

# Ajinomoto Co., Inc. CDP Forests 2020

## F0. Introduction

### F0.1

**(F0.1) Give a general description of and introduction to your organization.**

The Ajinomoto Group is a global leader in amino acids thanks to its advanced bioscience and fine chemical technologies. Its products cover a range of fields such as seasonings, processed foods, beverages, amino acids, pharmaceuticals, and chemicals. Since discovering “umami” (the fifth basic taste, created by glutamic acid, a type of amino acid) in 1908, we have been scientifically pursuing the possibilities of amino acids, and supporting the healthy lives of people all around the world. Based on our corporate message “Eat Well, Live Well” we aim for further growth and continuous contribution to greater wellness for people by creating value with communities and society.

The Ajinomoto Group has offices in 35 countries and regions with around 34,500 employees and sells products in more than 130 countries and regions.

### F0.2

**(F0.2) State the start and end date of the year for which you are reporting data.**

	Start Date	End Date
Reporting year	April 1, 2019	March 31, 2020

### F0.3

**(F0.3) Select the currency used for all financial information disclosed throughout your response.**

JPY

### F0.4

**(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on. For each forest risk commodity selected, identify the stages of the supply chain which best represents your organization’s area of operation.**

	Commodity disclosure	Stage of the value chain	Explanation if not disclosing
Timber products	Disclosing	Manufacturing	
Palm oil	Disclosing	Manufacturing	

Cattle products	Disclosing	Manufacturing	
Soy	Disclosing	Manufacturing	
Other - Rubber	This commodity is not produced, sourced or used by our organization		
Other - Cocoa	This commodity is not produced, sourced or used by our organization		
Other - Coffee	Not disclosing	Manufacturing	It will be disclosed after the same level of data collection and verification as other products are performed.

## F0.5

**(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?**

No

## F1. Current state

### F1.1

**(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?**

#### Timber products

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##### Activity

Distributing/packaging

##### Form of commodity

Paper

Primary packaging

Secondary packaging

##### Source

Contracted suppliers (manufacturers)

##### Country/Area of origin

Bangladesh

Belgium

Brazil

Cambodia

China

Côte d'Ivoire

Ecuador  
France  
Indonesia  
Japan  
Malaysia  
Myanmar  
Peru  
Philippines  
Poland  
Republic of Korea  
Spain  
Thailand  
Turkey  
United States of America  
Viet Nam

**% of procurement spend**

6-10%

**Comment**

Ajinomoto Group companies mainly purchase this commodity for packaging (paper).

**Palm oil**

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**Activity**

Using as input into product manufacturing

**Form of commodity**

Crude palm kernel oil (CPKO)  
Refined palm oil  
Palm oil derivatives  
Palm kernel oil derivatives

**Source**

Contracted suppliers (processors)  
Contracted suppliers (manufacturers)

**Country/Area of origin**

Brazil  
Indonesia  
Malaysia  
Papua New Guinea  
Philippines  
Thailand

**% of procurement spend**

<1%

**Comment**

Ajinomoto Group companies purchase refined palm oil, palm oil derivatives and palm kernel oil derivatives for use in our food products and fine chemical products.

## Cattle products

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### Activity

Using as input into product manufacturing

### Form of commodity

Tallow

Beef

By-products (e.g. glycerin, gelatin)

Other, please specify

Beef Extract

### Source

Contracted suppliers (processors)

Contracted suppliers (manufacturers)

### Country/Area of origin

Argentina

Australia

Brazil

Canada

China

France

India

Japan

Mexico

New Zealand

Poland

Thailand

Turkey

United States of America

Uruguay

### % of procurement spend

1-5%

### Comment

Ajinomoto Group companies purchase beef and beef tallow as raw materials for use in our processed foods such as frozen foods. We also purchase beef extracts for seasoning

## Soy

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### Activity

Using as input into product manufacturing

### Form of commodity

Soy bean oil  
Soy bean meal  
Soy derivatives

**Source**

Contracted suppliers (processors)

**Country/Area of origin**

Argentina  
Australia  
Bolivia (Plurinational State of)  
Brazil  
Cambodia  
Canada  
China  
Czechia  
France  
India  
Indonesia  
Japan  
Malaysia  
Mexico  
Paraguay  
Republic of Korea  
Thailand  
United States of America

**% of procurement spend**

1-5%

**Comment**

Ajinomoto Group companies purchase soybean, soy oil, soybean hydrolysate and soy sauce for use in our processed foods and seasoning

**F1.2**

**(F1.2) Indicate the percentage of your organization’s revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.**

	<b>% of revenue dependent on commodity</b>	<b>Comment</b>
Timber products	100%	Figure is estimated based on revenue of business segments that use each commodity. Paper packaging is used in all business segments including Seasonings & processed Foods, Frozen Foods, Coffee Products and Animal Nutrition business.

