

## **SUSTAINABILITY Statement**

**19<sup>th</sup> January 2010**

FUJI OIL GROUP places a high priority on safety and product and environmental integrity. We constantly make our own production environments more eco-friendly.

Although more beyond our control, we also share the growing concerns around sustainable agriculture.

As a palm oil processor and as a member of the Roundtable on Sustainable Palm Oil (RSPO), we support the defined Principles and Criteria of this multi-Stakeholder organisation.

To contribute to the growth of Sustainable Palm Oil, our palm-based raw materials are already practically fully sourced from RSPO members.

The first sustainable oil palm plantations have been certified in 2008. It will take some time before sustainable palm oil can find its physical way to all the mainstream consumer products but ultimately, the Roundtable aims to have all the world's palm oil produced in a sustainable way.

The RSPO has set up four Supply Chain Certification Systems to verify the integrity of the trade of RSPO-certified palm oil. Each of these Supply Chain options are defined and explained by the following annexes:

Annex 2 RSPO: Identity Preserved

Annex 3 RSPO: Segregation

Annex 4 RSPO: Mass Balance

Annex 5 RSPO: Book and Claim

Annex 6 is a practical overview which compares the Supply Chain systems "Segregated", "Mass Balance" and "Book and claim". On this annex, you also find: the approved market claims, the requirements related to the RSPO Supply Chain, the membership cost and the administrative/contribution cost for RSPO contracts. In the mean time, the initial 3 US\$/MT administrative cost has come down to 2US\$/MT.

Much more detailed information can be found on a number of websites from organisations connected to RSPO. Annex 1 gives an overview of these websites and mentions the most important documents and information you can download.

In January 2010, Fuji Oil Europe achieved the RSPO Supply Chain Certification (Interim Approval) for 2 models: "Mass Balance" and "Segregation".

As a Speciality Oils & Fats producer, we offer a very wide range of products in which we use a lot of different Palm based raw materials; e.g. Crude Palm Oil, different types of Palmolein; different types of Palmstearin and different types of Palm Mid Fractions. At the initial stage, we will offer most of our palm based final products and blends under the Mass Balance system. Some of the more “simple” products could be offered immediately under the segregation system. We gradually plan to offer more special products under the Segregation system. This evolution will depend on:

- The offer of RSPO certified palm based products
- The demand for RSPO certified special palm based products (“target products” and “by products”),
- Logistic possibilities and constraints linked to production planning and storage-tank management.

Price Premiums for our RSPO sustainable palm based products and blends will be determined by market forces. At this moment in time, it is still difficult to predict how these premiums will evolve over time but our sales department will keep you informed on these future evolutions.

You can use Annex 7 as a tool to choose the best RSPO Supply Chain System for your company. However, if your company uses “complex” palm based derivatives and you want to combine logistic and administrative simplicity with the lowest extra cost, the most convenient way to start with is the “Book and Claim” system.

If the raw material feedstock for your application is crude palmkerneloil, at this moment in time, it is only possible to choose for the “Book and Claim” system. The UTZ monitoring system which is required in case of the physical flows “Segregated” and “Mass Balance” is still under development. Like for palm, you can find the current market conditions at which certificates can be bought on the Greenpalm website: “[www.greenpalm.org](http://www.greenpalm.org).”

Should you have any further questions or should you want to explore the possibilities to start supporting the production of sustainable palm oil or you want to explore the possibilities to start the physical use of certified sustainable palm oil in your products, please do not hesitate to contact our sales department.

SEE ANNEXES 1-2-3-4-5-6-7

**SUSTAINABILITY Statement****ANNEX 1: Websites of organisations connected to RSPO:****Roundtable on Sustainable Palm Oil: RSPO**Who and What?

The not-for-profit Swiss registered foundation working to promote the growth and use of sustainable palm oil through co-operation within the supply chain and open dialogue with its stakeholders.

Website?

