

---

# Global Review

The Ajinomoto Group's Integrated Report 2019 and Sustainability Data Book 2019 has been reviewed by representatives of important stakeholder groups in the Americas, Europe, and Asia. The Ajinomoto Group will use their input to help shape its future sustainability initiatives as a "Genuine Global Specialty Company."

## Perspective from Europe

---

### Optimized reporting information format

The Ajinomoto Group's reporting information format for 2019 has evolved tremendously, starting with the Integrated Report. The Group's Integrated Report is a credible account of how the Group creates blended social and financial value (ASV). This is an established Ajinomoto Group strategy and this report is consistent with its approach in prior years, building and evolving the framework. Endorsements of the ASV approach by senior Board and Executive leadership give confidence that the Group is working in an aligned way, with an embedded approach to business that is built on sustainable principles. In this respect, the report is a solid reflection of integrated strategy, and includes enough sustainability content with references to the Sustainability Data Book ("SDB") and takes effective actions to provide a broad range of stakeholders with information required to make decisions.

The SDB augments Ajinomoto Group disclosures to present a full picture of Ajinomoto Group's sustainability performance. Together with the Integrated Report and web-based disclosures, the Group provides different formats and scope of disclosure for different stakeholders starting from an aligned company position. So many companies produce sustainability reports and fail to even mention sustainability in annual financial disclosures. The

fact that Ajinomoto Group presents its strategy and disclosures in a consistent way across all platforms helps stakeholders believe that it is genuine strategic corporate practice and not "lip-service" or "PR."

The SDB until previous year has always been comprehensive and has always included

substantial contextual information, detail and data. However, the 2019 edition pulls together the strategy, material focus and topical information in a much clearer and more aligned way, while retaining the style, tone and feel of Ajinomoto Group's brand and corporate image. There is also a clearer linkage between the business foundation and the sustainable development topics, shown in the new list of materiality items. At the same time, there is a clearer separation of topics and avoidance of duplication via the Integrated Report and the SDB, with storytelling aspects being part of the Integrated Report, allowing the SDB for focus more on specific sustainability performance.



**Elaine Cohen**

Founder and CEO  
Beyond Business Ltd.  
[www.b-yond.biz](http://www.b-yond.biz)

---

### The core of building credibility, the consistency for long-term reporting

The continuity and consistency of Ajinomoto Group's reporting over 20 years or so is a strong trust-builder, as I have mentioned every year. Reporting consistency is core to building trust as it demonstrates Ajinomoto Group's proven commitment to transparency builds credibility.

Ajinomoto Group's efforts to align more closely with the GRI framework, including early adoption of the new GRI Standards for Water and Occupational Health and Safety, are impressive. Overall, this SDB is a noticeably stronger GRI disclosure.

References to climate change with new disclosures and scenario analysis in line with TCFD recommendations, and a new corporate tax disclosure, are also noticeable. All of this has been managed in a demonstrably shorter report that is easier to navigate. Another positive element is the highlighting of current year topics that are included in the Integrated Report 2019. This is a good way to avoid duplication, retain focus and provide the reader with both the big and the detailed picture.

---

### New materiality that shows the relationship between business performance and social impact

Ajinomoto Group's new materiality items are concise, clear and relevant as part of the Group's overall strategy. Their connection to both business and social outcomes are well demonstrated. Several items have been adapted as broader issues that cover multiple similar elements. For example, addressing health and nutritional issues was previously three items: undernutrition, overnutrition and elderly nutrition. I think it makes much more sense to combine such issues in the same item as they clearly have underlying common elements. Additionally, the presentation is in a list style, not a matrix. This makes it very clear that all these impacts must be addressed with equal importance in order to achieve Ajinomoto Group's overarching goals. I believe the inclusion

of business foundation items is positive and helps remind us that sustainable development is both a business and a social/environmental need. "Preparing for intense global competition" through innovation and collaboration represent important business impacts both for business success and for social advancement. As mentioned, materiality items have been transformed in 2019, both in terms of their specific focus areas and their presentation. The description of the materiality revision process, however, is limited. Given such fundamental change, Ajinomoto Group could gain greater credibility by providing a more detailed discussion of the newly selected topics as well as those that are no longer material.

