Contributing to the achievement of the SDGs through ESG initiatives

We aim to contribute to the development of a sustainable society and create economic value through prioritized initiatives targeting adaptation to and mitigation of climate change, the development of a recycling-oriented society, and the achievement of sustainability in procurement, by fiscal 2030.

Identifying ESG issues and defining actions and goals for fiscal 2030

The Ajinomoto Group will work in partnership with society and customers to achieve harmony with communities and the earth across the value chain from production to consumption.

We have identified key ESG issues and set targets for fiscal 2030. We are working steadily to decarbonize our business operations with the aim of halving greenhouse gas emissions by fiscal 2030 relative to the fiscal 2018 level. These efforts will reduce projected future risks based on a TCFD simulation (see p.43) by 8 to 10 billion yen per year. We will also implement actions targeting the reduction of water risk, plastic waste, and food loss and waste, and the sustainable procurement of materials.

Through these activities, the Ajinomoto Group will contribute to the creation of a sustainable society and the achievement of the SDGs.

Main targets relating to coexistence with communities and the earth

ESG issues		Targets	Main measures
Climate change adaptation and mitigation	Greenhouse gas	Greenhouse gas emission reduction rate (vs. FY2018) (total of Scope 1 and 2) FY2025: Reduce by 30% FY2030: Reduce by 50%	• Participation in international initiatives • Energy conservation, use of renewable energy • Contribution to society through new technologies
	Water risk	Water use reduction rate*1 FY2030: Reduce by 80% (vs. FY2005) Recharge rate of drinking water into forest FY2025: 100%+	• Reduction of water used in production • Maintenance of forests as water sources
Create a resource recycling society	Plastic waste	Plastic waste FY2030: Achieve “Zero”	• Reduction: E.g., development of more compact packaging • Recycling: Conversion to mono-material resources Sharing of technologies resulting from industry-government collaboration
	Food loss and waste	Food loss and waste reduction rate*2 (vs. FY2018) FY2025: Reduce by 50%	• Improvement of production process yields • Expansion of effective utilization
Realize sustainable procurement	Deforestation Biodiversity Human rights Animal welfare	Sustainable procurement ratio FY2030: 100% of important materials	• Procurement of sustainable coffee beans, palm oil, paper, soybeans, beef • Procurement based on Group Shared Policy on Better Mutual Relationship with Animals

*1 Percentage reduction per production volume unit *2 From the acceptance of raw materials to delivery to customers

Initiatives against climate change

Reducing greenhouse gas emissions

Climate change is an urgent global issue that could cause serious problems for the business operations of the Ajinomoto Group, including the inability to procure raw materials. At the corporate management level, we see climate change as both a risk and an opportunity. We are working to reduce our environmental footprint throughout the lifecycle of our products.

Total greenhouse gas emissions by the Group in fiscal 2018, the base year for the target, amounted to approximately 2.2 million tons. This includes both Scope 1 emissions resulting directly from our business activities, and indirect Scope 2 emissions. Total lifecycle emissions, including Scope 3 emissions resulting from the use and disposal of our products, transportation, business and commuting travel by employees, investment, and other activities, amount to around 14 million tons. Scope 3 emissions make up over 80% of total emissions.

