

## Responsible Palm Oil Sourcing Policy

With the mission set forth in the Fuji Oil Group Management Philosophy and outlined below, the Fuji Oil Group seeks to contribute to society through business activities and encourage sustainable development while communicating with all of our stakeholders.

### <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 should be environmentally, socially and economically sustainable. Palm oil is the most widely used vegetable oil in the world and is an important raw material for our business. We work with a wide range of suppliers and seek to build long-lasting relationships with those that have sustainable management practices.

Fuji Oil Group is committed to sourcing responsibly produced palm oil from suppliers that respect people and the environment across their operations. Our Responsible Palm Oil Sourcing Policy applies to all of our suppliers at the company group level, representing all of the palm and palm kernel oil, and palm-based ingredients that we buy, trade, process and sell worldwide.

## RSPO

Fuji Oil Group has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2004, and remains committed to purchasing and providing certified oils according to customer request.

## Key Commitments

Fuji Oil Group commits to sourcing palm oil that has been produced according to the following criteria:

- No deforestation of High Conservation Value (HCV)<sup>1</sup> or High Carbon Stock (HCS)<sup>2</sup> areas;
- No new development on peat lands<sup>3</sup>, regardless of depth, and the use of best management practices for existing palm oil plantations on peat soils<sup>4</sup>;
- No fire used for preparation or clearing of land areas;
- No Exploitation of Indigenous Peoples, communities, and workers (including contract, temporary and migrant workers)<sup>5</sup>;
- Progressive reduction of greenhouse gas emissions on existing operations;
- Compliance with all applicable local, national, and international laws and regulations.

## No Exploitation

Fuji Oil Group's policy of No Exploitation is based on ILO Conventions and Recommendations<sup>6</sup>, and requires that its suppliers adhere to the following criteria:

- Prohibit child labor, forced and/or bonded labor;
- Compensate workers in accordance with all applicable laws and regulations—including those pertaining to minimum wage, overtime, maximum hours, benefits and leave;

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<sup>1</sup> High Conservation Value (HCV) as defined by the HCV network:

[www.hcvnetwork.org/about-hcvf/the-six-high-conservation-values](http://www.hcvnetwork.org/about-hcvf/the-six-high-conservation-values).

<sup>2</sup> High Carbon Stock (HCS) forests as defined by the HCS Steering Group: <http://highcarbonstock.org>.

<sup>3</sup> Peat lands defined as containing over 65 percent organic matter.

<sup>4</sup> Best management practices as detailed by the "RSPO Manual on Best Management Practices (BMPs) for existing oil palm cultivation on peat."

<sup>5</sup> Suppliers should uphold the tenets of the Universal Declaration on Human Rights, UN Declaration on the Rights of Indigenous Peoples, and the International Labor Organization (ILO) Core Conventions.

<sup>6</sup> The full list of up-to-date ILO Conventions and Recommendations can be found at <http://www.ilo.org/dyn/normlex/en/f?p=1000:12020:0::NO::>.

- Prohibit any violation of human rights, including discrimination, harassment, and inhumane treatment in employment or occupation;
- Ensure a safe and healthy work environment for all workers, including safe, clean, and adequate housing (where applicable)<sup>7</sup>;
- Respect worker's rights to freedom of association and to collective bargaining. Where the right to freedom of association and collective bargaining are restricted under law, parallel means of independent and free association and bargaining should be made available to employees;
- Prevent and prohibit corruption, including extortion and bribery;
- Use ethical recruitment practices, in which recruitment processes are documented and transparent, and costs charged to the workers are transparent, justified and legal;
- Provide contracts to all workers in a language that can be easily understood by the workers;
- Provide safe work procedures and appropriate personal protective equipment to prevent chemical exposure, and eliminate worker exposure to harmful chemical, biological and physical agents<sup>8</sup>;
- Progressively eliminate the use of Paraquat dichloride, and actively seek alternatives that are safer both for people and the environment;
- Respect land tenure rights and the rights of indigenous and local communities to give or withhold their Free, Prior and Informed Consent (FPIC) to operations on lands to which they hold legal, communal or customary rights<sup>9</sup>;

In addition, Fuji Oil Group will work with our suppliers to facilitate the inclusion of small holders into their supply chain.

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<sup>7</sup> Suppliers can follow the guidance of ILO No. 115, 'Workers' Housing Recommendation, 1961': [http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_INSTRUMENT\\_ID:312453](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:312453).

<sup>8</sup> Pesticides characterized by the World Health Organization as Class 1A or 1B.

<sup>9</sup> Stakeholders should follow the definitions and guidance as laid out in the UN Declaration on the Rights of Indigenous Peoples, as well as the UN FAO's Voluntary Guidelines on the Responsible Governance of Tenure.

### Traceability

We will engage with our suppliers to achieve traceability to the mill level in order to prioritize supply chain actors for targeted engagement. We will work to achieve traceability to the plantation level as part of the process of engaging our suppliers to improve practices and verify no deforestation, no development on peat lands and no burning and no exploitation of Indigenous Peoples, workers, and local communities.

### Implementation and Transparency

Our policy is effective immediately and we will continue to collaborate with suppliers and other relevant stakeholders in order to move toward full implementation of our commitments. The development of time-bound implementation plans will help us to monitor our progress in the fulfillment of our commitments.

Fuji Oil Group's implementation plans will include clear targets for our palm and palm kernel oil supply, which comprise the vast majority of our supply. Due to the complexity of the palm and palm kernel oleochemical derivatives<sup>10</sup> supply chain and the limited amount of derivatives that Fuji Oil Group works with, Fuji Oil Group's implementation plan for derivatives will be over a longer time frame so that we may focus our efforts on quick progress on the largest portion of our supply.

Fuji Oil Group will require its suppliers to establish a credible and accessible grievance mechanism that allows any stakeholder to report grievances associated with the supplier, without fear of recrimination<sup>11</sup>. Suppliers should address existing conflicts and all grievances logged under the Grievance Procedure in a timely manner through a balanced and accessible dispute resolution process, with all investigations and actions taken reported transparently.

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<sup>10</sup> Defined as primary and secondary palm-based oleochemicals and their derivatives, including fatty acids, fatty alcohol, fatty amines, fatty esters, soap, glycerin, methyl esters, and emulsifiers.

<sup>11</sup> Fuji Oil Group will follow the guidance regarding grievance mechanisms from the UN Guiding Principles on Business and Human Rights.

Furthermore, Fuji Oil Group will establish a protocol for working with its suppliers on grievances that arise within their supply bases. Fuji Oil Group will publish an explanation for its protocol for identifying and addressing grievances, and transparently document all actions taken with suppliers to resolve the grievances. If any particular grievance is raised through the RSPO Grievance Panel, then we will follow the RSPO process.

In the event of non-compliance with our requirements, we will work with suppliers to create a corrective action plan with time-bound commitments. Suppliers failing to reasonably meet our remediation requirements will be subject to sanction up to and including non-renewal or termination of contracts. In addition, the commitment criteria will be included in the Fuji Oil Group supplier selection process going forward, allowing new suppliers a reasonable time frame to meet the criteria. We will report on our progress twice a year.

President and CEO



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