---

### Visualizing the impact of social value and disclosing cutting-edge information

The Ajinomoto Group's framework which is composed of three pillars, such as Health and Well-being, Food Resources and Global Sustainability shows long term commitment. It is well constructed and highlighting the areas in which Ajinomoto Group can make a unique contribution. Health and Well-being, Food Resources and Global Sustainability form a robust strategy that enables Ajinomoto Group to describe its impacts in a compelling way. In each of the core pillars, Ajinomoto Group describes the relevant social and environmental context as well as its own performance and goals. In the future, there is an opportunity for Ajinomoto Group to further articulate its contribution to sustainable development with an impact analysis of the less tangible areas of social

value. Ajinomoto Group's premise is product sales is evidence of changes in consumer lifestyles and other social benefits. Some research linking this assumption to actual impacts in society would strengthen Ajinomoto Group's value proposition. Using simple methodologies, it would be possible to test the theory by developing data-based outcomes scientifically linking the use of a certain product with the desired outcome such as more free time, improved well-being, etc. This would not only add confidence that Ajinomoto Group is working on the right things and making a difference, it would be the leading edge company in terms of social impact measurement and disclosure.

### Introduction

The Ajinomoto Group's 2019 Sustainability Data Book ("SDB") demonstrates some welcome progression in the Group's approach to understanding and integrating sustainability as a strategic priority. It also presents a series of emerging risks and opportunities and the potential to drive business growth.

### Ajinomoto Group in the global context

As a global company with a global value chain, the 2019 SDB demonstrates a further evolution in the Group's approach to recognising and responding to global trends and challenges.

This is reflected positively in the Group's revised approach to materiality. Structured according to a number of "macro focus" topics related to or reflecting global mega trends through which 4 strategic themes with 11 associated materiality items are derived, the 2019 SDB presents a clear picture of important sustainability focus areas, cross referenced with relevant UN Sustainable Development Goals (SDGs).

This revised approach reflects a clear understanding that a changing world will give rise to new challenges and requires meaningful business responses. While the SDB presents a relatively coherent and accessible narrative to readers, it is unclear which best practice guidance or standards have been used to underpin its structure and disclosure

### Operationalising sustainable innovation

As a Group which produces many of its products using fermentation, an effective and relatively regenerative technology, Ajinomoto Group is well placed to be responding to some of the world's food challenges. In addition its use of alternative raw materials (e.g. bagasse rather than sugar cane derived sugar) is also positive. However, the Group also has the opportunity to be further driving the sustainability of its raw material sourcing, and its approach to ensuring high social and environmental standards in the supply chain.

Areas of opportunity in raw material sustainability lie in the development of a more comprehensive approach to ensuring adoption of recognised standards of sustainable

approach.

There remain other opportunities for the Group to further evolve its approach, most significantly through establishing and driving more ambitious performance goals for some key material issues. The past few years have seen the necessary recognition that companies need to clearly engage and align their sustainability performance with global best practice and scientific consensus. Initiatives such as the Zero Deforestation Pledge and Science Based Targets are gathering corporate support for performance which is more likely to align to the limits of our precious and pressurised world. The Ajinomoto Group should seriously consider adopting such targets for their performance, especially as the Group is a signatory to the Science Based Targets initiative.



**Joss Tantram**

Partner, Terrafiniti

## Global Review

---

Perspective from Europe

---

### Conclusion

The Ajinomoto Group is a global company which has placed itself at the heart of responding to and solving global challenges. In many cases, the 2019 SDB justifies this ambition. However there remain several areas where either ambition has outstripped action, or where the Group has more to do to justify its aspirations.

One critical area which illustrates this point of lagging behind ambition is the goal of achieving 100% sustainable palm oil, where to date only 25% has been reached. Conversely, the Group could afford to be more ambitious in its goals for the

use of renewable energy, especially if it seeks alignment with the world's corporate leaders.