[www.rspo.org](http://www.rspo.org) **and** [www.rspo.eu/market](http://www.rspo.eu/market)  
Possibility to apply for membership

Interesting information and key documents you can download among others from their website:

- Statutes
- Principles and Criteria (for production)
- National Interpretations of the Criteria
- Code of Conduct of the members
- RSPO Supply Chain Certification systems
- RSPO Guidelines on Communications & Claims
- The RSPO Supply Chain Associate Membership form (Only in case you use <500MT per year)

**GreenPalm**Who and What?

Greenpalm is the company, exclusively endorsed by the RSPO, to broker and to manage the web based RSPO certificate deals.

Website?

[www.greenpalm.org](http://www.greenpalm.org)  
Possibility to apply for membership

Interesting information and key documents you can download among others from their website:

The Greenpalm programme membership rules

**UTZ Certified**Who and What?

UTZ Certified is the company that developed and manages the web based system for tracking-and-tracing RSPO certified palm oil throughout the supply chain from mill to end-user, under the supply chain models of “Mass-Balance”, Segregation”, and/or “Identity Preserved”.

Website?

[www.utzcertified.org](http://www.utzcertified.org)

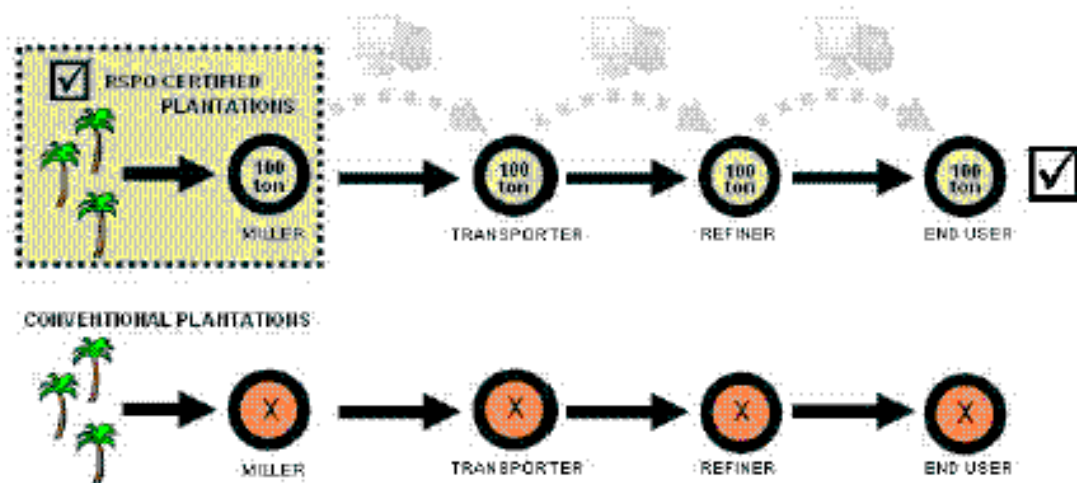
## Annex 2: Identity Preserved

### Definition

The Identity Preserved (IP) supply chain model assures that the RSPO certified palm oil and its derivatives delivered to the end user is uniquely identifiable to the mill and its supply base and is kept physically isolated from all other oil palm sources throughout the supply chain (including other segregated RSPO-CSPO sources).

### Explanation

The IP supply chain model requires that the grower, refiner, and supply chain maintains full separation and full traceability through to the delivery point at the end user. The end user will be assured that all of the physical palm oil received has come from a uniquely identifiable RSPO certified estate/plantation and meets all of the required elements of the certification program.



### Supply Chain Requirements:

The basis of the supply chain requirements for IP requires proof of separation and full traceability of the RSPO CSPO and its derivatives throughout the supply chain originating at the estate/plantation and ending with the final user of the oil. The facility must ensure that the RSPO CSPO is kept physically isolated from all other palm oil sources and is unique identifiable to the mill and its supply base.

### Market Claim:

"Contains only RSPO Certified Sustainable Palm Oil" (See for more information RSPO Guidelines on Communication and Claims)

### Benefits and Limitations:

Level of traceability: 🟡🟡🟡🟡🟡 Level of claim: 🟡🟡🟡🟡🟡 Implementation costs: \$\$\$\$

- Delivered physical palm oil is only RSPO certified palm oil.
- Fully traceable to a uniquely identifiable RSPO certified point of origin.

