

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