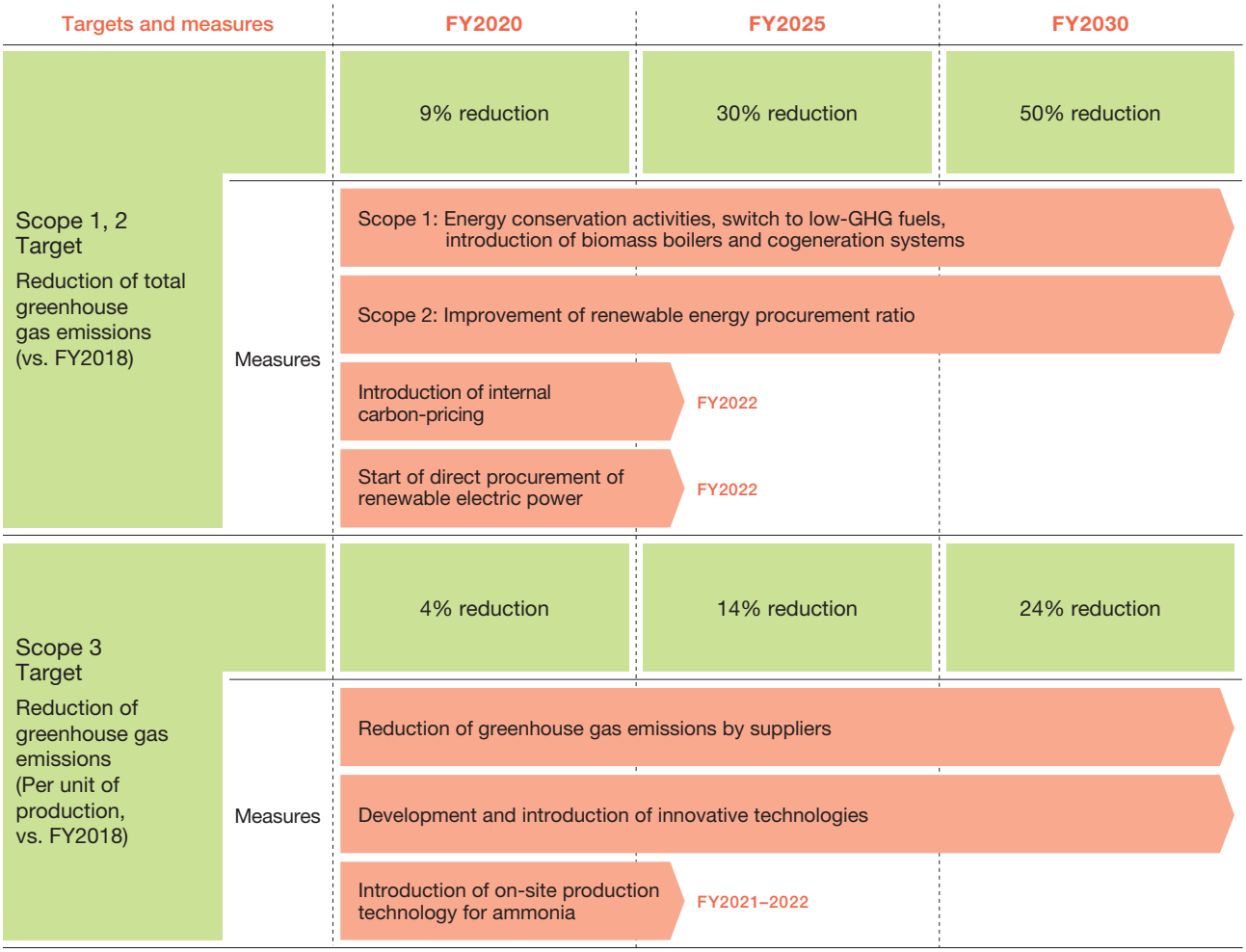
By fiscal 2030, we aim to reduce Scope 1 and Scope 2 emissions by 50% from the fiscal 2018 level. We will achieve this goal by implementing energy conservation activities, switching to fuels with lower greenhouse gas emissions, using renewable energy, such as biomass and solar power, and introducing processes that use less energy.

Our fiscal 2030 target for Scope 3 is to reduce emissions by 24% from the fiscal 2018 level. We will focus in particular on raw materials, which account for approximately 60% of total lifecycle greenhouse gas emissions. In addition to encouraging suppliers to reduce emissions, we are also considering the introduction of new technologies, including on-site production of ammonia*.

* Substantial amounts of energy are used to produce and transport ammonia, which we currently purchase for use in the production of amino acids through fermentation. The Ajinomoto Group is working toward a practical application of a new model that will allow the required quantities of ammonia to be produced in-house using a new catalyst, and is aiming for its commercialization by 2021 or 2022.

For details, please see the Ajinomoto Group Sustainability Data Book 2020.
https://www.ajinomoto.co.jp/company/en/ir/library/databook.html

Roadmap for reducing greenhouse gas emissions



Adoption of the TCFD framework, related initiatives

Ajinomoto Co., Inc. has endorsed the recommendations of the TCFD[*1] established by the Financial Stability Board[*2] and joined the TCFD Consortium[*3] when it was established in May 2019.