- For more information on the Identity Preserved supply chain model contact UTZ CERTIFIED -

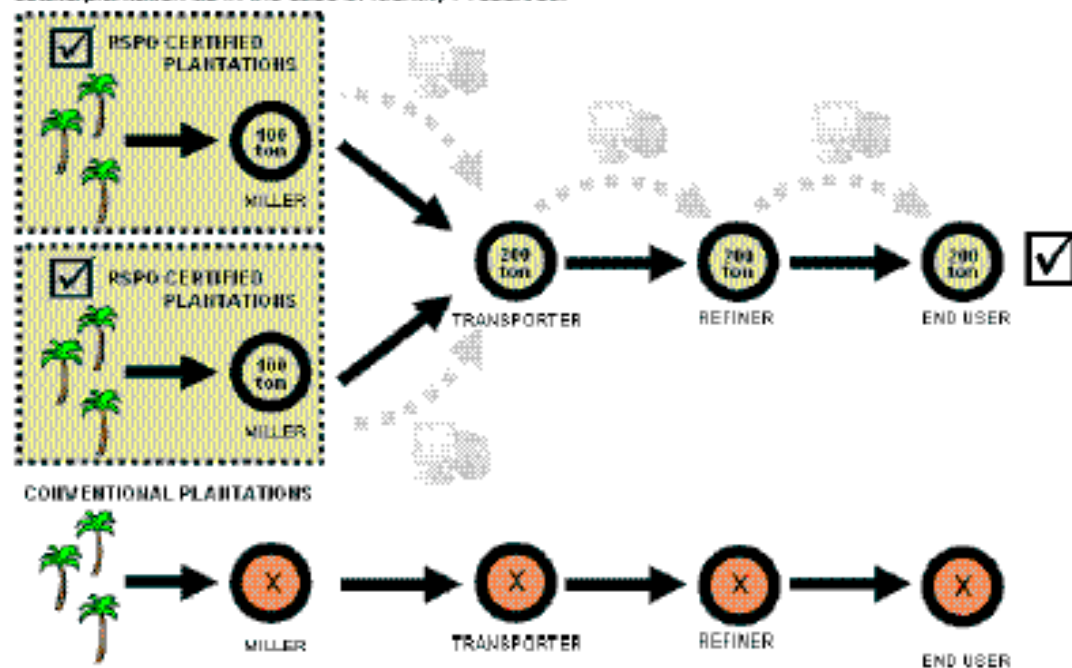
## Annex 3: Segregation

### Definition:

The Segregation supply chain model assures that RSPO certified palm oil and its derivatives delivered to the end user comes only from RSPO certified sources. It permits the mixing of RSPO certified palm oil from a variety of sources.

### Explanation:

The Segregation supply chain model assures that all of the physical product has originated from RSPO certified estates/plantations. However, the physical oil will not be uniquely identified to a specific estate/plantation as in the case of Identity Preserved.



### Supply Chain Requirements:

The Segregation approach requires that the RSPO certified palm oil from estates/plantations is kept separate from material from non-RSPO certified estates/plantations at every stage of production, processing, refining and manufacturing throughout the supply chain. This model does allow for the mixing of RSPO certified palm oil and its derivatives from various sources. Therefore the physical oil delivered to the end user will not be fully traceable to the specific mill and its supply base.

### Market Claim:

"Contains only RSPO Certified Sustainable Palm Oil" (See for more information RSPO Guidelines on Communication and Claims)

### Benefits and Limitations:

Level of traceability: 🟡🟡🟡🟡🟡 Level of claim: 🟡🟡🟡🟡🟡 Implementation costs: \$\$\$\$

- Delivered physical palm oil is only RSPO certified palm oil
- Mix of RSPO certified palm oil from a variety of RSPO certified points of origin.

