

Response to Climate Change

Endorsement of the TCFD Recommendations

The Ajinomoto Group views climate change at the management level as both a risk and an opportunity. To track and improve the Group's environmental performance, the Management Risk Committee and Environmental Committee under the Executive Committee monitor the Group's progress toward attaining target indicators and consider necessary measures.

In May 2019, the Group endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board*. The Group follows the international framework in fortifying its governance systems and reflecting climate-related risks and opportunities in its business strategies.

*International organization of representatives of central banks, financial supervisory agencies, and finance ministries

Scenario Analysis for Southeast Asia

The Group's business domain of products ranges from seasonings and coffee to frozen foods and its business activities extend into Life Support and Healthcare. The geographic range of its operations spans the globe. Climate change can impact the Group's operations in many ways, such as a major natural disaster halting its business activities, affecting its ability to procure raw materials and fuel, and altering consumption of its products.

In FY2018, the Group conducted a scenario analysis of the potential impact from climate change in Southeast Asia on umami seasoning *AJI-NO-MOTO*®, a core product of the Group. The Group determined that a 2°C rise in the average temperature would have a relatively small impact on the main raw materials and on demand for the product, and therefore would not seriously affect the Group's profit. However, profit would likely be pressured by higher energy costs and increased taxes on carbon accompanying efforts to create a low-carbon society. The findings reconfirmed the need to continue converting to renewable energy sources and increase the Group's corporate resilience.

The Group plans to conduct global scenario analysis for *AJI-NO-MOTO*® in FY2019 and similar analysis for other seasonings and products.

Governance structure related to climate change



▶ For details, please see the Ajinomoto Group Sustainability Data Book 2019.
<https://www.ajinomoto.com/en/activity/>