

Sustainable Procurement of Shea Kernels



Material Issue
Sustainable Procurement

[Policy](#)
[Governance](#)
[Strategy](#)
[Risk management](#)
[Metrics and targets](#)
[Specific initiatives](#)

Policy

The Fuji Oil Group formulated the Responsible Shea Kernel 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

https://www.fujioil.co.jp/en/sustainability/policy/shea_procurement/

Governance

The Fuji Oil Group has established the Sustainability Committee^{*1} as an advisory body to the Board of Directors that is chaired by the President and CEO. From a multi-stakeholder perspective, the committee deliberates on and monitors the Sustainable Procurement of Shea Kernels, a priority action to address material ESG issues,^{*2} and makes recommendations to the Board. Fuji Oil Ghana Ltd. cooperates with business divisions of Fuji Oil Co., Ltd. and implements related initiatives under the oversight of the Head of Oils and Fats Business Headquarters, the Senior Executive Officer.

*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: 2-6

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). From May to June shea nuts are harvested by women in rural districts in Western Africa, who also carry out the primary processing (boiling, shelling, and drying).

Local concerns include the loss of natural habitat for shea due to land clearing for farming, and heavy labor being performed by hand in shea harvesting and primary



Shea fruits growing naturally in West Africa

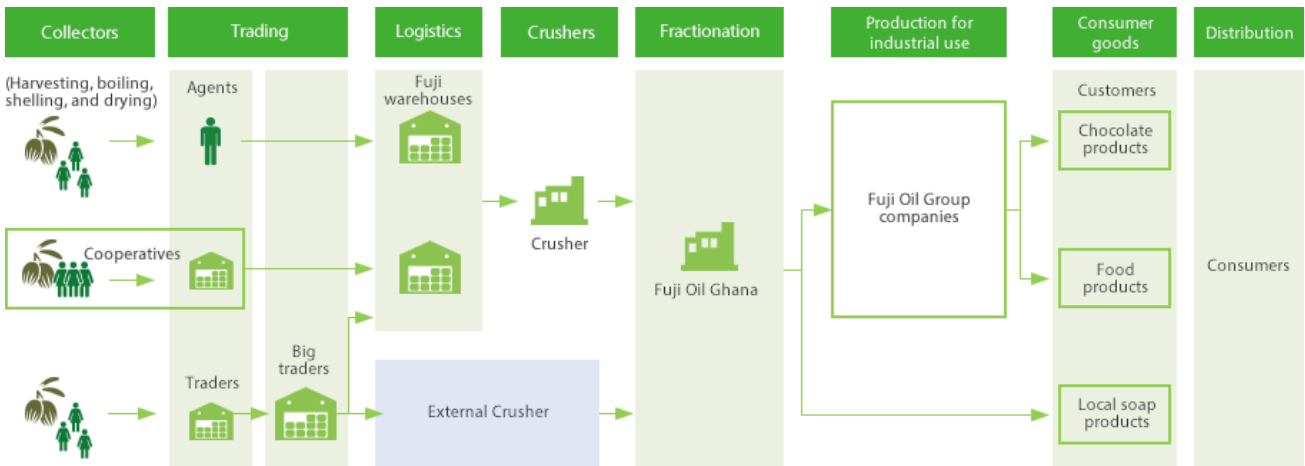
processing, as well as occupational health and safety risks.

We are working to realize a sustainable supply chain by boosting skills and empowering women in West Africa and promoting their involvement in the supply of shea kernels through close collaboration with Tebma-Kandu cooperatives.*1 The Tebma-Kandu program offers farmer training and provides work-efficiency-proven hardware. Specifically, we are promoting the following initiatives based on our 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 have partnered with through the Tebma-Kandu program*1
- 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 Tebma-Kandu cooperatives, Tebma-Kandu program: See the “Tebma-Kandu program” below for details.

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



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.

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

Tebma-Kandu* is a shea kernel sustainability program launched in 2021 with 23 women’s cooperatives in northern Ghana in an effort to implement the Responsible Shea Kernel Sourcing Policy. Now in its fifth year, it is seeing a growing number of women’s cooperatives interested in participating. By providing pre-financing as well as training on business skills, cooperative management, and quality control to members of the steadily rising number of registered cooperatives, Tebma-Kandu is working to improve capacity and help create value for local communities. The program is also using storage buildings built to store harvested shea kernels, in order to start generating alternative income during the off-season.

Using its own production facility in West Africa, Fuji Oil Ghana Ltd. processes shea kernels to extract shea butter, and in an effort to create value and employment in local communities, it conducts training for local employees on plant operation, quality control, and safety.


By 2024, memorandums of understanding were signed with 75 women’s cooperatives in the Tebma-Kandu program. The program also funds the construction of storage buildings and provides hardware that enables women to supply large quantities of shea kernels of specified quality through cooperatives.