- For more information on the Segregation supply chain model contact UTZ CERTIFIED -

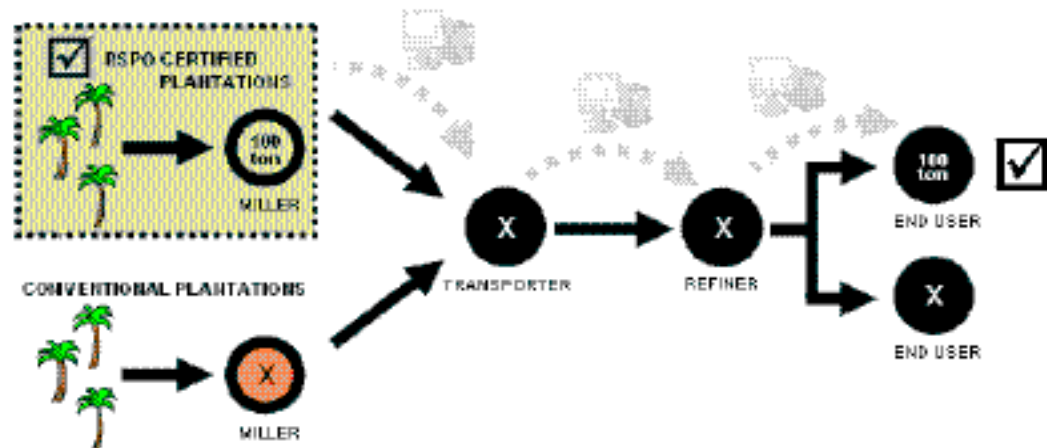
## Annex 4: Mass Balance

### Definition:

The mass balance supply chain model administratively monitors the trade of RSPO certified palm oil and its derivatives throughout the entire supply chain, as a driver for mainstream trade in sustainable palm oil.

### Explanation:

The mass balance supply chain model allows everyone within the supply chain to demonstrate their commitment to sustainable palm oil production and to actively promote the trading of RSPO certified palm oil. This stimulates trading of certified product and will encourage industry to set up segregated supply chains and reach a mainstream level of sustainable palm oil trade. The mass balance system allows for mixing of RSPO and non-RSPO certified palm oil at any stage in the supply chain provided that overall company quantities are controlled. The mass balance model is constructed in such a way that volumes of RSPO certified product shipped, will never exceed volumes received by the end user.



### Supply Chain Requirements:

The basis of the supply chain requirements for mass balance will consist of reconciliation between quantity of RSPO material bought and the quantity of RSPO material sold. This includes control of purchases and sales of RSPO certified palm oil and its derivatives which will be independently verified. There will be no requirements for separate storing or controls in the production process.

### Market Claim:

"Supports the production of RSPO Certified Sustainable Palm Oil" (See for more information RSPO Guidelines on Communication and Claims)

### Benefits and Limitations

Level of traceability: 🟡🟡🟡🟡🟡 Level of claim: 🟡🟡🟡🟡🟡 Implementation costs: \$\$\$\$

- Delivered physical palm oil is likely to not be directly linked with the RSPO certified palm oil at the RSPO certified point of origin.
- Actively engages all supply chain actors to be part of the sustainable palm oil trade as a planned route towards fully segregated supply chains.

- For more information on the mass balance supply chain model contact UTZ CERTIFIED -