Palm oil	21-30%	Figure is estimated based on revenue of business segments that use each commodity. Palm oil is mainly used in Frozen Foods, Coffee Products and Specialty Chemical business.
Cattle products	21-30%	Figure is estimated based on revenue of business segments that use each commodity. Cattle products is mainly used in Frozen Food and Umami seasonings for processed food mfrs. & sweeteners business.
Soy	21-30%	Figure is estimated based on revenue of business segments that use each commodity. Soy products is mainly used in Edible Oil, Frozen Food and Umami seasonings for processed food mfrs. & sweeteners business.

## F1.5

**(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?**

	Data availability/Disclosure
Timber products	Consumption data available, disclosing
Palm oil	Consumption data available, disclosing
Cattle products	Consumption data available, disclosing
Soy	Consumption data available, disclosing

## F1.5a

**(F1.5a) Disclose your production and/or consumption data.**

### Forest risk commodity

Timber products

### Data type

Consumption data

### Volume

154,094

### Metric

Metric tons

### Data coverage

Full commodity production/consumption

### Please explain

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**Forest risk commodity**

Palm oil

**Data type**

Consumption data

**Volume**

43,015

**Metric**

Metric tons

**Data coverage**

Full commodity production/consumption

**Please explain**

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**Forest risk commodity**

Cattle products

**Data type**

Consumption data

**Volume**

8,200

**Metric**

Metric tons

**Data coverage**

Full commodity production/consumption

**Please explain**

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**Forest risk commodity**

Soy

**Data type**

Consumption data

**Volume**

48,000

**Metric**

Metric tons

**Data coverage**

Full commodity production/consumption

**Please explain**

## F1.5b

(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Sabah and Sarawak, Malaysia.

**% of total production/consumption volume**

24

**Please explain**

Most of the palm oil used in Japan is imported from Sabah and Sarawak, Malaysia.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Don't know

**% of total production/consumption volume**

11

**Please explain**

Two-thirds of the palm oil used in food business in EU and chemical products business is procured from Indonesia.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Thailand

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Krabi, Chumphon and Surat Thani, Thailand

**% of total production/consumption volume**

60

**Please explain**

60% of the palm oil used by the Ajinomoto Group is consumed in business in Thailand, and all of this is made from Thai domestic palm oil. We know that palm oil is produced on farms in Surat Thani, Krabi and Chumphon provinces.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Viet Nam

**State or equivalent jurisdiction**

Don't know

**% of total production/consumption volume**

1

**Please explain**

All palm oil used in the Ajinomoto Group's business in Vietnam is produced and procured in Vietnam.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Brazil

**State or equivalent jurisdiction**

Don't know

**% of total production/consumption volume**

1

**Please explain**

All palm oil used in the Ajinomoto Group's business in Brazil is produced and procured in Brazil.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Peru

**State or equivalent jurisdiction**

Don't know

**% of total production/consumption volume**

3

**Please explain**

All palm oil used in the Ajinomoto Group's business in Peru is produced and procured in Peru.

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**Forest risk commodity**

Timber products

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Don't know

**% of total production/consumption volume**

0.15

**Please explain**

Of approximately 10,000 tons of paper packaging materials procured in Indonesia, 225 tons are unclear as to the acquisition or origin of certification in 2019. We continuously conduct interviews with suppliers regarding the origin of these sources.

## F1.6

**(F1.6) Has your organization experienced any detrimental forests-related impacts?**

No

## F2. Procedures

### F2.1

**(F2.1) Does your organization undertake a forests-related risk assessment?**

Yes, forests-related risks are assessed

## F2.1a

**(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.**

### Timber products

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#### Value chain stage

Supply chain

#### Coverage

Full

#### Risk assessment procedure

Assessed as part of an established enterprise risk management framework

#### Frequency of assessment

Annually

#### How far into the future are risks considered?

> 6 years

#### Tools and methods used

Internal company methods

Global Forest Watch Pro

FSC Global Forest Registry

#### Please explain

The Ajinomoto Group selects suppliers based on the "ASQUA Raw Material Quality Control Standard". The materials purchased directly should have no relation with deforestation and human rights violations in both manufacturing and distribution. At the Ajinomoto Group, we ask our business partners to comply with laws and regulations and to promote their social responsibilities such as environment, human rights, and occupational safety, as described in the Group's common policy and related guidelines.

