



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

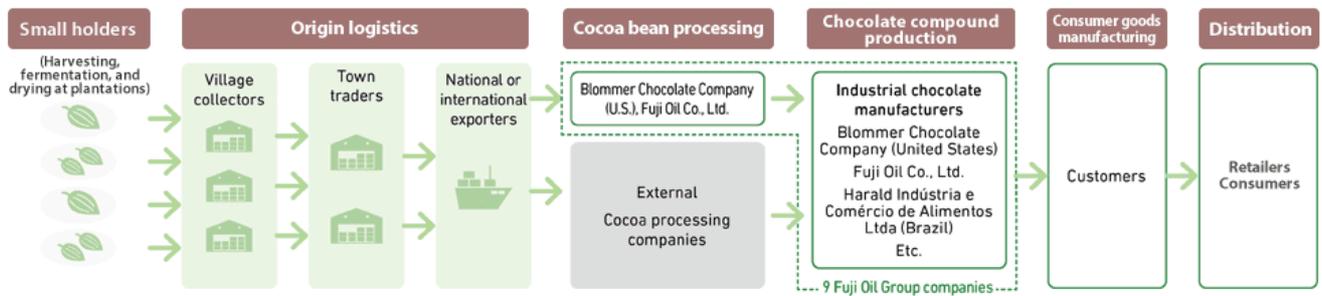
GRI : 2-6

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.fujioilholdings.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.

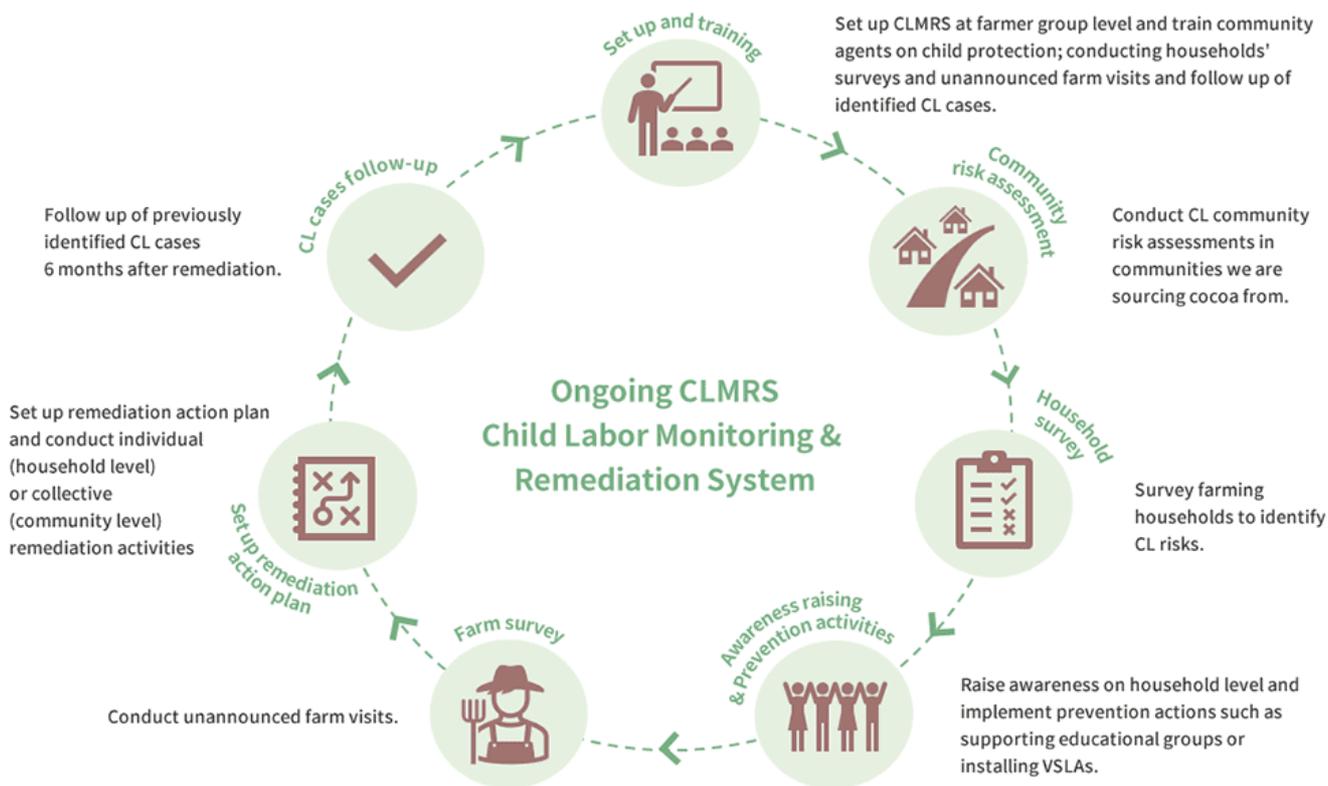
We also work with other stakeholders in the cocoa industry on industry-wide initiatives. In 2022, the Group joined the Child Learning and Education Facility (CLEF)^{*3} and the Early Learning and Nutrition Facility (ELAN).^{*4} CLEF is a coalition that aims to reach 5 million children and 10 million 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.



SUSTAINABLE·ORIGINS

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.