style-type: none"> Conducted talent identification, recruitment, retention and development with the aim of instilling the Fuji Oil Group Management Philosophy Began developing a mentorship program <p>[Fuji Vegetable Oil, Inc. (U.S.)]</p> <ul style="list-style-type: none"> Conducted activities focusing on improving employee engagement and teamwork <p>[Southeast Asia]</p> <ul style="list-style-type: none"> Strengthened HR function and carried out HR measures (built an evaluation system) Strengthened management-labor relations and compliance management Changed business trip regulations to be at the same level as competing companies to improve retention of sales employees <p>[China]</p> <ul style="list-style-type: none"> Conducted employee interviews through the HR Department to help create motivating workplaces and understand any instances of unfair treatment <p>[Fuji Europe Africa B.V. (Netherlands)]</p> <ul style="list-style-type: none"> Conducted training and skill development related to employees' roles in the company 	

*1 For details, see Integrated Report 2024.

Integrated Report

*2 For details, see Employee Health (Health and Productivity Management).

Employee Health (Health and Productivity Management)

Analysis

In FY2023 we began conducting an engagement survey to measure the job satisfaction of employees at Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd. Conducted twice during the fiscal year in July and January, results from the first survey showed low scores in items related to philosophy and strategy, such as acceptance of company policies and business strategy and trust in company management. We identified this as an important issue and decided to add the Fuji Oil Group Management Philosophy and GOODNOON as themes to be covered in division training for all employees, regardless of their employment status, as well as created an opportunity for the President to send a message directly to employees. We see it important not only to raise average engagement scores across all companies, but to encourage improvement at the individual organizational level, so we support independent action through engagement training and related communications for managers.

The results of engagement surveys conducted in some areas outside Japan were also used to identify issues, which is helping in efforts to promote DE&I.

In North America we aimed to instill Fuji Oil Group's core values through talent identification, recruitment, retention and development.

In Brazil, we are raising awareness of DE&I by holding monthly DE&I committee meetings, and through DE&I-related guidebooks, videos and live webinars. In efforts to employ more minorities, we have also raised the employment of women and over 50s by 5%.

In Southeast Asia, we improved evaluation and training systems and created an assignment system for posting employees at Group companies outside Japan, which helped ensure proper management-labor relations and contracts, and improved legal compliance.

In China, we held a Human Resources meeting for China, sharing the Group Human Rights Guidelines and HR issues with and among HR members from each company. In addition, a woman was promoted to senior executive management, and we worked to create motivating workplaces while the HR Department interviewed employees to understand if anyone is subject to unfair or unequal treatment.

We will not only continue our current measures, but also sequentially expand the scope of our engagement survey to understand and improve upon challenges across the entire Group, both in and outside Japan.

External recognition

By the end of June 2023, we received the following external recognition for our diversity initiatives:

Fuji Oil Co., Ltd.

- August 2017 Obtained “Platinum Kurumin” certification from Japan's Ministry of Health, Labour and Welfare
- November 2022 Maintained accreditation from the Osaka City Mayor as a Leading Company in Women's Participation in Osaka City

Harald Indústria e Comércio de Alimentos Ltda (Brazil)

Received the following three accreditations at the company ranking for best workplaces by the Great Place to Work Institute

- August 2023 Certification in regional sector/Barueri City (sixth consecutive year)
- December 2023 Certification in Brazil's industrial sector (fourth consecutive year)
- March 2024 Certified as a Great Place to Work (seventh consecutive year)

* External Recognition

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

Next steps

We have incorporated past activities for promoting DE&I and reforming company culture into our efforts to improve employee engagement, and have set the following goals for FY2024.

Group-wide

- Increase diversity on executive teams
- Implement measures to improve employee engagement

Japan

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

Outside Japan

- Share messages from top management about our management policy and expectations for employees
- Eliminate feelings of isolation and lack of cooperation through more regular communication, and strengthen collaboration by developing a sense of fellowship and relationships of trust with colleagues
- Respect minority groups
- Improve evaluation systems and promote understanding among managers to create fair working environments

FDM 3.0 measures



Initiatives at Fuji Oil Co., Ltd.

GRI : 404-2

Supporting continued active career development

Active careers for older employees

As one of the main pillars of our DE&I management for the current fiscal year, we focused on drawing out the potential of the older employee class, which all employees will eventually belong to. In FY2021, we reviewed our contracted reemployment program to offer more choices to our employees. The revised system went into effect in April 2022. In line with the philosophy of the new system, we also expanded our career development education for employees approaching the retirement age of 60 to facilitate continued active career development.

Female employees' continued career development in balance with private life

At Fuji Oil Co., Ltd., the number of female employees taking parental leave has increased since the Act on Childcare Leave came into effect in 1992. On the other hand, many female employees see career continuity after parental leave as challenging. In FY2014 we drastically changed our way of supporting female employees. In addition to the existing systems that focus on supporting continued employment, we adopted various new systems to support female employees who aim to continue actively developing their careers after life events.

In FY2014, we started conducting an interview with three parties: the parenting employee, their supervisor 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. At present, we offer the following assistance program.

[Pregnancy]

- Consultation service for physical health issues during pregnancy
- Interview before parental leave

[Maternity leave]

- Guaranteed bonus (20%)
- Parental leave (can be taken until the end of the first April after the child turns two)
- Support for returning to work through a parenting concierge service
- Continued subsidy for distance learning

[Returning to work]

- Provision of short hours of work for parenting employees taking care of a child up to the first grade of elementary school
- Babysitter subsidy
- Use of telework system or flextime system without core time

We also make efforts to encourage male employees to participate in childrearing. For example, we distribute materials explaining the parental leave system to male employees when their partner has given birth. This has resulted in 74% of eligible male employees taking parental leave (averaging 15 days) in FY2023. The length of leave taken has also increased in recent years, with three in 34 employees taking more than a month off in FY2023. We will work on promoting understanding of the program among managers and strive to improve the work environment, in order to further encourage all our employees to make use of the parental leave regardless of employment status or gender.

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. As of April 2024, the percentage of women in managerial positions at Fuji Oil Co., Ltd. and Fuji Oil Holdings Inc. is 15%. Moving forward, we recognize the need for a greater focus on equal opportunity in recruitment and training. In the five years through FY2023, women have accounted for 44% of new graduates hired into management-track positions. We also ensure a higher level of fairness in human resource development that is free of gender discrimination in work assignments, on-



the-job trainings, and off-the-job-trainings.

Furthermore, in FY2016, the CEO of Fuji Oil Holdings Inc. endorsed the Declaration on Action by Male Leaders Coalition for Empowerment of Women, 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.

Support for the active participation of people with disabilities

As of March 1, 2024, Fuji Oil Co., Ltd. has 29 persons with disabilities under our employment, which does not meet the statutory employment rate. We have been collaborating with local schools, offering hands-on work experience programs, and exchanging information with leading companies in this field. Since FY2015, we have been focusing on creating workplaces where they can take active roles. Since FY2022, we have also provided regular consultations with occupational physicians in an effort to create a comfortable workplaces with an eye toward long-term employment. 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 FY2023, we created multiple positions for people with disabilities and recruited three employees through individual interviews at a local public employment service agency. On the other hand, some employees resigned despite our efforts to provide support through discussions with workplaces, the support center and employees themselves. Past efforts have shown that workplaces mainly for people without disabilities are not necessarily comfortable working environments for people with disabilities, so from FY2024 we have begun employing people with disabilities on external farms. The openness of farms and farm work provide an environment where many people with disabilities can continue working long-term.

Promoting non-regular employees to regular employees

The Group conducts a test once a year for highly motivated non-regular employees wishing to become regular employees. In FY2023, 11 non-regular employees have passed the test. We will continue to actively promote talented and highly motivated individuals to regular employee status through this system.

Work style reform

At Fuji Oil Co., Ltd., in FY2016 we launched the Creative Work Project to promote work style reform, which is essential for achieving diversity. Aiming to reduce the total work hours by raising productivity and improve work-life balance, we have implemented four reform initiatives over the roughly five years through April 2022: attitude reform, operational reform, system reform and workplace reform.

As part of the reform, we have been exploring new work style possibilities. For example, since FY2017 we have been gradually expanding our telework system and introduced a satellite office. We also facilitated active communication and promoted paperless operations by introducing robotic process automation (RPA), digitizing application procedures, and actively using video conference systems. In FY2023, around half of all direct employees used our telework system.

We will use IT effectively to firmly establish a system that allows employees to produce results regardless of time and place of work.

Global DE&I management

Each company in the Fuji Oil Group operates within a unique regional context and has a unique history and business characteristics. For this reason, in FY2022 we appointed a person to be in charge of advancing DE&I in each region or company. They identify DE&I-related issues in their locale and set targets and propose measures to address them. We also set up a process in which the measures they propose are reviewed and monitored by the Sustainability Committee. Rather than setting targets that apply uniformly to all Group companies, this program will help us strengthen DE&I management across the Group by empowering each region or company to carry out their own DE&I initiatives in the spirit of the Fuji Oil Group Management Philosophy.

Since FY2023 we have also been sequentially conducting employee engagement surveys in regions where they have yet to be carried out. The results will be used to continually identify issues and establish DE&I actions plans to resolve such issues.

Related documents

ESG Data Book (PDF 2.85MB) 

Securing and Developing Human Resources



Material Issue

Securing and Developing Human Resources

Policy

In line with the Fuji Oil Group Management Philosophy^{*1} and the Fuji Oil Group Human Rights Guidelines formulated in March 2023, ^{*2} we established new Human Resource Strategy Management Policies^{*3} in FY2023. The goal of our human resource strategy is to achieve sustainable growth for our employees as well as for the Group, and thereby enhance our corporate value as a global food manufacturer.

^{*1} Fuji Oil Group Management Philosophy

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

^{*2} Fuji Oil Group Human Rights Guidelines (PDF, 300KB) 

^{*3} See “Strategy” below.