The 2019 SDB shows a company in transition, engaging with and tackling global challenges, and in many cases demonstrating the approach and ability to deliver its mission to “contribute to the world’s food and wellness, and to better lives for the future.” The next steps in the journey will require a focus on making sure that performance targets are ambitious, comprehensive and delivered - action to match the ambition.

---

### About this statement

This statement provides an external perspective on the Ajinomoto Group Sustainability Data Book 2019. It was commissioned by Ajinomoto Co., Inc. from Joss Tantram of Terrafiniti and constitutes a third-party opinion. It is

not intended to represent a statement of assurance or verification of any kind, but is an opinion derived from a review and assessment of the report.

### Perspective from the Americas

---

#### Reporting approach

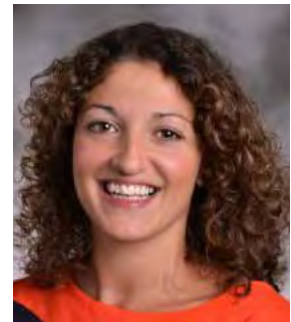
Overall, Ajinomoto Group's 2019 reporting is an improvement over last year's in terms of usability and transparency. The new materiality items in combination with GRI alignment has allowed for increased standardization of data and information, which benefits the presentation of the information greatly, and makes it easier to read. I would like to see reference to SASB disclosures in the future. Providing supplemental information in between annual sustainability reports - as was done in May 2019 regarding plastics - is a nice way to provide timely information to stakeholders on progress updates.

While this kind of evidence of programmatic momentum and forward-looking spirit is positive, I think more work needs to be done to convey the essence of the Group's long-term strategy. Scenario analysis was performed using year 2100 assumptions, while the Ajinomoto Group's targets for material topics related to 'Food resources' and 'Global sustainability' vary between 2020, 2025, and 2030, and targets for topics in the 'Health and Well-being' and 'Business Foundation' themes are limited to the 2020 year. Anchoring the long-term strategy in 2030- and 2050-year targets across the board would help.

Perhaps the Group's mission "to contribute to the world's food and wellness, and to better lives for the future" should be used as a lens to formulate 2030 and 2050 goals. In

other words, objectives and performance targets against this mission should be developed and integrated into medium- and long-term goals. Closer alignment with the SDG indicators could solidify the connection to broader societal issues and support the Group's efforts to set 2030 targets. The <IR> Framework for integrated reporting could be used to articulate societal value in terms of the Six Capitals.

I was particularly pleased to see the Group's endorsement of the TCFD Recommendations this year, and the results of their initial foray into Scenario Analysis. The catalogue of risks and opportunities for each material item is another step in the right direction towards following the TCFD recommendations. I look forward to further developments of the Scenario Analysis and additional detail on the elements of the TCFD recommendations in the next iterations of Ajinomoto Group's integrated strategy.



**Celine Ruben-Salama**

Principal, FOR THE LONG-TERM, LLC  
Lecturer and Faculty Advisor,  
M.S. Sustainability Management  
Program, Columbia University

#### Means of communication and cross references

Since last year, much work has been done to strengthen the links between the Integrated Report, Sustainability Data Book ("SDB"), and other publications, resulting in improved readability and navigation between the documents. The new dashboard for environmental metrics - available in Appendix 1 of the SDB 2019, and also in PDF and Excel formats - demonstrate transparency.

This year, I was happy to see the Overview of the Means of Communication prominently outlined on the inside cover of the Integrated Report 2019 which facilitates finding

the full set of ESG/Sustainability information. Another nice development is the alignment of the SDB 2019 with the GRI Standard. In my opinion, the GRI Standard Content Index is the best map to the Group's suite of sustainability-related documents, with its embedded links and page references clearly grouped in one single place. I would suggest adding references to annual CDP Reports for additional detail on Climate Change, Water Security and Forests issues.

