







Sustainable Procurement Management

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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	All suppliers of products and services to the Group	2021
Specific raw materials	 Responsible Palm Oil Sourcing Policy	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	All suppliers of cocoa beans purchased, traded, processed, and sold by the Group	2018
	 Responsible Soybeans and Soy Products Sourcing Policy	All suppliers of whole soybeans and soybean protein products procured by the Group	2021
	 Responsible Shea Kernel Sourcing Policy	All suppliers of shea kernels procured by the Group	2021
Specific companies	 CSR Procurement Guidelines (3rd Edition)	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, deliberates on and monitors the Group's response to environmental and social issues including climate change and human rights, reports the results and makes recommendations to the Board. Chaired by the President and CEO, the committee is composed of the COO, CFO, the heads of each business headquarters and functional divisions, and the ESG Advisors (outside directors). Initiatives to address the material ESG issue^{*2} of Sustainable Procurement are promoted by the chief officer in charge of each commodity.

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, Risk Management, Metrics and Targets > Governance

https://www.fujioil.co.jp/en/sustainability/sustainability_management/#governance

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

https://www.fujioil.co.jp/en/sustainability/sustainability_management/#index

Strategy

GRI: 2-24

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 and for which we continue to advance our efforts. 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.

* Fuji Oil Group Management Philosophy

<https://www.fujioil.co.jp/en/about/constitution/>

Risk management

The Fuji Oil Group systematically manages risks and opportunities related to Sustainable Procurement, an area of sustainability matters that address material ESG issues, in alignment with Group significant risks.

Group significant risks

Risk type: Environment and human rights/ Procurement

https://www.fujioil.co.jp/en/ir/policies_and_systems/risk/

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 Fuji Oil 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. As of January 31, 2025, we received the signatures of 79% 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

In FY2024, as in the previous year, we prepared our supplier evaluation table, which serves as a basis for evaluating suppliers. Besides assessing financial status, quality, price, and delivery time, we also incorporated risk management and environmental responsibility, where in the past we found significant differences among suppliers. We confirmed the current status of about 70 companies and used our findings in supplier evaluations.

To improve the efficiency and rationalization of logistics operations in accordance with the Voluntary Action Plan for Logistics Optimization and Productivity Improvement, adopted in January 2024, we also conducted questionnaire surveys on the current status and points to improve regarding time spent at delivery sites for truck waiting, unloading, and other cargo handling activities. The surveys were done for each product category, by supplier.

With responses from 344 companies (96% response rate), we looked closely at cases where receiving operations took longer than two

hours. After discussing how to make improvements where that was occurring regularly, we were able to shorten receiving times in some cases. Starting next fiscal year, we will build a continuous monitoring system and work with suppliers to achieve more efficient supply logistics in response to the driver shortage.

Metrics and targets

Commitments to sustainable procurement

GRI: 408-1

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		FY2024 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%	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-certified oil^{*4}
	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) ^{*5})	83%	
Cocoa	Global environment	Deforestation, climate impacts on producing regions, biodiversity loss	Reforestation, elimination of child labor	One million trees planted ^{*6}	500,000 trees planted	Planted 70,023 trees in Côte d'Ivoire with partner AGRO-MAP (total: 385,771)	<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 (Ghana, Côte d'Ivoire)
	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 Group's direct supply chain covered by CLMRS ^{*7}	
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	Traceability achieved to primary collection points: 92.8%	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	7,018 trees	<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%	91%	
				Procurement of shea kernels from the Tebma-Kandu program ^{*11} : 50%	30% ^{*12}	15%	
				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%	70%	
				Utilization rate of storage buildings donated by our Group that generate alternative income for Tebma-Kandu cooperatives: 80% ^{*14}	20%	—	
	Human rights	Poverty among farming families					

*1 TTP: Traceability to plantation

*2 Palmaju Edible Oil Sdn. Bhd. (Malaysia): An oils and fats manufacturer wholly owned by the Fuji Oil Co., Ltd.

*3 Landscape initiative: 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 RSPO: 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 Labor, 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 CLMRS: Child Labor Monitoring & Remediation System

*8 RTRS: 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 Tebma-Kandu cooperatives: 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 storage buildings 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.fujioil.co.jp/en/sustainability/palm_oil/

Sustainable Procurement of Cocoa

<https://www.fujioil.co.jp/en/sustainability/cocoa/>

Sustainable Procurement of Soybeans

<https://www.fujioil.co.jp/en/sustainability/soy/>

Sustainable Procurement of Shea Kernels

https://www.fujioil.co.jp/en/sustainability/she_kernel/

Related documents

ESG Data Book (PDF 411KB) 