Governance

GRI:3-3

The Fuji Oil Group's Sustainability Committee^{*1} is an advisory body to the Board of Directors that is chaired by the President and CEO. It deliberates on and monitors the material ESG issue^{*2} of Securing and Developing Human Resources from a multi-stakeholder perspective, and recommends the results to the Board. The Chief Administrative Officer (CAO) oversees the progress of initiatives for Securing and Developing Human Resources, a priority action within this material issue.

^{*1} Governance, Strategy, Metrics and Targets, Risk Management > Governance

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

^{*2} Governance, Strategy, Metrics and Targets, Risk Management > Strategy, metrics and targets

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

Strategy

In recent years, we have been expanding our business through M&As in the world, growth investing in new markets, and transferring operations and assets to enhance capital efficiency. All these strategies aim to contribute to the world's food supply as a global food manufacturer and to sustainably increase our corporate value.

In undergoing these changes, we believe that the key to achieving our mission, as outlined in the Fuji Oil Group Management Philosophy, and to sustainably growing the Group, lies in harnessing the abilities and growth of each member of the Group. We need to foster a healthy corporate culture, which includes improving the work environment, and to provide equitable opportunities for growth (human resource development and information sharing through employee relations), so that our diverse human resources can bring out their individual strengths, actively pursue challenges, and work as a team to enhance our corporate value. We also need to create an environment that encourages taking on challenges and a culture that ensures DE&I as the foundation of our organization. As a company whose business contributes to people's well-being, it is essential that our own employees also have a high sense of well-being. Providing growth opportunities through experience within the Group enhances workplace attractiveness, which can help create an organization full of talents over the long term.

The Group operates four different businesses in the manufacturing industry, requiring a wide range of skills and types of work for corporate growth. Given the increasing global mobility of human resources and declining interest in working in the manufacturing industry, failing to create an attractive workplace for diverse talents could pose a risk to our business continuity and hinder the realization of our vision. Accordingly, we added Securing and Developing Human Resources to our material ESG issues in FY2023, and began intensifying Group-wide initiatives for our human resource development initiatives, which we had been working on at the company level until FY2022.

Fuji Oil Holdings Inc. continues to implement the Next-Generation Management Talent Development Committee launched in FY2020 to

develop candidates for global management positions. Concurrently, Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd. conduct talent development committee meetings that follows the Next-Generation Management Talent Development Committee to define the requirements and select successor candidates for posts.

Leading the way in this initiative, Fuji Oil Co., Ltd. established a new human resource development section in FY2023, to enhance effectiveness by providing a streamlined system for hiring and training. Using the following three concepts, we have begun rolling out training programs available to eligible employees regardless of their employment status.

1. Provide opportunities for acquiring a diverse range of expertise
2. Support self-directed career development
3. Foster a culture in which supervisors seriously consider their subordinates' careers and support them

Fuji Oil Group’s Human Resource Strategy



Risk management

Employee engagement

In Japan, Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd. have conducted an annual employee satisfaction survey until FY2022. However, in FY2023, we switched to an engagement survey* to gauge our employees' job satisfaction. Conducted twice annually, it numerically visualizes nine areas: work, personal growth, health, support, human relations, recognition, philosophy and strategy, organizational culture, and work environment. We then identify and assess company-wide and organization-specific issues, and prioritize them for improvement. To help support independent improvement in each organizational unit, we have also introduced a system that makes survey results available immediately so that the heads of each organization can swiftly confirm and respond to the situation.

* For details, see the Integrated Report 2024.
Integrated Report

Dialogue between labor and management

GRI:2-30, 407-1

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 Human Resource and Administration Division 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.

In FY2023, we held over 50 briefings at our business sites for union members and their supervising managers (about 1,350 participants

in total) to deepen their understanding of the new personnel system for union members to be launched in FY2024. Going forward, when implementing a new system or revising labor systems, we will continue to 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 and executive officers is 100%.

Metrics and targets

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

FY2023 Goals	FY2023 Results	Self-assessment
[Japan] Securing human resources Review hiring methods for new graduates	Changed career-track administrative personnel hiring into separate hiring courses for sales and staff. This makes it possible to hire personnel who match the line of work they will be assigned to and reduces the risk of skills mismatch	○
[Japan] Securing human resources Avoid skills mismatch by reviewing hiring methods for production workers	<ul style="list-style-type: none"> Made workplace tour at the final interview mandatory, and had employees in each department explain the job details at the work site. After introducing these processes, turnover at an early stage was zero Held business knowledge seminars for recent mid-career hires once every three months to help understand the Group's overall business beyond their department 	○
[Japan] Developing human resources Introduce new education programs	Introduced a cafeteria-style training program FUJI Learning Café to help employees to develop study habits (with several programs to choose from, including an app for business book summaries and an online video learning service). 866 participants over the fiscal year	○
[Group-wide] Developing human resources Develop the next generation of executive talent	Selected candidates from across the entire Group and expanded pool of human resources in a development program for the next generation of executive talent launched in FY2020	○
[Japan] Developing human resources Post management	At the talent development committee, defined the requirements and selected successor candidates for the posts of division managers, department managers, and section managers at Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd.	○
[Japan] Developing human resources Develop global talent through our global trainee program	Sent one trainee from Japan on an international assignment <ul style="list-style-type: none"> Held language and on-the-job trainings Finished selection of candidates for FY2024 	○
[Japan] Developing human resources Train key personnel for international assignments	Launched the international human resource development training available in Japan, in consideration of employees who find it difficult to go on international assignments for long periods of time. Conducted a program that includes short business trips for understanding international operations and mindset training for potential international assignments. Four participants in the first fiscal year	○

Analysis

For securing human resources, we have worked on avoiding skills mismatch when hiring by reviewing our hiring methods for new graduates and for production workforce. In light of recent trends in which students have become more career-oriented, we changed our hiring process for new graduates from FY2023. Instead of the previous screening for a single career-track administrative position, we now indicate their initial job assignments, either sales or staff course, before conducting the screening. This change is expected to improve the retention rates of new graduate hires. For production workers, we revised our process to include a detailed presentation of the work involved during the screening and a mandatory workplace tour before screening.

For developing human resources, we have gradually introduced new programs in line with the three basic concepts established in FY2021. In particular, we launched the international human resource development training in FY2023 with the goal of developing talents who will play key roles in expanding our businesses outside Japan. The training began with four candidates. Along with the global trainee program launched in FY2021, we are focusing our efforts on developing talents who can successfully work globally. In Japan, we launched the FUJI Learning Café, a new cafeteria-style educational program, to provide learning opportunities to all employees, regardless of their employment status. We will continue to implement timely initiatives aligned with our business strategies, in order to ensure that our diverse workforce can make the most of their skills, grow, and actively work together on the global stage. We are also committed to securing and developing the human resources who will lead the Fuji Oil Group's sustainable growth.

Next steps

We set the following goals for FY2024.

Securing human resources

- Japan: Review hiring methods for new graduates
- Japan: Improve retention rates of new full-time employees
- Group-wide: Manage posts for employees posted to Group companies outside Japan

Developing human resources

- Group-wide: Develop the next generation of management talent
- Japan: Develop management personnel (manage posts for department and section managers)
- Group-wide: Develop global talent (develop candidates for posts outside Japan, promote and develop executive candidates for Group companies outside Japan)

Specific initiatives

Development of human resources to support global business management

GRI:404-2

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

In FY2020, Fuji Oil Holdings Inc. identified the qualities required of future executive managers and carried out comprehensive discussions on the global and strategic development of executive candidates. We select candidates from the entire Group regardless of their nationality, gender or background, and develop diverse executive managers who can move the Group forward.

Moreover, Fuji Oil Co., Ltd. and Fuji Oil Holdings Inc. have been defining the requirements for the posts of division manager, department manager, and section manager at the Next-Generation Management Talent Development Committee, as well as holding discussions over successor candidates from various perspectives, since FY2021 and FY2023 respectively.

In addition, aiming to develop candidates for future management positions at an early stage, Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd. have been conducting a training program since FY2016. This program incorporates performance assessments and aims at helping candidates to grasp their behavior trends in group and individual situations through group discussions and interview exercises. Sixteen employees underwent the training in FY2023. The program is designed to help the candidates 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 Department staff, and on-the-job training (from planning to review). We aim to achieve candidates' steady growth by ensuring close involvement of supervisors and other relevant people in the training.

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 our 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 also work 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 FY2023, Fuji Oil Co., Ltd. conducted training to improve the English speaking skills of selected personnel engaged in work requiring English. In our global trainee program implemented at full scale in FY2021, the trainees receive a six-month foreign language study, followed by on-the-job training and other business training at their assigned Group company. We also started offering the International Human Resource Development Training available in Japan to selected candidates.

We also seek to encourage trainees to develop practical skills for identifying and solving problems as well as the capacity to be immersed in, and adapt to a different cultural environment. We thus work on early-stage development of candidates for future management positions at Group companies outside Japan.

Career support system

GRI:404-2

For employees working at Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd., we provide upskilling support through training programs by job level, and financial assistance for distance learning courses, along with educational support and incentives for getting the proper work qualifications. We also provide employees with the opportunity to share growth and issues with their supervisors during their evaluation feedback. 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.

In FY2023, we launched the FUJI Learning Café, a cafeteria-style training program for fostering learning habits and a culture of continuous learning, and where employees can discuss with their supervisor and choose a program in line with the career direction they would like to pursue. We create a culture in which employees develop the direction of their own careers with the support of their supervisors. We will also expand the scope of the career training program to include senior and mid-career employees.