Before the harvest season begins, Tebma-Kandu provides pre-financing, without any special conditions or restrictions, to help the shea harvesters avoid having to sell shea kernels to intermediaries at unreasonably low prices.

This program includes capacity building for members as well as reforestation projects and actions to reduce environmental footprints. To date, this initiative has empowered approximately 40,000 women working in northern Ghana, and has supported the productivity of the cooperatives. For FY2025, there are plans to increase the number of women’s cooperatives participating in this program to 100.

* https://www.fujioil.co.jp/en/news/2021/_icsFiles/afieldfile/2021/03/11/20210311_news_e_Tebma-Kando.pdf 

For more information about Tebma-Kandu please visit this page.

<https://www.fujioileurope.com/en/sustainability/welcome-to-our-sustainable-shea-journey#p-section--1392> 

Metrics and targets

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

| Medium- to long-term goals | KPI | | FY2024 Goals | FY2024 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 | 7,018 trees planted | ○ |
| | Traceability to the regional level, including procurement from Tebma-Kandu cooperatives*1: 75% | 70% | 70% | 91% achieved | ○ |
| | Procurement of shea kernels from Tebma-Kandu program*2: 50% | 30% | 20% | 15% achieved | △ |
| | Percentage of shea kernels crushed and fractionated | 100% | 100% | 100% achieved | ○ |

| Medium- to long-term goals | KPI | | FY2024 Goals | FY2024 Results | Self-assessment |
|----------------------------|---|------|--------------|----------------|-----------------|
| | 2030 | 2025 | | | |
| | (separated) in West Africa: 100% | | | | |
| | Non-fossil fuel energy* ³ used by Fuji Oil Ghana Ltd. (for steam generation): 100% | 100% | 100% | 70% achieved | ○ |
| | Percentage of Group-donated storage buildings being used to generate alternative income for Tebma-Kandu cooperatives: 80%* ⁴ | 20% | — | — | — |

*1 Cooperatives registered in the Tebma-Kandu program and partners that are operating in accordance with Tebma-Kandu principles.

*2 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.

*3 We use shea olein, a byproduct obtained when fractionating shea butter, as biomass fuel.

*4 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.

Analysis

In FY2024, a number of external factors affected the shea kernel supply chain. The crop of shea fruits was generally quite inferior, and several West African countries had banned the export of shea kernels (only permitting exports of shea butter). With shea prices soaring at historical levels and cocoa prices also high, demand for shea butter, cocoa butter equivalent (CBE) used for chocolate, was strong.

We maintained a high traceability level at 91%, but due to low harvest volumes could not confirm the total coming from Tebma-Kandu cooperatives and partners operating in accordance with Tebma-Kandu principles.

In FY2024 we introduced new KPIs. For cooperatives, storage buildings are made freely available for other distribution business opportunities, as shea harvests and activities are seasonal. For this reason, we have added the KPI of having a utilization rate of 80% by FY2030 for storage buildings donated by the Fuji Oil Group to promote alternative income for Tebma-Kandu cooperatives.

We have close and positive relationships with the cooperatives registered with the Tebma-Kandu program. We are discussing future possibilities, visions, and better roles of the cooperatives, and a growing number of women’s groups are showing an interest in participating in this program.

Next steps

For FY2025, we aim to expand the Tebma-Kandu program to 100 cooperatives, and have set the following goals:

- Plant 6,000 trees/year
- Traceability to the regional level: 70% by FY2025
- Procurement rate of shea kernels from Tebma-Kandu program and partners operating in accordance with its principles: 30%

The Washington-based International Food Policy Research Institute (IFPRI) has also recognized the activities of the Tebma-Kandu program and decided to engage with Tebma-Kandu cooperatives for a certain period of time to innovate, providing tools and distribution means to improve efficiency and add value, with the aim of improving community welfare in various ways.



Discussions with women's cooperatives, Tebma-Kandu program

Specific initiatives

Collaboration with external organizations

Fuji Oil Ghana Ltd. joined the Global Shea Alliance (GSA) in 2013, and the Shea Network Ghana in 2015. The primary activities of these organizations are:

- Providing storage buildings 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

Fuji Europe Africa B.V. is participating as a consortium member in the Child Labor Due Diligence Project in the Shea Supply Chain funded by the Dutch government. Working with other industry stakeholders, the company aims to reduce the risk of child labor in the shea kernel supply chain through this project.

* Global Shea Alliance (GSA): 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/>

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 FY2024, we worked with local company Eco Restore to plant 7,018 saplings of shea and other native trees.

Training in appropriate cultivation techniques is important to improve the survival rate of the saplings. In FY2025 we plan to plant 6,000 saplings, and also to provide training. We have confirmed the sapling survival rate has been very high to date.



Trainees in a sapling nursery

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. Fuji Oil Ghana's ultimate goal is to use 100% non-fossil fuel energy.