Although the Ajinomoto Group prioritizes FSC certification or 100% recycled paper, PEFC certification is also conditionally permitted because PEFC is dominant in certain area. However, all paper products must come from suppliers who have never been involved in environmental or human rights issues in the past. Thus, we will not purchase paper from companies whose current status is classified as "disassociated" by FSC. The materials and databases published by external consultants and organizations are adopted if these materials provides enough information to assess the appropriateness of suppliers' past impacts on environment.

In areas such as Thailand in Southeast Asia, where the distance between the wood production area and Ajinomoto Group's production bases is relatively short, Forest Watch Pro is used to verify the soundness of the wood production area based on available traceability information.

## Palm oil

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### **Value chain stage**

Supply chain

### **Coverage**

Full

### **Risk assessment procedure**

Assessed as part of an established enterprise risk management framework

### **Frequency of assessment**

Annually

### **How far into the future are risks considered?**

> 6 years

### **Tools and methods used**

Internal company methods  
Global Forest Watch Pro  
Trase

### **Please explain**

The Ajinomoto Group selects suppliers according to the ASQUA Standard for Quality control of Ingredients. We confirm that the materials we purchase directly are well-cared for global environment conservation and are free from any connection to the violation of human rights, including child labor and forced labor, during either production or distribution.

The Ajinomoto Group requests suppliers to practice legal compliance and promote social responsibility toward issues as the environment, human rights, and occupational safety, as stated in the Group Shared Policy for Suppliers and related guidelines.

Although purchasing RSPO certified palm oil product has the first priority in our palm oil procurement, we started to trace our palm oil supply chain to the mills in Thailand, where certified palm oil supply is limited. In Thailand, we have traced to the palm oil mills in cooperation with Thai tier 1 suppliers. By referring to the location information of palm oil mills and public information such as the environmental NGO Global Forest Watch, we estimate and evaluate the risk of deforestation in nearby oil palm farms from the mills. Global Forest Watch Pro is mainly used because it provides the past development status of forests around farms and mills.

## Cattle products

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### **Value chain stage**

Supply chain

### **Coverage**

Full

### **Risk assessment procedure**

Assessed as part of an established enterprise risk management framework

**Frequency of assessment**

Annually

**How far into the future are risks considered?**

> 6 years

**Tools and methods used**

Internal company methods  
Global Forest Watch Pro  
Trase

**Please explain**

First, we obtained information such as the country of origin and the location of the producer from the supplier. Based on the location information, we roughly investigated the risk of deforestation based on the database provided by Global Forest Watch and other reports. The Global Forest Watch Pro is also used for this commodity because it provides past forest development status in any area.

While it is possible to confirm the absence of deforestation using the toolkit method, it is unclear if local practice is appropriate. Ensuring traceability to the farm level is an issue for the future. We are also looking for suitable certifications for this commodity.

**Soy**

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**Value chain stage**

Supply chain

**Coverage**

Full

**Risk assessment procedure**

Assessed as part of an established enterprise risk management framework

**Frequency of assessment**

Annually

**How far into the future are risks considered?**

> 6 years

**Tools and methods used**

Internal company methods  
Global Forest Watch Pro  
National specific tools and databases

**Please explain**

First, we obtained information such as the country of origin and the location of the producer from the supplier, and based on the location information, we roughly investigated the risk of deforestation based on the database provided by Global Forest Watch. The Global Forest Watch Pro is also used for this commodity because it provides past forest development status in any area.

While it is possible to confirm the absence of deforestation using the toolkit method, it is

unclear if local practice is appropriate. Ensuring traceability to the farm level is an issue for the future. We are also looking for suitable certifications for this commodity.

## F2.1b

**(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?**

### Availability of forest risk commodities

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#### Relevance & inclusion

Relevant, always included

#### Please explain

Availability is important for the stable supply of high-quality products to customers. Paper is used nearly all business divisions and palm oil, soy and cattle products are included in many food products. This is one of the criteria that is always considered based on the in-house checklist in risk assessments such as selection of new suppliers and regular audits.

Procurement department of each Ajinomoto Group companies are in charge of this issue. They conduct this assessment regularly through scheduled supplier evaluations, quality audits, briefing sessions, and self assessment questionnaires. Such assessment is conducted with in-house checklist based on Ajinomoto Group Quality Standard. If some problem is found in the assessment, we will take measures such as engagement with suppliers. Thanks to such regular assessment, risk of availability is quite low.

### Quality of forest risk commodities

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#### Relevance & inclusion

Relevant, always included

#### Please explain

Quality is always included. Because palm oil, cattle products and soy products are used as raw materials of our food and specialty chemical products, and paper is used as packaging of our product, and packaging quality is important to keep our product quality and safety.