Fuji Oil Co., Ltd. (Japan) FY2024 training system for regular employees

Class	Job-level-specific training	Management philosophy	Management program	Program for global talents		Business college (business skills)	DX, IT	Communication and mental skills	Cafeteria	Career design	Finance
	Mandatory		Selective	Selective or voluntary		Mandatory		Optional			
MG, MSP	Department manager training New manager training	Business knowledge seminar for mid-career hires On-the-job training New employee training Follow-up training	EMP, MMP	English speaking training (advanced class) English conversation app English speaking training	Global selective program Global trainee training Pre-departure training for international assignments	Logical thinking training III Financial accounting I: Management Game Choice of business skills training Logical thinking training II Logical thinking training I	DX and IT mindset One-on-one	Assertive communication training Resilience training Listening, employee mental health training	FUJI Learning Café Distance learning	Senior career Career in 40s Career in 30s Career in 20s	Financial planning for seniors Financial planning by life stage Investment education for DC plans Basic and practical training on investments
BO/CO3	BO/CO3 promotion training		Training to develop management skills								
BO/CO2	BO/CO2 promotion training										
BO/CO1											

Related documents

ESG Data Book (PDF 2.85MB) 

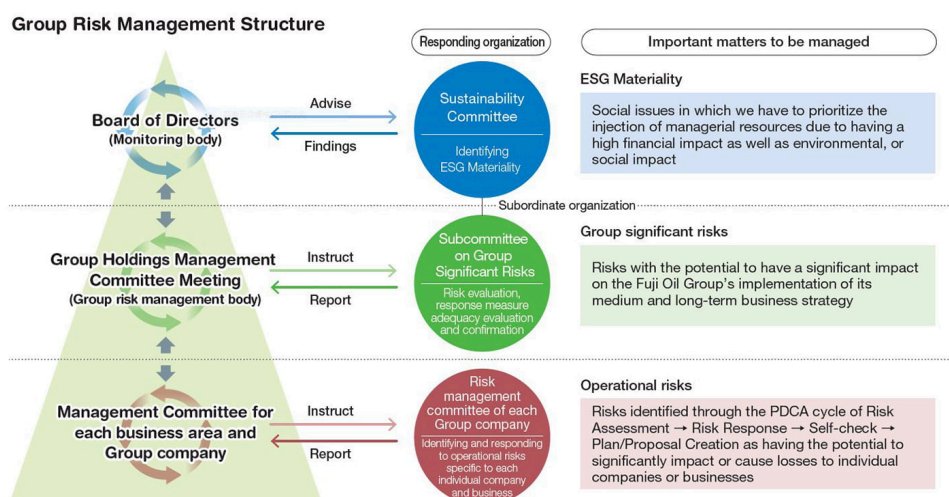
Risk Management System

Governance

The Fuji Oil Group's Sustainability Committee^{*1} is an advisory body to the Board of Directors that is chaired by the President and CEO. It deliberates on and monitors the material ESG issue^{*2} of Governance, risk, and compliance (GRC) from a multi-stakeholder perspective, and recommends the results to the Board. The ESG Division Officer oversees the progress of initiatives for Risk Management System, a priority action within this material issue.

Our Group has positioned the Management Committee Meeting as its Group-wide risk management body. The committee uses a variety of information sources that account for the circumstances surrounding the Group such as risks perceived by management, ESG materiality map and the risk assessment-based risk maps of each regional headquarters and Group company. The committee selects risks that are significant to the entire Group and establishes a Group-wide risk management system to plan, implement, check the progress of, evaluate and improve overall risk response measures. These are first investigated and discussed by the Subcommittee on Group Significant Risks, then the Management Committee Meeting deliberates on and identifies Group-wide significant risks that should be recognized and addressed, and recommends to the Board as the monitoring body.

For risks specific to each Group company, the risk management committees of each company lead risk assessments to create a risk map and identify their specific operational risks.



For each significant Group-wide risk identified through the aforementioned process, we appoint an officer in charge of each risk and establish the response measures. In addition, the officer of the risk management division is in charge of promoting these measures and conducts reviews and selection of significant Group-wide risks. The officers in charge of Group significant risk management make regular progress recommends to the Board of Directors. As the monitoring body, the Board reviews recommends from the Management Committee Meeting.

^{*1} Governance, Strategy, Metrics and Targets, Risk Management > Governance

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

^{*2} Governance, Strategy, Metrics and Targets, Risk Management > Strategy, metrics and targets

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

Strategy

Our Group operates four business segments — vegetable oils and fats, industrial chocolate, emulsified and fermented ingredients, and soy-based ingredients — covering Japan, the Americas, Europe, Southeast Asia, and China. The Group's value chain is exposed to a wide range of potential risks, including impacts on numerous fronts arising from changes in social issues, international relations and economic environments. Failure to recognize and respond to these risks may not only impact our business activities, but also have a variety of other effects such as harming our corporate brand.

Our Group has selected 12 items as significant Group-wide risks that need to be managed. We designated officers and formulated response plans for each of these risks in efforts to avoid and reduce loss. In addition, we created a framework for reporting and monitoring the status of our risk responses to the Board of Directors.

Significant Group-wide Risks in FY2024			
Risk group		No.	Risk category
Strategic risk		1	Group company management
		2	Business transformation and innovation
Financial risk		3	Finance and tax
Disaster- and accident-related risk		4	Disasters, accidents, and infectious diseases
		5	Geopolitical risk in regions related to our business
Operational risk	Product	6	Food safety
	Environment and human rights	7	Environment and human rights
	Procurement	8	Fluctuations in raw material prices
		9	Supply chains
	Legal and compliance	10	Laws & regulations, compliance
	Information systems	11	Information system and security
	Labor and human resources	12	Securing and developing human resources

* The identified significant Group-wide risks

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

Risk management

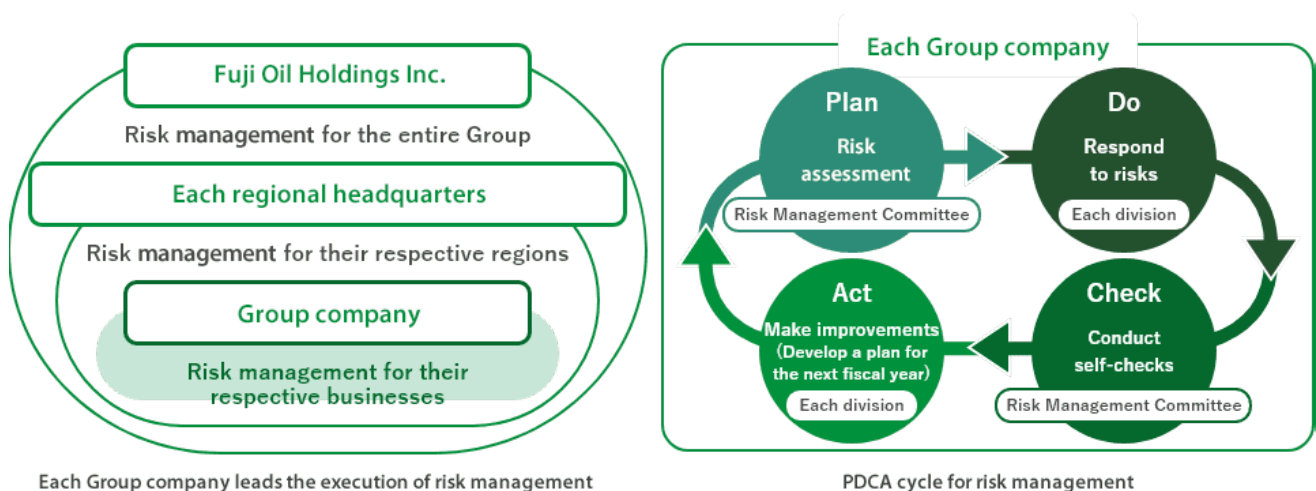
Risk management method adopted by each Group company

PDCA

Our Group clearly defined the roles of Fuji Oil Holdings Inc., companies acting as regional headquarters and Group companies, 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 the risk assessment, the Risk Management Committee of each Group company identifies all potential 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 across the Group.

Fuji Oil Group's risk management



Business continuity plan (BCP)

In recent years, numerous natural disasters, pandemics, and rising geopolitical risks resulting from war and conflict cause damage and impact that hinder continued socioeconomic activity. As a company that supplies food products that are indispensable to daily living and serve life-critical functions, the Fuji Oil Group has a social responsibility to keep delivering products to customers even in the event of such damage or impact. To that end, a business continuity plan (BCP) is essential. We are developing our BCP and implementing 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.

For natural disasters, we carry out a range of measures including introducing a safety confirmation system for Group employees; safety confirmation training using the safety confirmation system and an emergency contact tree; conducting periodic disaster preparedness training for major earthquakes; and securing the continuity of information systems. To also reduce the impact of various geopolitical risks and improve the Group's overall risk resilience, we work with relevant divisions based on the latest information received from regional headquarters and Group companies in order to construct and analyze risk scenarios from multiple perspectives and devise responses. Through activities like these, we strive to stage a rapid and appropriate first response in emergencies, ensure employee safety and business continuity, and minimize damage.

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

Fuji Oil Holdings Inc. conducts risk management education and awareness-raising activities for our Group companies through regular visits, video conferences, and other measures. In this way, we firmly establish the risk management PDCA cycle and improve the quality of risk management at each Group company.

In FY2023, we increased preparations against supply chain disruption risks, reviewed the methodology used in our annual risk assessment of Group companies, and firmly established the use of risk assessments. We use risk assessments to identify risks at regional headquarters and Group companies from multiple angles, create risk maps, and calculate and visualize the risk awareness level from the perspective of the relevant Group company, and the level of impact when the risk occurs. We also conducted risk management communication meetings both remotely and in person, shared the risk assessment results and promoted response measures, with the goal of raising the risk management level of regional headquarters and Group companies. In addition, in FY2023 we continued providing training to eight employees newly posted to international assignments on the fundamentals of risk management and the risk management system of our Group. Through these activities, we strive to raise the risk management level of the Group companies at which they are assigned, as well as our employees' risk awareness and their sensitivity to risks.