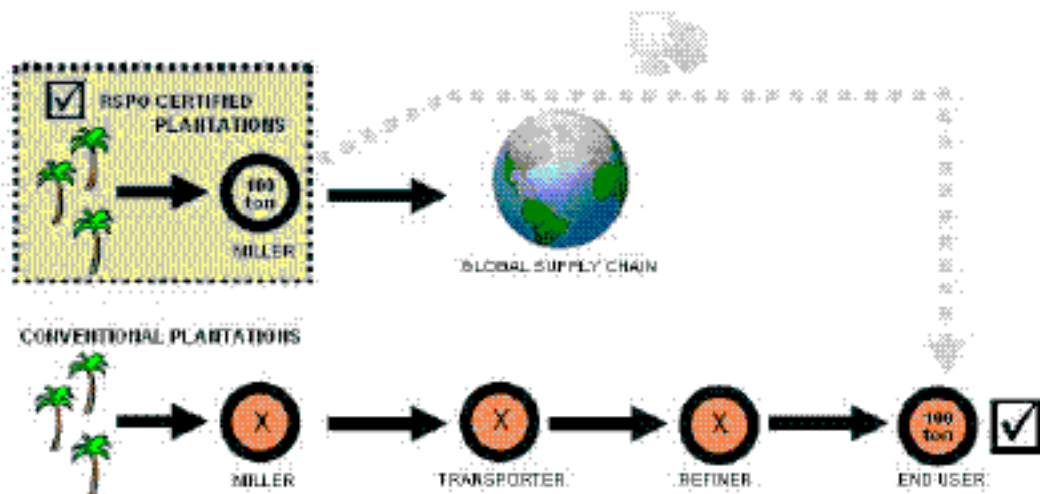
## Annex 5: Book and Claim

### Definition

The Book and Claim supply chain model provides tradable certificates for RSPO certified palm oil to the palm oil supply base. The supply base may then offer these certificates on a web based transaction system to end users who choose to support specific volumes of RSPO certified palm oil and or their derivatives.

### Explanation:

The book and claim system allows for the transfer of RSPO certified palm oil volume credits from the mill and its supply base to the end user independently of the physical supply chain. The end user buys an equivalent amount of volume credits to the oil they buy in from their existing physical supply chain. The RSPO certified mill sells an equivalent volume of Crude Palm Oil, to the volume credits received, into their existing supply chain as conventional CPO.



### Supply Chain Requirements:

Volume credits can only be introduced into the system by RSPO certified mills and their supply base up to the annual output of the certification unit. Volume credits are traded electronically directly to end users so there are only traceability requirements for the end product-manufacturer. These requirements are designed to ensure that all palm oil and/or its derivatives that are claimed to be sustainable under this supply chain model are indeed covered by sustainable certificates.

### Market Claim:

"Supports the production of RSPO Certified Sustainable Palm Oil" (See for more information RSPO Guidelines on Communication and Claims)

### Benefits and Limitations:

Level of traceability: 🟡🟢🟢🟢🟢 Level of claim: 🟡🟢🟢🟢🟢 Implementation costs: \$\$\$\$\$

- Delivered physical palm oil is not linked to the RSPO certified sustainable certificate.
- Costs for this model may be the lowest as it uses the existing industry supply chain model.
- Directly connects RSPO certified sustainable producers to end users of palm oil, without the involvement of the entire supply chain.

- For more information on the Book and Claim supply chain model contact GreenPalm -

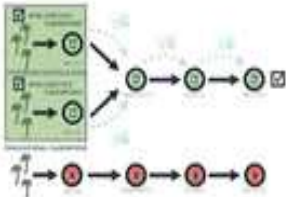
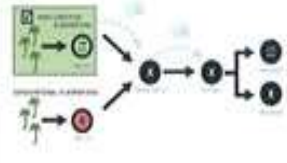
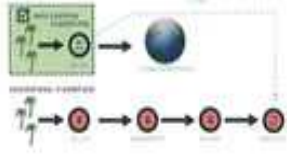
# RSPO Supply Chain Systems Overview

September 2009

## RSPO

Roundtable on Sustainable Palm Oil

Palm oil or palm oil derivatives certified by the Roundtable on Sustainable Palm Oil (RSPO) can be purchased through three supply chain systems: 'Segregated', 'Mass Balance' and 'Book and Claim'. Each of these systems comes with its own advantages, requirements and pre-approved consumer claim. The three systems ensure that market claims about the production and use of sustainable palm oil remain transparent and accurate. Following is a brief overview; more detailed information is available in subsequent fact sheets. Full guidance is also available online at [www.rspo.eu/market](http://www.rspo.eu/market).

