

Operation of a Trustworthy Whistleblowing System/ Promoting Fair Business Practices



Material Issue

Fair Business Practices

✓ Policy ✓ Governance ✓ Strategy ✓ Risk management ✓ Metrics and targets

Policy

The Fuji Oil Group established the Fuji Oil Group Management Philosophy in October 2015 to clearly state the Group's mission, vision, values, and principles of conduct, laying the foundation for all corporate activities. To realize the corporate philosophy outlined in the Fuji Oil Group Management Philosophy, we fulfill our social responsibility as a company by adhering to the Fuji Oil Group Three Principles of the Code of Conduct developed in February 2003 — the code all officers and employees must follow in the course of conducting all our business activities.

Fuji Oil Group Management Philosophy

<https://www.fujioil.co.jp/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 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 priority action: Operation of a Trustworthy Whistleblowing System and Promoting Fair Business Practices^{*2} on material ESG issue, and makes recommendations to the Board. Under the oversight of the Head of Legal Division, the Chief Financial Officer (CFO) and Senior Executive Officer, the Legal Division plans various measures to increase compliance awareness and works to address compliance issues throughout the Group. The

Division also reports on these compliance-related initiatives to the Board of Directors every year as part of the Board of Directors' oversight of the corporate governance system.

*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

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. For these reasons, unfair actions must be detected early and appropriate measures must be taken in order to prevent the problem from persisting, contain its impacts from spreading, and minimize potential damage.

Our 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 Management Philosophy and the Fuji Oil Group Three Principles of the Code of Conduct. In particular, we regularly communicate compliance messages from top management and work to strengthen our compliance measures, based on the recognition that fostering an open atmosphere and corporate culture is essential to achieving stronger compliance.

Risk management

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

Group significant risks

Risk type: Legal and ethics

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

Fuji Oil Group risk management structure

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

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.

We ensure that our business partners who conduct business on behalf of the Group strictly comply with the basic regulations for preventing bribery. We 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 studies. We also provide e-learning and face-to-face trainings for employees. The global e-learning on preventing bribery and corruption held in FY2024 had a 96.2%* participation rate.

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 Board of Directors of the Fuji Oil Co., Ltd. receives reports from the Legal Division on measures against bribery, and supervises the establishment and execution of such measures.

* Targeted at Group officers, executive officers, and employees in positions or departments closely connected to these issues

Business Ethics Guidelines

The Fuji Oil Group Management Philosophy and Three Principles of the Code of Conduct represent the Group's fundamental values. To align with these values, we established the Fuji Oil Group Business Ethics Guidelines to provide specific guidelines for making decisions on legal and ethical issues encountered in daily work. The guidelines are available in nine languages that are spoken in the countries and regions where 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

With the aim of enhancing compliance awareness among all Group employees, we conduct global e-learning training programs annually on key compliance issues, including laws and regulations related to fair business transactions, such as anti-bribery, anti-corruption, and antitrust laws. These programs are targeted at Group company employees* worldwide and are available in nine languages. In addition, we conduct annual group training programs on relevant topics for targeted participants, taking into account each country's laws and regulations, regional characteristics, and associated risks. In FY2024, we held group training on cartel prevention for officers and executive officers in Japan. We also carried out group training programs covering antitrust law (anti-cartel), the Subcontracting Act, and the new law protecting freelance operators in Japan for employees in divisions closely involved with these issues. Outside Japan, we provided group training programs at Group companies in China, focusing on local issues such as preventing commercial bribery and legal liability related to food safety.

* Mandatory for Group officers, executive officers, and employees in positions or departments closely connected to these issues



Group trainings at Group companies in China

Monitoring

The Legal Division conducts 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 Division 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 three times a year and analyzing their responses, and by conducting interviews with each Group company.

Whistleblowing system

GRI: 2-25, 26

We have established a Whistleblower Hotline in Japan and a Compliance Helpline for officers and employees at our Group companies outside Japan. These systems provide counseling and reporting channels for violations of laws and regulations, fraudulent acts, or any suspected misconduct involving the Group or its officers and employees.

Our Whistleblowing Regulations outline the proper mechanism for reporting illegal or fraudulent acts and prohibit dismissal or unfair treatment of Group officers and employees who report through the Whistleblower Hotline or Compliance Helpline, in order to protect whistleblowers. The regulations also stipulate that those who unfairly treat or harass a whistleblower may be subject to disciplinary action in accordance with work regulations and other applicable rules.

In FY2024, we received 69 whistleblowing reports throughout the entire Group. Of these, there were zero cases of serious compliance violations of laws and regulations. The Board of Directors receives annual reports from the Legal Division on the number of

whistleblowing reports received across the Group, along with their summaries and corrective actions taken, and oversees the operation of the whistleblowing system. For the past few years, our efforts to raise awareness of the Group's whistleblowing system have been effective, with a recognition rate of over 90% for the above-mentioned hotline managed and operated by the head office.

Metrics and targets

GRI: 2-27, 205-1, 206-1

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

FY2024 Goals	FY2024 Results	Self-assessment
No serious compliance violations	Zero cases of serious compliance violations in Fuji Oil Group's business operations	○
Develop a risk management system for violations of important laws and regulations	Identified and reviewed compliance risks and status of activities using legal compliance sheets for internal control as described above	○
Conduct a compliance program targeting the entire Group	Held global e-learning and group training as described above	○
Raise employee awareness of compliance	Received a 90.3% 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?" (a decrease of 1.0 percentage point from the previous year)	○

Analysis

In FY2024, we focused on strengthening our initiatives by restructuring the whistleblower hotline in Japan. To ensure whistleblower anonymity, enhance privacy protection, and ensure the hotline's transparency and fairness, we consolidated reporting channels into a single hotline set up at an external law firm. This move enabled the hotline to function as a central mechanism for reporting corporate misconduct. To broaden accessibility and detect signs of misconduct more effectively, we also made the hotline available externally by posting it on our corporate website.

There were no serious legal or regulatory violations affecting Fuji Oil Group operations in FY2024. While a slight decrease in employee compliance awareness was observed across the Group, 95.6% of respondents throughout the Group answered positively to the survey question: "If you have concerns about compliance issues, does your workplace have a culture that makes it easy to quickly communicate them to your superiors?" (an increase of 1.3 percentage point compared to the previous year). To further encourage compliance, we believe it is essential for the top management of each Group company to consistently communicate a policy that emphasizes the importance of compliance. Moving forward, we will continue exploring initiatives, such as messaging from top management, to strengthen compliance.

Next steps

In FY2025, we are again aiming for zero cases of serious compliance violations. We will develop a compliance risk management system (including prevention of bribery and other corruption) for the entire Group to achieve our priority actions: Operation of a Trustworthy Whistleblowing System and Promoting Fair Business Practices, and will work on the following specific goals and measures.

- No serious compliance violations
- Foster trust in the whistleblowing system

- Create a psychologically safe environment for whistleblowing
- Conduct a compliance program targeting the entire Group
- Raise employee awareness of compliance

Related documents

ESG Data Book (PDF 411KB) 