Risk management communication meeting
at Fuji Oil (Zhaoqing) Co., Ltd. (China)

Metrics and targets

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

FY2023 Goals	FY2023 Results	Self-assessment
Strengthen risk management in the Fuji Oil Group	<ul style="list-style-type: none">• Conducted Group-wide discussion of risks in the Subcommittee on Group Significant Risks (10 times)• Performed new risk assessments at regional headquarters and Group companies, and held risk management meetings based on the results	○
Properly disclose information on the financial implications of climate-related risks based on the TCFD recommendations	<ul style="list-style-type: none">• Compiled and examined the latest information on FY2024 changes in TCFD disclosure in annual securities reports• Discussed information to be disclosed in the Subcommittee on Group Significant Risks to add objectivity and validity	○
Prepare for appropriate information disclosure regarding biodiversity based on the TNFD framework	<ul style="list-style-type: none">• Conducted qualitative evaluation of the business impact of biodiversity issues connected to Group operations according to the LEAP approach recommended in the TNFD framework	○


Analysis

The significant Group-wide risk items selected were discussed at the Subcommittee on Group Significant Risks and the risk management meetings with each regional headquarters and Group companies that were held on the basis of the risk assessments. Action was then promoted to help strengthen risk management throughout the entire Group.

For our TCFD disclosure, we gathered pertinent information and held discussions with the related divisions in order to specify the timing, duration and degree of impact of each risk and opportunity for each scenario. Our efforts received nominations in the FY2023 GPIF (Government Pension Investment Fund) Excellent TCFD Disclosure^{*1} selected by domestic asset managers, and were praised as highly accurate, timely and relevant.

In accordance with TNFD official recommendations for disclosure, we collected a variety of information, conducted a detailed analysis of biodiversity issues within the Group's business, and began disclosing the information in FY2024.^{*2}

Significant Group-wide risk items and TCFD and TNFD disclosure items are managed appropriately by the Chief Officer, who reports their statuses in a timely manner to the Management Committee Meeting (our Group-wide risk management body) and Board of Directors (our monitoring body) for approval.

*1 https://www.gpif.go.jp/en/investment/202405_excellent_TCFD_disclosure_en.pdf 

*2 Environmental management > Risk management

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

Biodiversity conservation and restoration (results of biodiversity-related risk analysis for palm oil and cocoa)

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

Next steps

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 FY2024.

- Strengthen risk management in the Fuji Oil Group
- Properly disclose information on the financial implications of climate-related risks based on the TCFD recommendations
- Improve level of nature-related disclosures based on the TNFD recommendations

Information Security Management



Governance

GRI:3-3

The Fuji Oil Group's Sustainability Committee^{*1} is an advisory body to the Board of Directors that is chaired by the President and CEO. It deliberates on and monitors the material ESG issue^{*2} of Governance, Risk, and Compliance (GRC) from a multi-stakeholder perspective, and recommends the results to the Board. The Chief Financial Officer (CFO) oversees the progress of initiatives for Information Security Management, a priority action within this material issue.

In addition, an Information Officer and a Computer Security Incident Response Team (CSIRT) were established under the CFO at each Group company. The CSIRT also appointed an information management director and an information security manager for each Group company. We aim to systematically raise the information security level of all Group companies, with the advice of external experts.

*1 Governance, Strategy, Metrics and Targets, Risk Management > Governance

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

*2 Governance, Strategy, Metrics and Targets, Risk Management > Strategy, metrics and targets

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

Strategy

Our Group recognizes information security as a risk category directly tied to our business, and is working to strengthen our information security management.

Neglecting to address risk may lead to failures in business continuity and damage to corporate value, such as system destruction or confidential information leaks caused by cyber-attacks. Promoting measures against risk can be an opportunity to foster trust among stakeholders and increase corporate value.

Our Group formulated the Information Management and Information Security Regulations (revised in FY2022) and trains employees on a continual basis to ensure that they understand and follow these regulations.

We also establish appropriate operational processes and rules for information systems to ensure and maintain the confidentiality, integrity and availability of internal and external information assets, while 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. These efforts help us fulfil our corporate social responsibilities by continuing to provide reliable products and services, and properly managing all critical information we receive from customers, business partners and various stakeholders involved in our business operations.

As digital technology and data use become increasingly vital to our operations, we will work to ensure information security, and promote the digital transformation (DX) of our Group to further strengthen our competitiveness.

Risk Management

Education

Since FY2018, we have been conducting IT security training for our Group employees to raise awareness, mainly by e-learning. The completion rate in FY2023 was 96.3%.^{*} We will work to develop the content of the training and encourage participation with the aim of achieving 100% participation in the future.

^{*} Targeted at officers, executive officers and employees of our Group who have a company email address and use a computer in their day-to-day operations.

Internal security audit

Since FY2020, we have been conducting internal security audits within our Group in order to assess the state of compliance with security requirements together with explicit evidence, and to set up a PDCA cycle for correction. In FY2024, we will update the evaluation items covered by the audit to include OT* security measures and cloud services used by business divisions, as we will conduct more effective internal audits and self-assessments.

Results are reviewed for each company subject to internal audits, and for any non-compliant items, an improvement plan is created with the company's information security manager (usually the IT manager), and summarized as a final report on the results. Afterwards, upon approval of the information management director (usually an officer), the measures for improvement are properly carried out.

* Operational technology (OT) comprises the systems and their associated technologies which control and operate control devices in factories and other facilities.

Metrics and targets

GRI:418-1

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

FY2023 Goals	FY2023 Results	Self-assessment
Prevent serious security incidents across the entire Group	No major incidents that impacted business continuity occurred	○
Continue conducting measure evaluations by CSIRT, which include internal security audits (FY2023 plan: IT evaluation for six companies, OT evaluation for four companies)	Conducted internal IT security audits at a total of six companies according to plan, and OT security assessments at a total of six companies, exceeding what was planned	○

Analysis

COBIT* Level 4 requires the ability to demonstrate implementation of activities that ensure IT security, to measure the status of information asset protection and IT security assurance compliance, and to be ready to implement improvements when necessary. To meet these requirements for maturity of IT governance, we introduced an evaluation system by the CSIRT, including internal security audits. In FY2023,we conducted checks for 12 Group companies. Furthermore, from FY2023 we have included specific details on security response, such as protection, detection and recovery, in the evaluation. This system ensures a robust PDCA process for information security management.

* COBIT: A framework to measure the maturity of IT governance, evaluated on a scale of 0 to 5. Level 5 indicates the process is “optimized.” Our Group is understood to be at Level 4, “managed.”

Next steps

We will continue providing support for both IT and OT security measures in order to raise awareness of the Group's Information Security Regulations; and ensure compliance in all our companies. In FY2024 the Group will introduce further unified technical measures, such as network equipment vulnerability management and detection of suspicious behavior on PCs and servers.

- Continue conducting measure evaluations by CSIRT, which include internal security audits (FY2024 plan: IT evaluation for 12 companies, OT evaluation for six companies)
- Introduce technical measures (FY2024 plan: The entire Group except for very small sites and sites with low investment ratio)
- Conduct education through global e-learning to raise employees' security awareness

Fair Business Practices



Policy

In February 2003, Fuji Oil Group formulated the Fuji Oil Group Three Principles of the Code of Conduct to clarify specific behaviors that all Group employees are expected to follow to ensure that they act ethically and practice compliance. The basic values and spirit underlying these ethics and compliance have also been embedded in the Fuji Oil Group Management Philosophy* established in October 2015.

* Fuji Oil Group Management Philosophy
<https://www.fujioilholdings.com/en/about/constitution/>

Fuji Oil Group Three Principles of the Code of Conduct (Developed in February 2003)

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.

Governance

GRI:3-3

The Group's Sustainability Committee*¹ is an advisory body to the Board of Directors that is chaired by the President and CEO. It deliberates on and monitors the material ESG issue*² of Governance, Risk, and Compliance (GRC) from a multi-stakeholder perspective, and reports the results to the Board. The Legal Division Head oversees the progress of initiatives for Fair Business Practices, a priority action within this material issue. These initiatives include planning various measures to increase compliance awareness and working to address compliance issues throughout the Group.

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

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

Strategy

Fair and transparent business activities form the foundation of corporations as public institutions in the global community. To that end, we are engaged in various measures related to compliance throughout the Group. The loss of fairness and transparency can lead not only to legal sanctions due to compliance violations, but also to the loss of trust from

stakeholders and other immeasurable negative social impacts.

The Fuji Oil Group strives to maintain fair and transparent business practices. We achieve this by putting into practice the basic values and spirit outlined in the Fuji Oil Group Three Principles of the Code of Conduct and the Fuji Oil Group Management Philosophy discussed above in our daily operations.

Risk Management

Corruption prevention

Preventing bribery and corruption is one of our key compliance issues. We have established the basic regulations for preventing bribery (not externally disclosed) 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.

To instill these anti-bribery 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. The global e-learning on preventing bribery and corruption held in FY2021 had a 95.4%* participation rate. We plan to hold another global e-learning course on anti-bribery and anti-corruption in FY2024.

In addition, employees in Group companies can use the whistleblowing system to anonymously raise concerns and grievances related to bribery and corruption in the company. The Fuji Oil Holdings Inc. Board of Directors receives reports from the Legal Division on measures against bribery, and supervises the establishment and execution of such measures.

* Targeted at officers, executive officers, and employees of our Group who have a company email address and use a computer in their day-to-day operations.

Training

GRI:205-2

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 are available in nine languages that are spoken in the countries and regions in which we operate, and are adapted to their laws and regulations. The guidelines are also proactively used by Group companies, which conduct workshops on case studies included in the guidelines. The guidelines are distributed to employees in booklet or PDF forms.

Compliance training

We conduct Group-wide global e-learning training for employees* globally (available in nine languages) on key compliance issues, including laws and regulations related to fair business transactions, such as anti-bribery, anti-corruption, and antitrust laws with the aim of enhancing compliance sensitivity of all Fuji Oil Group employees. Our FY2023 global e-learning on Compliance: Code of Business Conduct (Preventing Harassment, Information Leaks, and Conflicts of Interest) had a 97.7% participation rate.