RSPO SUPPLY CHAIN SYSTEMS		
1. 'Segregated'	2. 'Mass Balance'	3. 'Book and Claim'
<p>Certified palm oil is kept apart throughout the supply chain.</p> 	<p>Certified palm oil is mixed in with conventional palm oil but monitored administratively.</p> 	<p>Certified palm oil is not kept apart; Suppliers sell certificates to users; Claimed volumes are matched.</p> 
PRE-APPROVED MARKET CLAIMS (see "RSPO Guidelines on Communication & Claims")		
This product contains (only...%) RSPO-certified sustainable palm oil	This product/brand/company advances (or equivalent) the production of RSPO-certified sustainable palm oil (equivalent to ...% of the palm oil utilised)	This product/brand/company advances (or equivalent) the production of RSPO-certified sustainable palm oil (equivalent to ...% of the palm oil utilised)
REQUIREMENTS (See "RSPO Supply Chain Certification Systems")		
<ul style="list-style-type: none"> <li>All operators in the chain need to be RSPO members (except subcontractors)</li> <li>All processors in the chain need to be RSPO- supply chain certified (except subcontractors)</li> <li>Up to final refinery, owners report all shipments and deliveries to the UTZ online monitoring system</li> </ul>	<ul style="list-style-type: none"> <li>All operators in the chain need to be RSPO members (except subcontractors)</li> <li>All processors in the chain need to be RSPO- supply chain certified (except subcontractors)</li> <li>Up to final refinery, owners report all shipments and deliveries to the UTZ online monitoring system</li> </ul>	<ul style="list-style-type: none"> <li>Certificate purchases through online GreenPalm system</li> <li>Claimed oil volumes cannot exceed certificates obtained</li> <li>One in ten end-users is independently audited</li> </ul>
ADDED COST		
<ul style="list-style-type: none"> <li>RSPO membership:               <ul style="list-style-type: none"> <li>&lt; 500 MT/yr: € 100</li> <li>&gt; 500 MT/yr: € 2000</li> </ul> </li> <li>Supply chain certification (one audit/year)</li> <li>CSPO premium including               <ul style="list-style-type: none"> <li>- \$3/MT administrative costs</li> <li>- \$1/MT contribution to RSPO</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>RSPO membership:               <ul style="list-style-type: none"> <li>&lt; 500 MT/yr: € 100</li> <li>&gt; 500 MT/yr: € 2000</li> </ul> </li> <li>Supply chain certification (one audit/year)</li> <li>CSPO premium including               <ul style="list-style-type: none"> <li>- \$3/MT administrative costs</li> <li>- \$1/MT contribution to RSPO</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>GreenPalm membership: \$500/yr -or- RSPO membership</li> <li>Claim validation audit/year (one in ten end-users)</li> <li>Certificates purchase price including               <ul style="list-style-type: none"> <li>- \$3/MT administrative costs</li> <li>- \$1/MT contribution to RSPO</li> </ul> </li> </ul>
MORE INFORMATION ON TRADING		
<p><a href="http://www.utzcertified.org">www.utzcertified.org</a>  <a href="mailto:palmoil.support@utzcertified.org">palmoil.support@utzcertified.org</a>            +31 20 530 8000/Bas Geerts</p> <p>Protocol on RSPO Supply chain certification systems: <a href="http://www.rspo.org">www.rspo.org</a> (Key Documents)</p>	<p><a href="http://www.utzcertified.org">www.utzcertified.org</a>  <a href="mailto:palmoil.support@utzcertified.org">palmoil.support@utzcertified.org</a>            +31-20-530-8000/Bas Geerts</p> <p>Protocol on RSPO Supply chain certification systems: <a href="http://www.rspo.org">www.rspo.org</a> (Key Documents)</p>	<p><a href="http://www.greenpalm.org">www.greenpalm.org</a>  <a href="mailto:Bob.Norman@greenpalm.org">Bob.Norman@greenpalm.org</a>            +44-1482-332-013/Bob Norman</p>

**THREE CRITERIA FOR CHOOSING THE BEST RSPO SUPPLY CHAIN SYSTEM FOR YOUR COMPANY:**

**1. Your market claim**

Does your company want to claim the physical presence of RSPO-certified palm oil in a particular product?

- yes: use the 'Segregation' system
- no: use either the 'Mass Balance' or 'Book and Claim' system

**2. Your added cost**

Purchases through the 'Segregation' system will generally carry the highest extra cost (because of segregation and physical tracking). 'Book and Claim' will generally carry the lowest extra cost. 'Mass Balance' will usually fall in between the two.

**3. Your company sustainability policy**

Does your company want to contribute to building a physical flow of RSPO-certified sustainable palm oil to your local market?

- yes: use either 'Segregated' or 'Mass Balance'
- no: use 'Book and Claim'