Internal quality standard of Ajinomoto Group requires assessment of the supplier's ability to meet quality and food safety expectations, requirements and specifications. This is always confirmed at the time of a new contract with a supplier and is regularly checked during the term of the contract by scheduled supplier evaluations, quality audits, briefing sessions, and self assessment questionnaires. Such assessment is conducted with in-house checklist based on Ajinomoto Group Quality Standard. If some problem is found in the assessment, we will take measures, including suspension and making contract with new suppliers.

### Impact of activity on the status of ecosystems and habitats

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## Relevance & inclusion

Relevant, always included

## Please explain

Reducing negative impact on ecosystems and habitats are important not only for responsible business but for stable production and supply of raw materials.

Environmental deterioration will significantly reduce productivity and stable supply of Ajinomoto's product. The various raw materials used in the Ajinomoto Group's business activities were comprehensively examined. Specialists in related divisions, together with NGOs and other outside experts, analyzed these commodities with internal risk assessment criteria and determined that resources in the fields of forest resources should be given the first priority, from the overall perspective of degree of dependence of the business and connection to sustainability.

The Ajinomoto Group prioritizes the procurement of certified products for palm oil and paper. This is because a third party recognizes that certified products meet the respective certification standards. However, since many raw materials have not been certified, we conduct interviews with suppliers regarding these materials and individually confirm the existence of risks such as ecosystem damage. Ajinomoto Group is looking for a similar approach for soy and cattle products.

## Regulation

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### Relevance & inclusion

Relevant, always included

### Please explain

In the Group Shared Policy on Quality, Ajinomoto Group clearly declares that we make no compromises with regard to safety, conducting surveys and research as thoroughly as possible, faithfully complying with applicable laws and regulations, and always delivering products and services of uniform quality. Thus, this is applied to whole value chain of our products.

Information on laws, regulations and soft laws such as FSC or RSPO Principle and Criteria, related to paper, palm oil, soybeans, and cattle product is regularly collected to assess the impact on our business and its management.

In the case of palm oil, with regard to compliance with local regulations of production sites, compliance can be secured by purchasing certified palm products. Regarding the supply chain, we usually check legality with SAQ sent to suppliers.

In the case of paper product, with regard to compliance with local regulations of production sites, compliance can be secured by purchasing certified paper products. We also consult FSC's list of paper suppliers that have had compliance problems in the past.

## Climate change

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### Relevance & inclusion

Relevant, always included

### **Please explain**

Development in peatland may release carbon dioxide and contribute to the climate change. Thus, inappropriate sourcing of commodities directly relates to the climate change. Ajinomoto Group also incorporates the idea of NDPE (No Deforestation, No Peat, No Exploitation) in the palm oil and paper sourcing guideline and set the goal is to halve GHG emissions of product cycles by 2030. We recognize that there is a risk of developing peatlands and forests with high protection value in commodity production in Southeast Asia and South America, which are our main business areas.

By purchasing RSPO certified palm oil and FSC certified paper or these equivalents, we can reduce the risk of purchasing products with deforestation or peat land development. If the site of primary production source is available by supply chain mapping, we can estimate the broad risks of GHG emissions through deforestation with tools such as Global Forest Watch Pro database. This risk is also inspected in the supplier's evaluation, and we will take measures such as engagement if there is certain risk.

## **Impact on water security**

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### **Relevance & inclusion**

Relevant, always included

### **Please explain**

We recognize that impact on water security also needs to be considered for a sound supply. In the case of soybean, for example, if the water supply is damaged, production itself will also be damaged. Ajinomoto Group clearly declare that we contribute to the conservation of water resources for future generations in our Group Shared Policy on Environment. This policy covers the entire group value chain including paper, palm oil soy and cattle products. The assessment for new purchasing involves an environmental assessment that includes water-related criteria. We also check suppliers on the same assessment checklist regularly. The results of this assessment will be served as a basis for supplier evaluations in each procurement division of the Ajinomoto Group companies.

## **Tariffs or price increases**

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### **Relevance & inclusion**

Relevant, always included

### **Please explain**

We recognize that agricultural products such as palm oil, soy products and feed for cattle products can fluctuate in price due to the weather, which can be an operational risk. Purchasing dept. of each Ajinomoto Group companies identify and manage situations related to tariffs and prices for these commodities and share such information within Ajinomoto Group. We hold the Ajinomoto Group global procurement conference annually to share such information with HQ and overseas subsidiaries.