We are implementing scenario analysis, including water risk analysis, as recommended in the TCFD Report. Between fiscal 2018 and fiscal 2019 we conducted a scenario analysis of all production sites using the umami seasoning *AJI-NO-MOTO*®, which is one of our flagship products, as a model. The results indicated that a 2°C rise in the average temperature by 2100 would bring a financial risk of 8 to 10 billion yen, resulting from higher unit prices for energy, and an increase in carbon taxes in step with the transition to a low-carbon society.

In fiscal 2020 we will implement scenario analyses of other business segments. We will also consider the introduction of new systems, such as internal carbon pricing[*4], with the aim of mitigating financial risks.

*1 TCFD: Task Force on Climate-related Financial Disclosures
*2 Financial Stability Board: An international organization made up of representatives of central banks, financial supervisory agencies, ministries of finance, and other organizations in key countries and regions
*3 A consortium established to allow investors and corporations that support the aims of the TCFD to collaborate toward the development and sharing of scenario analysis and quantification methods for each industry
*4 A system designed to encourage companies to pursue low-carbon investment and countermeasures by pricing their own carbon emissions

▶ For details, please see the Ajinomoto Group Sustainability Data Book 2020.
https://www.ajinomoto.co.jp/company/en/ir/library/databook.html

Approval of science based target, commitment to RE100

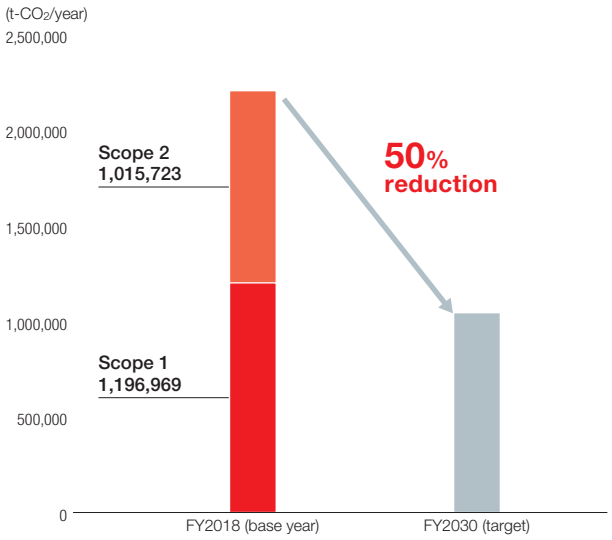
The Ajinomoto Group's target of reducing greenhouse gas emissions was approved by the Science Based Targets Initiative in April 2020 as a science based target that will contribute to the limitation of the rise in temperature since before the Industrial Revolution to 1.5°C.

In August 2020, the Ajinomoto Group announced that it would join RE100, an international environmental initiative by businesses committed to the use of 100% renewable energy in their business operations by 2050.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

RE 100

Scopes 1 and 2, and SBT targets for the Ajinomoto Group



Reduction of plastic waste

Products and services of the Ajinomoto Group are created using a variety of resources. We have a duty to use the earth's limited resources efficiently, and to contribute to the creation of a sustainable recycling-oriented society. We are actively working to find solutions to the problems of oceanic plastic waste, a growing concern in recent years.

Every year we use approximately 70,000 tons of plastic packaging materials, of which about 40% are used in Japan and 60% overseas. Substantial quantities of these materials are used in Southeast Asia, where there is increasing concern about the effects of plastic packaging materials released into the environment.