In addition, the Legal Division collaborates with other relevant departments to provide the necessary compliance education for the necessary departments through face-to-face trainings or e-learning. In FY2023, we conducted group training in China focusing on our principles in the Fuji Oil Group Management Philosophy, as well as regional issues such as the Personal Information Protection Law, confidential information management, and conflicts of interest. In Japan, we also provided training on the basics of the Act on the Protection of Personal Information and our corresponding internal company initiatives.



Group training on Japan's Act on the Protection of Personal Information at Fuji Oil Holdings Inc.

* Targeted at officers, executive officers, and employees of our Group who have a company email address and use a computer in their day-to-day operations.

Monitoring

We conduct compliance monitoring of Group companies worldwide in cooperation with Audit and Supervisory Committee members and departments responsible for internal audits, risk management and other relevant divisions.

Moreover, the Legal Division of Fuji Oil Holdings Inc. endeavors to identify compliance risks, including cartels, bribery, and corruption, and verify the status of compliance activities. They do this by distributing and collecting legal compliance sheets for internal control to all Group companies twice a year and analyzing their responses, and by conducting interviews with each Group company.

Whistleblowing system

GRI:2-25, 2-26

We set up the Fuji Oil Group Whistleblower Hotline (in October 2006), as well as a whistleblowing hotline outsourced to an outside law firm (in February 2008), at Group companies in Japan. We have also provided third-party partners in some specific areas with access to the Fair Trade Helpline, as part of the effort to promote fair transactions (since January 2019).

The Fuji Oil Group Compliance Helpline has been available for employees at Group companies outside Japan (since May 2015). Some of these companies also operate their own whistleblowing system in addition to the Compliance Helpline.

We created an environment that facilitates reporting both in and outside Japan that ensures the confidentiality and anonymity of informants and accepts reports 24 hours a day, 365 days a year. Upon reception, we promptly investigate the details of the report, make necessary corrective actions, and provide feedback to the whistleblower.

Fuji Oil Holdings Inc.'s Whistleblowing Regulations guarantee the confidentiality and anonymity of a whistleblower and prohibit the dismissal and unfair treatment of an employee due to 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.

In FY2023, we received 37 whistleblowing reports throughout the entire Group. The Fuji Oil Holdings Inc. Legal Division annually reports to the Board of Directors on the number of whistleblowing received across the Group, their summaries and corrective actions. The Board of Directors supervises operation of the whistleblowing system. Our efforts to raise awareness of the whistleblowing system have been successful to date, resulting in an upward trend over the past few years and better awareness in FY2023. In FY2024, we plan to review the design of the whistleblowing system to enhance its original role in detecting signs of serious corporate misconduct.

Metrics and targets

GRI:2-27, 205-1, 206-1

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

FY2023 Goals	FY2023 Results	Self-assessment
No serious compliance violations	No serious compliance violations affecting Fuji Oil Group's business operations occurred	○
Conduct a compliance program including training for the entire Group	<ul style="list-style-type: none">Collected information and conducted interviews on the compliance system in place for personal information protection laws at each Group companyReviewed and enhanced privacy policies of Group companies	○
Raise employee awareness of compliance	Received a 91.3% positive response rate to the question, "Does your workplace have a culture in which compliance is given priority when business and compliance are in conflict?" (1.8% decrease over previous year)	△

Analysis

In FY2023, we focused on strengthening initiatives in the area of the personal information protection law. We revised the privacy policies of Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd., and conducted personal information-related trainings and awareness-raising programs. In addition, as part of our information management, we worked with related divisions to prevent breaches and leaks of trade secrets.

There were no serious legal or regulatory violations affecting Fuji Oil Group operations in FY2023. While a slight decrease in employee compliance awareness was observed across the Group, the average response rate over the past three years has remained high at 91.7% or more. Going forward, we will continue to consider other ways to raise employee awareness, especially for Group companies where positive response rates remain relatively low.

Next steps

In FY2024, we are again aiming for zero cases of serious compliance violations. We recognize the need to develop a compliance risk management system (including prevention of bribery and other corruption) for the entire Group to achieve this, and will work on the following specific goals and measures.

- No serious compliance violations
- Develop a risk management system for violations of important laws and regulations
- Conduct a compliance program targeting the entire Group
- Raise employee awareness of compliance

Related documents

ESG Data Book (PDF 2.85MB) 

Group Governance



Policy

We established the Fuji Oil Group Management Philosophy* in October 2015 to ensure that our corporate values are shared among all Fuji Oil Group officers and employees, as well as to provide a standard for prioritization of decisions and actions upon which Group governance is based. In April 2023, we revised our vision in the Philosophy to “Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy” in line with the current state of our businesses and the Group’s circumstances. Through the Management Philosophy, each one of our employees shares the same values, which enables our Group to strive together towards growth with the spirit of innovation that we have held since our founding.

* Fuji Oil Group Management Philosophy
<https://www.fujioilholdings.com/en/about/constitution/>

Governance

The Group’s Sustainability Committee*¹ is an advisory body to the Board of Directors that is chaired by the President and CEO. It deliberates on and monitors the material ESG issue*² of GRC (governance, risk and compliance) from a multi-stakeholder perspective, and reports the results to the Board. The Chief Strategy Officer (CSO) oversees the progress of initiatives for Group Governance, a priority action within this material issue.

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

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

Strategy

Our Group began expanding to markets outside Japan on a full scale in the 1980s, and today has major business sites in 14 countries around the world (as of July 2023). Amid accelerating social changes, continuing to create value for society requires the Group to respond promptly to the social issues and needs in each country and region in which it operates. Failure to create a structure for accurate handling of these diverse social issues and needs may result in an inadequate or delayed response that restricts business activities and leads to decreased social trust. Conversely, gaining agile understanding of social issues and needs, and rapidly providing products and services as solutions that meet the expectations and requirements of various stakeholders can provide opportunities that lead to increased corporate value for our Group.

Since October 2015, our Group has had a management system based on a pure holding company structure in order to localize management and pursue the Group’s total optimization.*

We also believe that a basic approach to Group governance is vital to providing a unified Group management in countries and regions with different values, cultures and business practices. To that end, we formulated the Fuji Management Regulations and other concrete Group policies in order to build an effective Group governance structure.

As the business environment becomes increasingly uncertain, we recognize the importance of prioritizing stronger management and operational foundations. We further strengthen our global operational management, governance and compliance through enhanced collaboration between each functional division of Fuji Oil Holdings Inc. and Group companies outside Japan. This enables us to exercise organizational control functions and monitor business execution across the Group.

* We decided to transition to an operating holding company structure as of April 1, 2025.

Internal control system

The Internal Audit Group conducts internal control audits and operational audits, while the functional groups conduct separate operational audits.

Members of the Internal Audit Group are selected based on their qualifications in order to ensure high value-added work, including the Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), Certified Fraud Examiners (CFE) and Qualified Internal Auditor (QIA).

Remote audits and onsite inspection are used for the operational audits. Remote audits employ system data analysis and online conference systems as used during the COVID-19 pandemic. We resumed onsite inspections depending on the situation and risks at subsidiaries outside Japan to assess and confirm the effectiveness of our internal control systems.

Metrics and targets

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

FY2023 Goals	FY2023 Results	Self-assessment
Disseminate our revised vision and enhance awareness of the Fuji Oil Group Management Philosophy	<ul style="list-style-type: none"> • Distributed posters and other materials designed to inform employees and enhance awareness at major Group companies • Conducted training at Group companies including those in China to disseminate the Management Philosophy • Covered awareness and comprehension of the Management Philosophy at trainings in Japan to promote dissemination and greater understanding • Conducted governance training for employees posted to Group companies outside Japan who are in charge of management, to promote understanding of the Management Philosophy and the Group policies necessary for realizing appropriate Group management based on the Philosophy 	○
Monitor business execution from the standpoint of our business operations and regional headquarters, in order to strengthen our global operational management	<ul style="list-style-type: none"> • Engaged in communication between Fuji Oil Holdings Inc. and Group companies to gain understanding of each company's management execution, progress of measures to improve profitability, and challenges they face • Addressed issues in each country and region from the standpoint of our business operations across the Group 	○

Analysis

In FY2023, we further carried out initiatives to enhance awareness of our Group Management Philosophy as well as our vision that was revised on April 1, 2023: "Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy" among Group officers and employees.

In line with the changes in our organizational management structure, we are improving the monitoring of our business execution from the standpoint of our business operations and regional headquarters, and are working across the Group to further improve the speed at which we respond to operational issues. In FY2024 we will continue to strengthen and promote initiatives using financial and non-financial management KPIs and goals set forth in our Medium-Term Management Plan as indicators, striving to enhance our corporate value and help greater society.

Next steps

Strengthening Group governance is vital in maximizing our corporate value, improving overall performance and minimizing operational risks. We recognize that strengthening the management cycle of management supervision and business execution between Fuji Oil Holdings Inc. and Group companies is our challenge. To address this, we will work on the following goals in FY2024.

- Enhance awareness of the Group Management Philosophy among Group officers and employees
- Promote understanding of internal controls, Group policies and other regulations, focusing on personnel in charge of Group management
- Monitor business execution from the standpoint of our business operations and regional headquarters, in order to strengthen our global management

Corporate Governance

Policy

Through effective corporate governance, the Fuji Oil Group aims to prevent situations that would harm corporate value — such as violation of laws and regulations, fraud and misconduct — as well as improve medium- to long-term corporate value and sustainable growth throughout the Group. We position corporate governance as an important mechanism for meeting the expectations of stakeholders such as shareholders, customers, other business partners, Group officers and employees, and the general public, and ensuring transparent, fair, timely and decisive decision-making process.

Our basic policy for corporate governance is set forth in the Fuji Oil Holdings Corporate Governance Guidelines.

