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Responsible Shea Kernel Sourcing Policy

Introduction

Fuji Oil Group aims at contributing to society through its business activities and to develop sustainably together with society, while pursuing continuous dialogue with stakeholders. The Mission of our companies is to develop the potential of foods, contributing to people's happiness and well-being by offering delicious and healthy food. Our company values shape our strategies to achieve our mission.

<Mission = Our reason for being>

The Fuji Oil Group seeks to develop the potential of food ingredients. We will contribute to the happiness and well-being of the people by offering delicious and healthy food.

<Vision>

We seek to contribute to the society by creating the future of delicious and healthy foods using our core technologies in oils & fats and soy.

<Values = The values that inform our actions>

- Safety, quality, and the environment
- Work for people
- Challenge and innovation
- Speed and timing

As a manufacturer of food ingredients, we believe that our procurement must be environmentally, socially and economically sustainable. Shea butter, pressed from shea kernels, is an important raw material in the Fuji Oil Group¹ vegetable oils and fats business.

Shea butter is mainly used as Cocoa Butter Equivalent (CBE) for the confectionery manufacturing industry, but also as an alternative to palm oil. The Fuji Oil Group is committed to procuring responsibly produced shea kernels from suppliers who care about people and the environment.

Commitments

Our Sustainable Shea Program aims at achieving a balanced sustainability footprint and shared value creation along the value chain of shea butter, focusing on three commitments.

Each of these commitments gives rise to a set of actions that is aimed at creating continuous improvements. Tebma-Kandu is the overarching program covering all initiatives and actions aiming at fulfilling Fuji Oil's Commitments.

- Preservation of parklands
- Encourage rural development and environmental awareness.
- Local value creation

Our main goal is to preserve the environment, contribute to capacity building and fair and transparent business practices in our shea supply chain. To do that, we shall pursue the following goals.

- Steadily increase the extent of traceability of our shea kernels back to the clusters of African villages where they come from.
- Steadily increase the amount of shea kernels sourced from women co-operations directly linked to Fuji Oil through our comprehensive Tebma-Kandu program.
(Press release on March 11th, 2021)
https://www.fujioil.co.jp/en/news/2021/_icsFiles/afieldfile/2021/03/11/20210311_news_e_Tebma-Kando.pdf
- Contribute to forest preservation by planting seedlings and facilitate park-land management training at areas related to the Tebma-Kandu Co-operatives.
- Ensuring value adding, job-creation and training within West Africa, through local processing of the shea kernels and shea butter.
- Improving our environmental footprint by pursuing a fully non-fossil fuel base for our activities at Fuji Oil Ghana.

Through these commitments and actions, we continuously strive to improve our sustainable shea kernel procurement. Improvements for people, the environment and a sustainable future.

Specific KPI**1. Traceability**

Our target is to steadily increase the amount of all the shea kernels we source back to the clusters of villages where they come from.

Targets:

The year 2023	The year 2025	The year 2030
30%	50%	75%

2. Support Women Empowerment

Out of all the shea kernels we source, our target is that an increasing amount should be sourced from the women co-operations with whom we have a specific Memorandum of Understanding (MOU). We call them Tebma-Kandu Co-ops. The MOU stipulates that Fuji Oil shall work closely with the cooperations to train the women in developing their business and the ways they harvest and process their shea kernels. We shall assist with bags, pallets, and personal protection equipment. We offer pre-finance, without special conditions or restrictions, to the women to assist during the poorest month and thus reduce the necessity of selling the crop in advance at low prices. The women co-operations can freely negotiate and engage in supply contracts with Fuji Oil. We have defined 3 different development levels of the co-operations and have an ambition to assist the development of the women co-operations from a basic entry level of development into a more advance level, where they are able to conduct and grow their business independently.

The Fuji Oil Supplier Code of Conduct is an integrated part of the MOU

Targets:

The year 2021	The year 2022	The year 2023	The year 2025	The year 2030
10%	15%	20%	30%	50%

3. Parkland Preservation

We shall contribute to parkland preservation and facilitate parkland management training. We shall every year plant seedlings in the shea parklands around the Tebma-Kandu Co-ops we work with. Predominantly shea seedlings, but also other kinds of seedlings and insects for pollination are also part of the program.

Target: 6000 seedlings per year.

4. Local Value Creation

We seek to ensure West-African value-adding and job-creation that also includes training in operational skills, quality and safety. We have an aim to ensure that all our current and future shea crushing, and fractionation shall take place in West Africa, refined shea products for the West African market shall be refined in West Africa.

Target: + 50 pct permanent positions by 2025 compared to 2017

5. Environmental footprint

We have an ambition to improve our environmental footprint by pursuing a fully non-fossil fuel base for our activities at Fuji Oil Ghana.

Target: Improve current level of 75 pct non-fossil fuel to 100 pct non-fossil fuel by 2023.

These KPIs will be reviewed every year according to the progress, and the progress will be announced in our Sustainability Report.