#### Integrated Report 2019

While the Integrated Report 2019 focuses on the business and financial value creation, I feel that the right level of detail regarding the social value creation model is included. At the very beginning of the Integrated Report 2019, the section 'The Ajinomoto Group Now' gives a good overview of the various business divisions sales and profitability which is

helpful for readers wanting to understand the sustainability context of the business. An excellent overview of the ASV, Materiality Items, as well as the related risks and opportunities, key initiatives, and 2020 targets follows. Societal Value performance data is presented at the end of the report side by side with financial data as well as

## Global Review

---

Perspective from the Americas

some highlights around the materiality items: 'Sustainable Materials Sourcing' 'Response to Climate Change' and 'Contributing to the Circular Economy'. For next year's report, I'm looking forward to seeing how

the next Medium-term Management Plan develops, as well as further articulation of the long-term plan including additional targets and metrics.

---

### Sustainability Data Book 2019

The level of the ESG/sustainability information presented in the SDB 2019 is extremely exhaustive, which of course presents communication challenges. The 2019 framework and composition of the SDB are a huge improvement over last year in terms of organization. Now the streamlined 11 materiality items act as an organizing principle. This works very well and contributes to the ease of use of the SDB 2019 itself, as well as the other accompanying sustainability documents. In-text GRI notations have been added, and initiatives reported on in the Ajinomoto Group's Integrated Report are marked in red, which helps readers cross reference the information between the two reports. Throughout the SDB 2019 the way of writing is brief and to the point, using graphs, charts, tables and iconography helps to pack in a lot of information. Each of the four thematic sections of the report – 'Health and Well-being' 'Food Resources' 'Global Sustainability' and 'Business Foundation' - follows roughly the same format, now beginning with an overview of each theme, SDG icons, and a table outlining specific examples,

opportunities and risks, as well as key initiatives for each of the priority ESG items. For the most part, the specific examples listed in this table correspond to the subsections in each section of the report. However, this is not always the case, which is an area of improvement for next year. Next each section covers: 'Targets' 'Approach' 'Frameworks' and 'Performance' for the various initiatives. The level of supporting data varies however, with some sections reporting detailed metrics and others reporting none. The grey sidebars for GRI notations, page numbers, and cross-references to further information in other documents works well too. Not enough companies provide this level of transparency in my opinion. Although, color coding for the various sections was used last year, the visual format and layout of the SDB 2019 are improved. I also liked that the case studies were included in-text as opposed to in a separate document like last year.

---

### Sustainability Data Book components: Health and Well-being

In the 'Health and Well-being' theme, targets and metrics remained the same as last year, but only cover the 'Contribution to Health and Nutritional Issues' topic. Progress is being made towards 2020 targets, but a big push in 2019 and 2020 will be needed to achieve them. To me, the target to increase volume of meat consumption through the Group's products still seems a bit out of tune with the current zeitgeist and at odds with climate-related targets. Perhaps it is really protein that is meant here, rather than meat? Additional context would be helpful. The supply chain approach to 'Assurance and Product Safety' is compelling. Performance metrics are interspersed within the text. For example, 60 out of 82 Group companies

have acquired ISO 9001 certification. I would like to see this metrics more clearly presented in the future in tables showing year-on-year trends towards quantitative, timebound targets. Interestingly, sections on 'Customer feedback' and 'Customer satisfaction' are included in the discussion around 'Assurance and Product Safety,' evidencing a 360-degree evaluation style. Regarding the topic 'Contribution to Health and Nutritional Issues,' performance is mainly anecdotal – metrics should be developed in line with the SDGs. Is this not the overall mission of Ajinomoto Group? To improve credibility, reporting on this topic needs to be bolstered significantly.

---

### Sustainability Data Book components: Food Resources

This year, I was happy to see 'Food Resources' separated from the 'Global Sustainability' theme, making it more streamlined and easier to grasp quickly. Targets and metrics remained the same as last year, with a strong focus on the 'Food Resources' topic. High-level, medium-term goals

and progress are presented, as well as detailed metrics for the areas of palm oil and paper procurement. While I congratulate the Group on excellent performance in the areas of sustainable palm oil and paper procurement (100%), I would like to see more detail on the chain of

## Global Review

Perspective from the Americas

custody and how compliance is being tracked. Missing was a discussion of bio-plastics procurement or production, which I thought would fit into the section on 'Sustainable Materials Sourcing.' While interesting, much of the performance for other areas such as, sustainable agriculture and land use, high-performance fertilizers, conservation, biodiversity, and supplier initiatives is anecdotal - metrics should be developed.