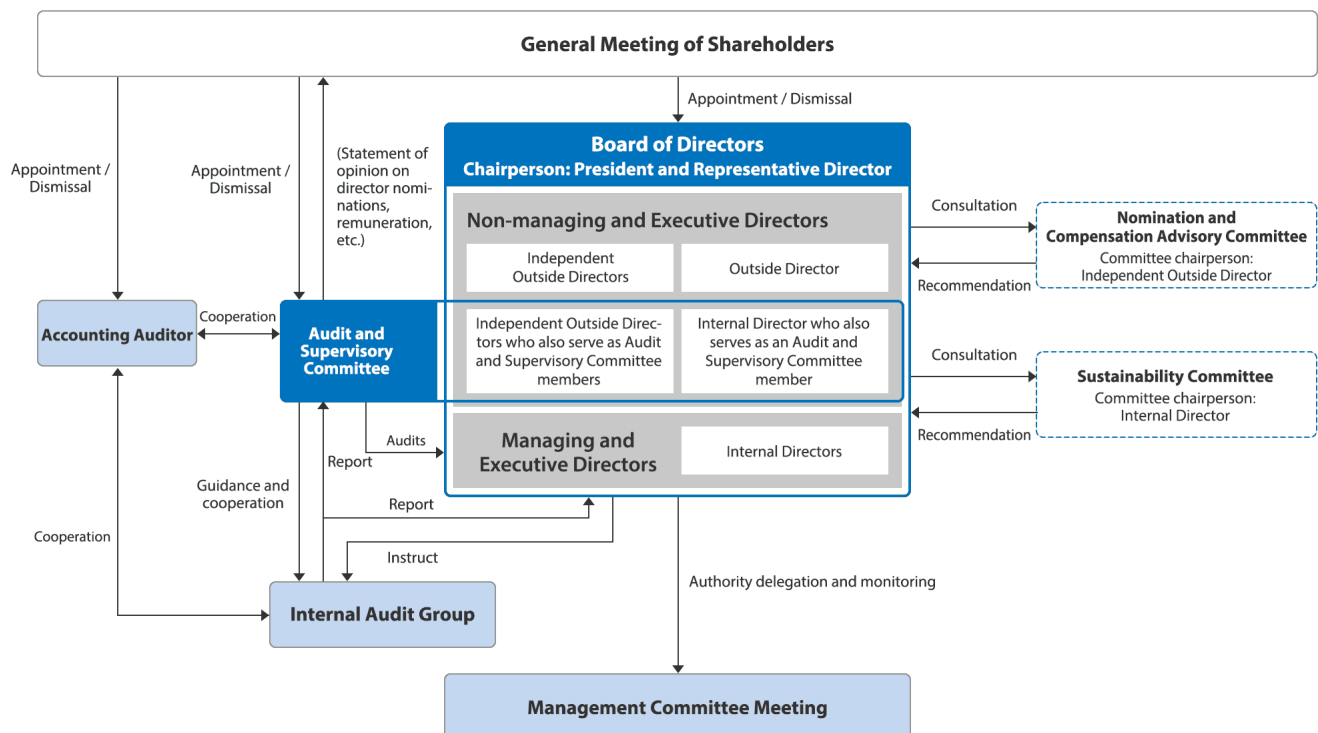
[Fuji Oil Holdings Corporate Governance Guidelines \(PDF, 74KB\)](#)


Governance

GRI : 2-9, 10, 11

Corporate governance structure

(As of June 27, 2024)



Board composition

Directors (excluding Audit and Supervisory Committee members): 8				Audit and Supervisory Committee members: 3		Total
Representative Director	Managing and Executive Officers (Internal directors)	Independent Outside Directors (excluding Audit and Supervisory Committee members)	Outside Directors (excluding Audit and Supervisory Committee members)	Independent Outside Directors who also serve as Audit and Supervisory Committee members	Internal Directors who also serve as Audit and Supervisory Committee members	
1	2	4	1	2	1	11

Our Group has established the Nomination and Compensation Advisory Committee^{*1} and the Sustainability Committee^{*2} as advisory bodies 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 CEO succession plan, review of executive structure including CEO reappointment, and review of director remuneration KPIs — from the perspective of ensuring transparency and objectivity, and makes recommendations to the Board.

The Sustainability Committee deliberates on issues material to our Group to carry out Sustainability Management, reports on ESG activities, and makes recommendations on material ESG issues and other matters to the Board of Directors.

Furthermore, as part of our efforts to further strengthen corporate governance, under the Chief Strategy Officer (CSO) we have set a Secretariat of the Board of Directors and a Secretariat of the Management Committee, which is an advisory body to the President and CEO. By keeping both Secretariats under the supervision of the CSO, we aim to promote interconnection between both meetings (to accurately reflect the requests and instructions from the Board of Directors in the business execution, among others), and enhance corporate governance from the perspectives of both execution and monitoring.

*1 Corporate Governance System

<https://www.fujioilholdings.com/en/about/governance/system/>

*2 Governance, Strategy, Metrics and Targets, Risk Management > Governance

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

Strategy

The Fuji Oil Group monitors the direction of our business and the appropriateness of our business operations in a timely manner to make proper judgments and act timely and decisively on each business decision as well as prevent legal and regulatory violations, fraud, misconduct or other occurrences that could harm corporate value. We do this to continue improving our corporate value as well as to respond to the expectations and demands of diverse stakeholders, including shareholders, investors, customers and business partners. Corporate governance is the practice of creating a system and actually running the system for that purpose.

If we are unable to respond to the demands of stakeholders including society, we may lose trust, miss out on business opportunities, or be unprepared to handle risk, which could damage our corporate value as a result. Conversely, we believe that responding appropriately to these demands will cultivate trust and allow us to gain business opportunities that lead to an increase in corporate value. This is why we put great focus on continuously improving our corporate governance.

Moreover, in order to meet stakeholder expectations and fulfill their trust, as a company with an Audit and Supervisory Committee, we strive to further strengthen the audit and supervisory functions of the Board of Directors as well as promote the separation of audit and supervisory functions from business operations in order to enable faster Group management decision-making and business operations.

Risk management

Risk Management System

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

Group Governance > Internal control system

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

Effectiveness evaluations

GRI : 2-18

Fuji Oil Holdings Inc. uses a third-party institution every year to evaluate and examine the effectiveness of the Board of Directors to ensure directors are fulfilling their roles and responsibilities appropriately. The results are provided as feedback to the Board in order to confirm improvements from the previous fiscal year, as well as to identify and share issues, and to work on and verify solutions. This is done repeatedly each year to further improve the Board's effectiveness.

In the effectiveness evaluation of the Board of Directors for FY2023, we conducted interviews with the President and CEO, the Chief Strategy Officer (CSO) who oversees the Board Secretariat, and the outside director who is the chair of the Nomination and Compensation Advisory Committee. We also evaluated all directors by conducting a survey. Through the support of a third-party

institution, the Board Secretariat designed and conducted the survey with the following objectives to confirm if issues identified up to FY2022 are improving, as well as to more concretely examine our improvement efforts in light of the role and function of the Board.

1. Assess the selection of important topics that should be discussed by the Board
2. Make a current assessment of participating directors and the suitability of Board operations and structure in fulfilling its monitoring function
3. Assess suitability of the roles and functions of the Nomination and Compensation Advisory Committee and Audit and Supervisory Committee
4. Make a current assessment of the support system for outside directors and their relationships with capital markets

Metrics and targets

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

FY2023 Goals	FY2023 Results	Self-assessment
Set agendas and conduct more discussions with a medium- to long-term perspective	<ul style="list-style-type: none"> Conducted discussions incorporating the diverse perspectives of each director on agendas regarding the Group's sustainability strategy and the direction of and measures for R&D The Board of Directors effectiveness evaluation found that the Board needs to further promote discussion and monitoring from a broad perspective focusing on medium- to long-term policies and business strategies, confirming that it is necessary to narrow down future Board agendas through delegation of authority to the executive side, and to conduct monitoring and discussions that utilize the diverse perspectives of outside directors. 	△
Strengthen management supervision (monitoring) function by alleviating information asymmetry between internal and outside directors, and gaining proper understanding of current business operations	<ul style="list-style-type: none"> Conducted explanatory meetings of our businesses led by personnel in charge, and organized visits to company sites (plants, research institutes) for outside directors to provide them with information conducive to management supervision. Executive officers also provided briefings regarding progress on our Group's material management issues (multiple times, including during Board of Directors meetings). In the effectiveness evaluation, these efforts helped obtain positive results that the Board is ensuring opportunities to explain and discuss material management issues, and that progress can be seen. In terms of strengthening the Board's management supervision function, we recognized that it is necessary to further increase opportunities to present and share information on business operations to encourage active discussion. 	○

Analysis

The Board of Directors effectiveness evaluation for FY2023 found that, as Fuji Oil Holdings Inc aims towards a monitoring-style board, both internal and outside directors share how they view each issue at Board meetings while recognizing what roles each type of director should play, and that open discussions are being held. On the other hand, the following issues were indicated.

1. Operational challenges

Need for more active discussion from a medium- to long-term, holistic perspective.

The themes to address are:

- Appropriate allocation of management resources to support the establishment and execution of medium- to long-term business strategies
- Human resources development and policies to achieve business strategies

2. Issues related to roles and functions

- For enhanced monitoring function: Further opportunities for executive officers to make briefings and share information conducive to management supervision with outside directors in order to promote active discussion
- Greater encouragement of active communication between internal and outside directors

To improve upon the above issues, we see it necessary to work to resolve the asymmetry in information on business operations and management execution that is known by internal and outside directors, and to encourage more active discussion on medium- to long-term management issues incorporating the diverse perspectives of each director. Each director shares a commitment to increasing the effectiveness of the Board of Directors by working to improve upon these issues.

Next steps

In light of the results of the FY2023 Board of Directors effectiveness evaluation, the Board will deliberate on what discussions are necessary to improve corporate value. Based on these deliberations, we will work on the following goals for FY2024.

- Set yearly agenda themes that the FY2024 Board of Directors should focus on, and encourage active discussion
- Promote deliberations that are conducive to management on the executive side by linking Board of Directors and Management Committee Meeting agendas
- Improve corporate governance by strengthening the monitoring of executive-side progress on requests received from the Board

* Refer to the following webpage and documents for details on other governance structures.