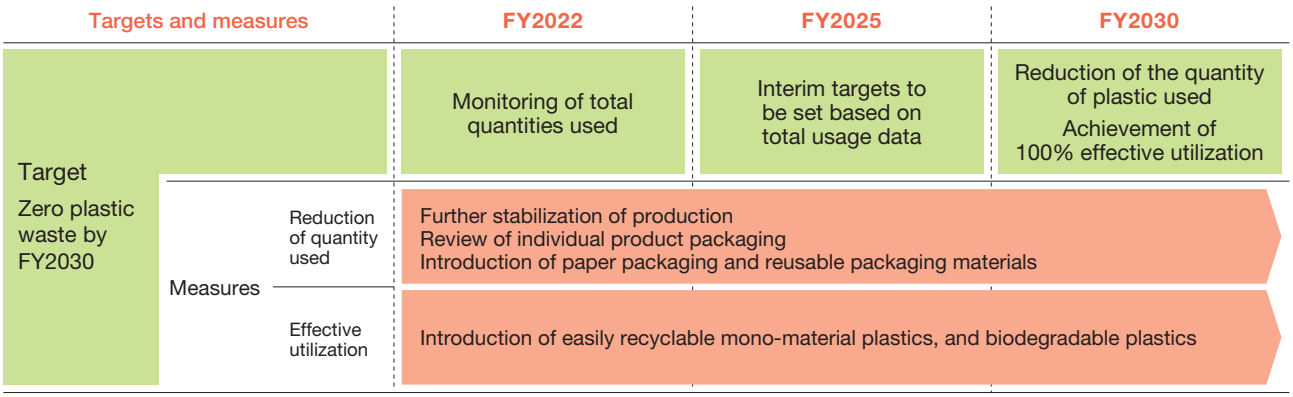
The Ajinomoto Group aims to reduce plastic waste to zero by fiscal 2030. In March 2020 we established a companywide project team under the leadership of the General Manager of the Food Products Division to propose and implement strategies toward the achievement of this goal. This project will focus on two key themes: reducing the amount of plastic used, and the establishment of the conditions needed for recyclability as resources. We will reduce the amount of plastic used by thinning and downsizing packaging, and by switching to paper packaging where possible. To create the conditions needed for recycling, we will consider the introduction of mono-material packaging and biodegradable plastics.

Many of the plastic packaging materials used in the business operations of the Ajinomoto Group are composite materials designed to provide specific functions required for our products, such as the maintenance of barriers to ensure product quality. Other factors that make the recycling of materials difficult include the need to deal with food residues on packaging materials that are in direct contact with food products. Key requirements for recycling also include the establishment of recovery and sorting systems.

These efforts require collaboration with initiatives by central and regional governments, local communities, and other companies. We are implementing measures based on cooperation with stakeholders within and beyond the Ajinomoto Group, including participation in the Japan Clean Ocean Material Alliance (CLOMA), a platform established to accelerate innovation through closer collaboration among concerned parties across multiple industries.

▶ For details, please see the Ajinomoto Group Sustainability Data Book 2020.
https://www.ajinomoto.co.jp/company/en/ir/library/databook.html

Roadmap for reducing plastic waste



Reducing food loss and waste

Every year the world wastes 1.3 billion tons of food, which is equivalent to about one-third of all food produced for consumption. Food resources are limited, and both world population and food demand can be expected to increase. The Ajinomoto Group is determined to work in partnership with suppliers and consumers to reduce food loss and waste.

The Group's food loss and waste reduction targets are first to halve food loss and waste between acceptance of raw materials and the delivery of products to customers by fiscal 2025, and second to halve food loss and waste across entire product lifecycles (from raw materials to consumption and disposal) by fiscal 2050. Both targets are relative to the fiscal 2018 levels. The Consumer Goods Forum, of which Ajinomoto Co., Inc. is a board member, has also set a target of halving food loss and waste in production and sales processes by 2025. We will take the initiative in meeting this challenge. Under the previous MTP, the base year for reducing food loss and waste was fiscal 2016. However, the accuracy of data collected for the period up to fiscal 2017 was not sufficient for this purpose, and we have therefore selected fiscal 2018 as the base year for the 2020-2025 MTP.

To achieve this goal, we will maintain existing initiatives to minimize food loss and waste between the acceptance of raw materials and the shipment of finished products by improving production yields and reducing process problems. We will reduce food loss and waste after the shipment of products from our facilities through collaborative efforts across the manufacturing, distribution, and sales sectors, such as changing the best-before dates on label to month-year, extending "best-before" periods, and optimizing delivery deadlines. To reduce food loss and waste at the consumption stage, we will also continue to develop products designed to minimize waste for the food service and home meal replacement industries, while offering recipes that enable consumers to use the power of flavorings to ensure that food is fully consumed.

The Ajinomoto Group will continue to work with all stakeholders on initiatives to reduce food loss and waste across entire product lifecycles, from the production of raw materials to consumption and disposal by consumers.

For details, please see the Ajinomoto Group Sustainability Data Book 2020.
https://www.ajinomoto.co.jp/company/en/ir/library/databook.html

Roadmap for reducing food loss and waste