Details and metrics on the 'Reduction of Food Loss and

Waste' topic are largely lacking. The discussion on this topic feels like an after-thought compared to the depth of the 'Food Resources' topic. Further, performance towards the 2025 target to reduce upstream and in-house food waste by 50% was regressive this year with a 28% increase in food loss. In the future, I'd expect to see increased focus on this important area and progress towards improvement.

---

### Sustainability Data Book components: Global Sustainability

The 'Global Sustainability' theme covers: 'Climate Change Adaptation and Mitigation' 'Contribution to a Circular Economy' 'Conservation of Water Resources' and 'Environmental Management'. The Ajinomoto Group's Environmental Impact Assessment Input/Output model now appears in the beginning of the 'Global Sustainability' theme, just after the performance targets. This helps frame the narrative for this section and provide a contextual overview of the environmental impacts. However, a brief narrative to accompany the chart and figures would be a helpful supplement.

The 2030 vision for zero plastic waste volume is a new ambitious addition to the 'Global Sustainability' targets and an elaboration on the section on 'Zero Waste and the 3Rs' from last year's report has been reformulated as 'Contributions to a Circular Economy.' Detailed waste metrics are also presented in the 2019 report, in line with the GRI standards.

Otherwise, targets remained similar to previous years with a few interesting variances. 2018 progress towards the fluorocarbon elimination target was not reported in this year's report, making it difficult to gauge progress on this metric. Conversely, the GHG reduction and water target performance charts now express in terms of reduction

rate of GHG volume/water usage vs. emission intensity/production volume unit, makes it easier to gauge performance toward the 2030 targets. While these normalized targets are ambitious, I'd like to see absolute targets – especially an SBT for GHG emissions. Further, while the section on Eco-label: Aji-na Eco and Hotto-suru Eco displays the number of products labeled, I would be interesting to know what percentage of the overall portfolio these figures represent.

Another positive, new addition to this section is the 'Environmental Management' section that consolidates information on the Group's management framework, including ISO 14001 certifications, assessments and audits, response to environmental laws and accidents, education. Perhaps this section should appear just after the impact assessment at the beginning of the section on 'Global Sustainability' though.

I was happy to see the endorsement of the TCFD Recommendations and evidence that the Group is making strides in following them, such as a first foray into Scenario Analysis. In future reporting I look forward to more detailed scenario analysis for various product lines and at different timescales.

---

### Sustainability Data Book components: Business Foundation

The section on 'Business Foundation' is accompanied by an exemplary set of metrics dashboards, that now appears in the SDB 2019 Appendix 2 and can also be downloaded separately as a PDF or in Excel format. The breath of issues, policies, processes, and programs covered is very extensive and nicely organized in terms of 'Diverse Talent' 'Strong Corporate Governance' and 'Preparation for Intense Global Competition.'

Discussions on corruption prevention, fair business practices, appropriate competitive behavior, and proper use and management of intellectual property, now appear in the 'Business Foundation' theme, as opposed to in the 'Food

Resources and Global Sustainability' theme, which makes more sense as an organizing principle.

Business Foundation targets and metrics are the same as last year, and solid progress is being made in certain areas. The 2020 target for average annual working hours was achieved in 2018, two years early! In 2018, the ratio of locally hired overseas executives declined, but the ratio of female managers increased to - 23% exceeding the 2020 target. In the future, I'd like to see more targets around the topics of 'Strong Corporate Governance' and 'Preparation for Intense Global Competition.'

### Perspective from Asia

---

#### Disclosure on sustainability in general

While this is the first time for me to review the Ajinomoto Group's reports, I have read hundreds of others in different capacities for various projects in the past. The disclosure of sustainability-related issues of Ajinomoto Group such as the Integrated Report and the Sustainability Data Book, and on the website, is as nearly exhaustive as I have seen anywhere.

Exhaustive can be good, but it can also raise questions. For example, the Report describes a half-dozen non-financial targets such as better nutrition, more eating together, smart cooking, and so on. Social issues are always challenging to measure, but one that seems particularly chancy is "more eating together." There may well be a creative angle upon which to quantify this claim, but if so, it is not intuitive. Try as the Data Book might, many will still question the validity of such a claim.