Corporate Governance Report (PDF, 836.23KB) 

NOTICE OF THE 96TH ORDINARY GENERAL MEETING OF SHAREHOLDERS (PDF, 251.46KB) 

Related documents

ESG Data Book (PDF 2.85MB) 

Plastic Use in Product Packaging

Governance

The Fuji Oil Group is working to reduce our use of packaging at each company. We are gathering details on individual companies' activities and sharing information within the Group.

Basic approach

There has been progress on intergovernmental negotiations to regulate plastic. For example, at the Fifth Session of the United Nations Environment Assembly (UNEA-5) in 2022, it was resolved to establish an international legally binding agreement to solve the critical issue of plastic pollution, while at the 49th G7 Summit in Hiroshima held in 2023, leaders of the Group of Seven (G7) nations pledged to "reduce additional plastic pollution to zero by 2040."

Due to the fact that our customers are manufacturers, many of our products, such as oils and fats, are shipped in bulk via tank trucks, one-ton containers, and steel drums. Other products, such as chocolate, whipping cream and solid fats, are packaged in plastic and shipped in cardboard boxes. We believe that it is important to reduce our usage of these types of packaging to minimize our environmental impact.

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 work 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.

Specific initiatives

Reducing plastic use

Some examples of initiatives to reduce product packaging and plastic in FY2023 are as follows:

- Fuji Oil Co., Ltd. engaged in the following initiatives, which were proposed from within the company.
 - Switched from disposable to reusable plastic containers to reduce plastic waste.
 - Reviewed operational procedures, which helped reduce usage of sampling containers and plastic bags.
 - Downsized plastic film to reduce plastic usage.
- Fuji Oil Europe (Belgium) used 100% reusable plastic film.
- Companies reassessed packaging types to reduce material usage: Fuji Oil (Zhang Jia Gang) Co., Ltd. (China) downsized plastic film; Fuji Oil (Thailand) Co., Ltd. downsized cardboard boxes.
- Bulk transportation in ISO tank containers and flexible intermediate bulk containers (FIBCs) helped to reduce the use of packaging materials.

Employee Health (Health and Productivity Management)

Policy

In January 2017, the Fuji Oil Group announced the Fuji Oil Group Health and Productivity Management Declaration,^{*} which states that we will proactively engage in health and productivity management.

Fuji Oil Group Health and Productivity Management Declaration

In Fuji Oil Group's Management Philosophy, we set forth our Vision: "Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy." 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 and productivity management.

The highest priority in health and productivity 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 aspect of health and productivity 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. In this way we can work for people, solve their problems, and drive forward our contribution to society.

As part of health and productivity management, we take actions to support our employees to keep and improve their health.

Specifically, we implement initiatives in areas such as prevention of lifestyle-related diseases and mental health problems, and activities to promote physical health.

Governance

Initiatives for employee health and productivity management at Fuji Oil Holdings Inc. and Fuji Oil Co., Ltd. are promoted by the Health Management Section of the Human Resources Department at Fuji Oil Co., Ltd. We work to improve the health of our employees and create a rewarding workplace in collaboration with occupational physicians, public health nurses, nurses, occupational counselors and other specialists, as well as the Health Insurance Society.

Basic approach

The Fuji Oil Group recognizes that the health and well-being of employees are also important management measures from the perspective of enhancing the quality of human capital. We believe that managing our employees' health and productivity improves employee satisfaction, and could also potentially help extend healthy life expectancies throughout society by engaging local communities and wider society. Conversely, failing to provide an environment where employees can thrive may lead to lower work motivation and productivity, resulting in higher employee turnover and other outcomes that could affect business continuity. Based on the Fuji Oil Group Health and Productivity Management Declaration, Fuji Oil Co., Ltd. has been implementing various measures to enhance employee health. Boosting the energy of our employees fosters a thriving organization and leads to growth. We aim to make the greatest possible contribution to the health of all people and the planet by first helping our employees live healthy lives.

Better mental and physical health management system

At Fuji Oil Co., Ltd., we have all employees undergo regular health examinations, and 100% of employees have had a regular health examination and 95.3% of eligible employees have had a secondary health examination (as of March 31, 2024). We aim for a target of 100% of eligible employees undergoing the secondary health examination. We are also working to enhance our health guidance provided by industrial health staff, so that employees can use the results of these checkups to maintain lifelong health.

We have also published the FUJI OIL Health and Wellbeing Report to clearly present our health and productivity management guidelines to employees. Based on this report, an occupational physician gave a health talk conveying the company's health goals, which can only be achieved by valuing physical and mental health, social well-being, and life purpose. The talk was attended by over 100 participants. Some comments from participants included: "It made me realize the importance of health once again," and "I will try to get more sleep for a healthy mental balance."

To prevent mental health problems, we have employees respond to a stress check questionnaire (94.2% response rate in FY2023; with 9.1% of respondents under high stress), and support each workplace's efforts to solve issues identified there and improve the working environment by conducting psychological assessments. We also have full-time in-house counselors offering consultations on career concerns and support for those with mental health issues, as well as holding open seminars that teach self-care, employee mental health care, listening, and communication skills. Affiliated external counsellors also provide support for employees suffering from mental health problems. 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 need to take a long leave of absence 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 have also formed a system for smooth reinstatement of employees by continuing to provide health-related support in the about three-month transitional period after returning to work, and are creating an organization where both returning employees and their coworkers can continue to enjoy their work.

As part of our information sharing that uses our Japan-wide intranet, we publish a column on health using a monthly topic. Our occupational health staff also provide detailed explanations and information at the monthly Safety and Health Committee meetings held at each business site to develop health awareness. At the meeting on the topic of hay fever, there was a lively exchange of opinions from concerned employees, with some employees suggesting early medication as a preventive measure. The column is also shared with Group companies in Japan for an even more widespread promotion of health.

Measures to prevent lifestyle-related diseases

Under Fuji Oil Co., Ltd.'s "100-year Healthy Active Life" initiative, occupational physicians and health staff promote measures to help employees prevent serious diseases. We are committed to improving the health literacy of all employees by enhancing our health guidance as well as providing constant interventions, ranging from treatment recommendations to advice on healthier lifestyles. By using a health management system to better visualize health data, we enable our employees to track their own health indicators, including the results of their own health examinations.

Program	Content
Offering healthy menus at our company cafeterias	Offer menus using our own soy meat products (F-lunch)
	Offer menus using local seasonal vegetables
	Feature low-salt menus for Low-salt Menu Day on weekdays around the 17th of each month
	Offer balanced menus designed to reduce stress, recover from fatigue, and other health issues
Providing health information	Provide information and health columns on food ingredients according to the times and seasons using digital signage

Program	Content
	Provide health information on drinking and smoking through the Japan-wide intranet and the Safety and Health Committee
Preventing smoking	Promote the 22nd of each month as No-smoking Day to encourage smokers to quit
	Provide a smoking cessation program in partnership with the Health Insurance Society
Supporting exercise	Conduct lower back pain stretches and radio calisthenics daily at the start of work
	Installed InBody, a body composition analyzing device, in our health room, to provide visualization of trends in personal health indicators
	Held the Health Check Competition: Know Your Body, in collaboration with Osaka Kawasaki Rehabilitation University
	Provide a walking campaign and online exercise program in partnership with the Health Insurance Society
	Shoulder the costs of exercise-related services as part of the welfare program
Supporting sleep	Provide a silent room for napping
	Loan out sleep trackers to employees who are not getting enough sleep

Metrics and targets

External recognition

Named among the top 500 in the large enterprises category (White 500) of the 2024 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. (seventh consecutive year)
- Fuji Oil Co., Ltd. (seventh consecutive year)

Named in the large enterprises category of the 2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program by Japan’s Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi

- Fuji Sunny Foods Co., Ltd. (sixth consecutive year)


Named in the SME category of the 2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program by Japan’s Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi

- Omu Milk Products Co., Ltd. (sixth consecutive year)

* Other external recognitions
<https://www.fujioilholdings.com/en/sustainability/evaluation/>

Related documents

ESG Data Book (PDF 2.85MB)



Co-existence with Local Communities

Policy

A principle of our Group's 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.*

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

Management system

Each company in our Group carries out community development activities specific to the country and region in which they operate. Group-wide and interregional activities are led by Fuji Oil Holdings Inc.

Basic approach

With key operating sites in 14 countries (as of July 2024), our Group aims to contribute to the development of local communities by carrying out social development initiatives that are in line with local needs. We engage in community-based corporate activities and dialogues, and use the perspectives gained from these activities in our management. We also believe that working in such initiatives enables Group employees to find greater job satisfaction and raise their awareness of sustainability.

To learn more about our engagement with communities and other main stakeholders, refer to our initiatives for each material ESG issue and the link below.

Stakeholder Engagement

* https://www.fujioilholdings.com/en/sustainability/stakeholder_engagement/

Specific initiatives

GRI:203-2, 413-1

Food education using our main raw materials (soybeans, palm oil and cocoa)

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 get children to become curious about human and planetary health by teaching them about global food issues and the importance of food.

In FY2023, we once again held three programs: one on soybeans ("The Global Environment and Our Food") and two on palm oil ("Food Education Bingo" and "Food Detectives, Discover the Secrets of Food!"), with fifteen of our employees acting as lecturers. We also developed a new "cocoa program" to help students learn about the issues surrounding chocolate and consider what actions they can take. We held two trial classes and the program will be fully operational from FY2024.

For the four programs, we taught a combined 31 classes in-person on soy, palm oil, and cocoa to 830 students at 16 elementary schools. A total of 5,979 children have participated in the food education project since it began.



Food Education Bingo, food education lecture on soybeans

Aside from the food education project, we also held food education events for students and their parents. In FY2023, more than 250 people across seven locations explored the topic of global sustainability through familiar foods, using ingredients used by the Fuji Oil Group as subject matter.



Tag created by a cocoa program participant

Comments from participants:

- Please make more meals made with soybeans and deliver delicious and healthy for people all over the world. (3rd grader)
- From now on, I'll try to eat more soybeans instead of just meat so that people around the world can eat more. I'd like to decide on what to eat with people around the world in mind. (5th grader)
- The children really enjoyed the quiz and stories, which piqued their interest. It was a very interesting lesson about food that cannot be found in the regular school curriculum. This one-hour lesson made me realize once more the importance of food education. (Teacher at school venue)
- I learned about palm oil and its relationship with our planet for the first time. This experience made me want to find out more about oil and food with less impact on the environment. (6th grader)
- We usually sell the food ingredients for school lunches, but I've never had the opportunity to meet and talk with the children who actually eat them. I felt the social significance of my work, and now I feel more engaged with it. (Employee lecturer)
- I learned that the chocolate that we usually eat does not come from one company alone, but also from other companies and people behind the scenes who support the company through B2B. Learning that many people are involved in a single chocolate before it gets to us made me want to eat chocolate with more gratitude. (High school student)

Support for SDGs for School

Since 2018, Fuji Oil Holdings Inc. has sponsored SDGs for School,* a project run by the non-profit Think the Earth. The project supports class teachers and students by creating educational content and networking spaces for learning about how to create a more sustainable society through the SDGs. In 2021, Think the Earth was officially designated by Japan's Ministry of the Environment as an organization that supports environmental education, and the programs were registered as services of human resource certification. Continuing from last fiscal year, in FY2023 our Group donated chocolate (two types: with cocoa butter and with vegetable oil) to two high schools in Japan, which was used as aids for teaching about environmental problems through familiar foods. A combined 250 students learned about climate change and the importance of forest conservation.

* <https://www.thinktheearth.net/en/> 



Hannan Forest Project

Fuji Oil Co., Ltd. launched the Hannan Forest Project in 2010 to regenerate Satoyama landscape in Izumisano City, Osaka Prefecture, where its head office is located. Since then, project activities have been further developed: From March 2018, the company's employees have volunteered their time and labor to support park development at Izumisano Kyuryo Ryokuchi* in Osaka.


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 secondary forest.

In FY2023, the volunteering events were held nine times (120 participants in total).



Events were more frequent in FY2023 than in FY2022 as a result of COVID-19 being downgraded to a Category V infectious disease. We expanded our activities further into deeper areas of the secondary forest and provided a trail called the “Explorer Route” through the bamboo forest.

Going forward, employees plan to continue volunteering, with the goal of creating a rich forest for owls, giant flying squirrels, and other wildlife can live.

* <http://izumisano-kyuryo.jp/en/> 



Thinning a bamboo grove

Fuji Foundation for Protein Research

The Fuji Oil Group founded the Research Committee of Soy Protein Nutrition in 1979 to fund academic research on soy protein. After restructuring as a public interest foundation in 2012, it transformed into the Fuji Foundation for Protein Research^{*1} to continue building upon this legacy of plant-based protein research. To date, the Foundation has funded over 1,200 studies in total covering a wide range of research fields, including life sciences, dietary culture, culinary science, and breeding. With the ongoing trend toward globalization, we have also been providing research grants to researchers in the Netherlands through the Foundation’s EU branch since FY2023. The results of the research grants are published annually in the journal “Soy Protein Research, Japan” and posted on the Foundation’s website,^{*2} where they are widely accessed by researchers.

In addition, the Foundation also holds free open lectures for the general public as part of its public interest mandate to promote awareness and utilization of soy and plant-based proteins. In FY2023, we hosted a seminar in Osaka City featuring three speakers who gave lectures from various perspectives, including (1) the history and uses of soybeans from an archaeological perspective; (2) Japanese home-cooked soybean dishes from the perspective of food culture; and (3) the relationship between soybean consumption and mental health, a modern social issue. More than 170 people attended the seminar, and many more people watched the video archive on the Foundation’s website that was later posted for a definite period.

Through donations to the Foundation, we will continue to support academic research on soy and plant-based proteins and contribute to the social good.



Soy Protein Research, Japan



Public lecture held in Osaka City

*1 <https://www.fujifoundation.or.jp/english/> 

*2 Follow the link below for research results.

https://www.fujifoundation.or.jp/search_en/ 

Providing a path to entrepreneurship: Chocolate business startup program for low-income earners in Brazil

Harald Indústria e Comércio de Alimentos Ltda (Brazil) has been running a free chocolate entrepreneurship program since 2019 to help low-income earners generate a profitable secondary source of income. Participants gain practical knowledge, as well as material and technical support, through training conducted by qualified professionals. So far, more than 2,000 people have attended the program, indirectly impacting over 6,000 people. Most of the participants are young people and women between the ages of 18 and 65. The program has gained popularity by helping participants start a business with limited resources and earn a stable income in the short term.

In FY2023, we established new partnerships with NGOs and local governments to intensify our efforts, and increased in-person training at community kitchens and retail stores in São Paulo. Over 2,100 free chocolate and sweets workshops have been held at retail stores to teach basic food preparation skills and inspire potential



entrepreneurs. More than 270,000 people have participated across Brazil, creating a positive impact on local communities.

Harald has also been working on a vocational training project with the Bunge Foundation since FY2022 to meet the needs of people seeking employment in the food service industry. The project offers free qualification courses on baking, confectionery, and cooking to young people in the suburbs of São Paulo. In FY2023, 15 students were selected to spend a year obtaining professional certifications, followed by six months of career monitoring in a practical setting to prepare them for employment.



Training classes conducted by the Harald Project together with the Bunge Foundation and other social partners in 2023

Valentine’s Day event: Volunteering at a U.S. facility for people with developmental disabilities

On February 7, 2024, Blommer Chocolate Company (U.S.) participated in a Valentine’s Day event at St. Mary’s of Providence (SMOP), a non-profit residential facility that provides care for approximately 80 women with developmental disabilities. This event was initiated 16 years ago by former Blommer employee Sandy Murphy and is held annually by the Chicago chapter of the American Association of Candy Technologists (AACT). Blommer has been donating chocolates and volunteering every year since the event began. The event brings together confectionery companies from the greater Chicago area to fill the tables with their delicious treats and to help the women celebrate and share the joy of the holidays.

Aside from Blommer, 14 companies participated in 2024: Mars Wrigley, Flavorchem, Jelly Belly, Primrose Candy Company, Roquette, Ferrara Candy Company, Dawn Foods, Bunge, American Licorice Company, Chocolate Inspirations, Sensient, Malt Products Corporation, Lucky Teapot Consulting, and Long Grove Confectionery Company. Ten volunteers from Blommer, including both current and former employees, participated in the event. Blommer’s booth featured a pink strawberry-flavored chocolate fountain and sweets such as brownies, marshmallows, and rice crispies. With help from our employees, the women dipped these treats in the chocolate fountain and decorated them with various sprinkles.



The Blommer team at their booth



Helping the women of St. Mary’s dip their desserts in the chocolate fountain

Related documents

ESG Data Book (PDF 2.85MB) 

External Recognition

The Fuji Oil Group's ESG initiatives have earned recognitions and awards from external organizations. The following is a list of examples.

Inclusion in ESG indexes

- June 2024: Continued to be listed in the FTSE4Good Developed Index, FTSE4Good Japan Index, FTSE Blossom Japan Index, and FTSE Blossom Japan Sector Relative Index
- June 2024: Continued to be listed in the S&P/JPX Carbon Efficient Index



FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Fuji Oil Holdings Inc. has satisfied the requirements to become a constituent of the FTSE4Good Index Series, FTSE Blossom Japan Index, and FTSE Blossom Japan Sector Relative Index.

- June 2024: Listed in the Morningstar Japan ex-REIT Gender Diversity Tilt Indexes (GenDi J)



Built with the data and scoring methodology of Equileap, "GenDi J" is designed to emphasize the stocks of companies that have strong gender diversity policies embedded in their corporate culture and that ensure equal opportunities to employees, irrespective of their gender. Companies are divided into five equally sized groups based on their Gender Equality Score. Fuji Oil Holdings is in Group 1, the highest tier of "GenDi J."

Communication with society

- July 2023: Best Practice Award in Integrated Report Award organized by Nikko Research Center, Inc.
- January 2024: Silver Award in the Sustainability Site Awards 2024 organized by the Association for Sustainability Communication

Creation of sustainable food resources / health and nutrition

- December 2023: The 53rd Food Industry Technology Award (Product and technology division) sponsored by the Food Industry Newspaper Co.
- May 2024: Awarded Japan's Medal with Yellow Ribbon at the 2024 Spring Medal of Honor

Environment

- February 2024: "A-" rating from CDP in 2023 for water security, forests and climate change
- June 2024: Selected among the top 350 Asia Pacific Climate Leaders in a joint survey by Nikkei Asia, the Financial Times (UK), and German research agency Statista

Women's empowerment

- August 2017: "Platinum Kurumin" certification from Japan's Ministry of Health, Labour and Welfare
 - Fuji Oil Co., Ltd.
- November 2022: Continued to be certified as a Leading Company in Women's Participation in Osaka City
 - Fuji Oil Co., Ltd.



Health and productivity management

- August 2023: Certified as Great Place to Work in Brazil in Regional Sector (sixth consecutive year)
 - Harald Indústria e Comércio de Alimentos Ltda (Brazil)
 - December 2023: Certified as Great Place to Work in Brazil in Brazil's Industrial Sector (fourth consecutive year)
 - Harald Indústria e Comércio de Alimentos Ltda (Brazil)
 - March 2024: Certified as Great Place to Work (seventh consecutive year)
 - Harald Indústria e Comércio de Alimentos Ltda (Brazil)
 - March 2024: Listed among the top 500 in the large enterprises category (White 500) of the 2024 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. (seventh consecutive year)
 - Fuji Oil Co., Ltd. (seventh consecutive year)
- Recognized in the large enterprises category of the 2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi
- Fuji Sunny Foods Co., Ltd. (sixth consecutive year)
- Recognized in the SME category of the 2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi
- Omu Milk Products Co., Ltd. (sixth consecutive year)