There are many more positives to detailed coverage than negatives, because thoroughness conveys the impression that the Ajinomoto Group is being forthright, as I'm sure is the case. But my guess is that even the Group devotee will find herself overwhelmed by the avalanche of data contained in the Data Book. That said, introductory one-page summaries for each of the four categories makes reading it more straightforward than might be expected for this much bulk.

Regarding the disclosure of sustainability-related issues on Ajinomoto Group's website, Integrated Report and Sustainability Data Book, the coverage cannot be faulted assuming the reader wants a very detailed look at Ajinomoto Group's inner workings. A disadvantage of presenting so much data is that it can be easy to get lost in the details

and overlook major trends along the way.

Whatever questions you may have about the Group's intangibles assets, the chances are that you will find the answers in either the Integrated Report, the accompanying Data Book, or the Ajinomoto Group's website. What needs improvement is that you might have to go to all three before you will find the information you're looking for. The three resources are not that well coordinated and have few hotlinks to assist. (The Data Book is organized around their material items but searching remains a challenge. Ajinomoto Group has, however created hotlinks from the GRI index to all their reports, including financials which can be very handy.)

And even if you do go to all three, your search won't be easy because the hard copy of the Integrated Report fairly screams for both an index and a glossary. The online format does have a glossary, but even there, the terms are for the most part narrowly food-related, so "MTP," "DINK," and "DEWK" don't show up. Obviously if you're reading in pdf format, you can find any terms you want. Not so for hard copies. Personally, I'm no fan of hard copies, but if your readers must have them, then they need to be useful: Ajinomoto Group should prepare indexes.



**Alex Mavro**

Senior Advisor to the Sasin  
Sustainability & Entrepreneurship  
Center, Chulalongkorn University



## Global Review

---

Perspective from Asia

---

### Room for improvement on Integrated Report

As for the Integrated Report, on the whole the presentation is crisp. I liked the Q&A format for the President, who answered questions in the conversational, understandable style that characterizes the whole report. Well done.

On the other hand, I saw no explanation concerning the whys or wherefores of the involvement of stakeholders in anything except investor briefings. Some may consider this to be engaging a specific stakeholder group (the investors) but given that the meetings are one-way information exchanges, I would not characterize such an encounter as engaging them.

Nor did I come across a record of how the materiality conversations developed, or whether participants understood systems thinking well enough to grasp the interconnectivity of values, stakeholders, and the systems themselves. The Ajinomoto Group selection of materiality items did appear reasonable, but if the Group is to break out and rise from good to superb work, then they will need to invest time in capacity building.

They have already done a lot. Now that there are systems in

place to routinely capture the indicators needed, it is only a matter of fine-tuning the output.

I thought the Integrated Report showed a fair command of targets. Adjusting to an asset-light management style; organizing industry-wide logistics cooperation for greater efficiency, all around; and focusing on Ajinomoto Group's core brands, perhaps knifing the non-performers. There was discussion about responding to the need for quicker, more diverse food offerings; a push to energize the online marketing channel; and a suggestion to reduce costs by consolidating several of the manufacturing elements.

The final chapter of the Integrated Report—“The Management Foundation Supporting ASV (Ajinomoto Group Creating Shared Value)” —beginning on page 47 summarized everything a discerning observer of the sustainability imperative needs to know. I recommend move that section to the beginning of the Report, to either just before or just after the President's interview. Either there, or anywhere other than where it is now, looking like an afterthought or an appendix.

---

### Sustainability Data Book

The Sustainability Data Book, as I have intimated, is to be applauded for its detailed coverage of everything imaginable. If there are two or three important messages to be extracted from its entries, it would be helpful to do

so on behalf of the reader. Otherwise some might be left wondering how much light the reports really do shed on the organization and its activities.

---

### Conclusion

I can say that, not having had the opportunity to read previous years' reports, because this one appears so complete. But it leaves me wanting more—more of an understanding of the character of the company, to be exact.

For when a company is described as having something for everyone, my experience tells me that the company may not stand for anything at all.