## **Loss of markets**

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### **Relevance & inclusion**

Relevant, always included



### **Please explain**

Most of Ajinomoto products are foods and chemical products, and these products are made with palm oil, soybeans, and cattle products. Most products are also packed in paper packaging. Thus, if these commodities are manufactured illegally, for example, there is a risk of being rejected by customers such as supermarkets or manufacturers of the final products. To avoid such situations, the Ajinomoto Group conducts risk assessments in the supply chain during assessments at the first trading and regular audits.

## **Brand damage related to forest risk commodities**

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### **Relevance & inclusion**

Relevant, always included

### **Please explain**

Paper is used to package almost all B to C products, and palm oil, cattle product and soy are also used for many B to C products. The issue is always aware, as problems on the supply chain will immediately lead to brand damage.

The Ajinomoto Group established a supplier hotline in June 2018. The hotline complements those for Group executives and employees and have been used to receive reports from suppliers to facilitate the early detection and correction of the Ajinomoto Group executive and employee behaviors that are potentially in violation of the law or the Ajinomoto Group Policies (AGP). Ultimately, the hotline will also be used to detect human rights, environmental and other violations in the supply chain. Since the opening, quality and environment-related complaints have been made to the hotline. Improvements have been made based on the complaints and the number of complaints has been published in the Sustainability Data Book.

## **Corruption**

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### **Relevance & inclusion**

Relevant, always included

### **Please explain**

Bribery and corruption not only destroy trust in a company but can also be a factor hindering the development of a region by inviting human rights violations, poverty, and environmental destruction. The Ajinomoto Group strives to prevent bribery and corruption by implementing the Ajinomoto Group Standards of Business Conduct. The Ajinomoto Group Policies (AGP) prescribes that healthy relationships should be maintained with politicians and government officials, and that giving favors to public officials or any person equivalent in Japan or in foreign countries, in the form of gifts, entertainment, money or other bribery in any manner is prohibited. The Group Shared Policy on Bribery Prevention includes the rules below, requiring officers and employees of Group companies to comply with the policy and related bribery prohibition laws of the countries and regions.

- Accurate account books and records of all corporate transactions must be kept in reasonable detail.
- Attention must be paid to proper accounting of expenditures related to public officials

etc.

- Compliance and execution of this policy must be monitored by audits.

The Group regularly holds training for officers and other employees involved in line management of Group companies in Japan on the proper relationship to have with public officials, including those of foreign countries, with 407 participants in fiscal 2018. In addition, the Group conducts bribery prevention training courses for officers and managers of overseas Group companies. In fiscal 2018, around 730 participants joined the training courses held in Thailand, Malaysia and Indonesia, with local lawyers as instructors.

## Social impacts

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### Relevance & inclusion

Relevant, always included

### Please explain

The Ajinomoto Group recognizes that inappropriate development in forest area can be accompanied by problems such as forced labor, forced migration, and child labor. On the other hand, activities such as supporting small holders may lead to solving supply chain problems.

The Ajinomoto Group has been striving to foster a Group-wide understanding of ASV (The Ajinomoto Group Creating Shared Value) as the core of corporate strategies for realizing its vision over the medium to long term. In its 17-19 mid-term plan, the Group set non-financial targets in line with international initiatives such as the SDGs and Paris Agreement, and is now working to quantify these objectives while managing progress through PDCA.

As for the negative social impacts, we gather information annually by requesting suppliers to disclose information on compliance, environmental issue, human rights and occupational safety with Sedex platform. Information will be examined by Group companies' procurement divisions and reviewed with the Risk Management Committee.

## Other, please specify

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### Relevance & inclusion

Not relevant, explanation provided

### Please explain

## F2.1c

**(F2.1c) Which of the following stakeholders are considered in your organization's forests-related risk assessments?**

### Customers

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#### Relevance & inclusion

Relevant, always included

#### Please explain

Since its founding, the Ajinomoto Group constantly strives to put the customer first by its commitment to the safety of products and services. Assurance of product safety has been identified as one of the Group's material issues. To provide product safety, it is essential to have comprehensive quality assurance systems and proper disclosure. In addition, the Group listens carefully and responds to customer needs to deliver products and services that earn the trust of customers and ensure their satisfaction. We have two-way communication with consumers through contact points such as customer call centers, recipe & community website and factory tours. We also communicate with B2B customers at various places such as gatherings of industry groups such as the Consumer Goods Forum (CGF).

## Employees

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### Relevance & inclusion

Relevant, always included

### Please explain

We consider employees in our assessments, as supply chain issues can also affect the safety and performance of the employees involved in sourcing. The Ajinomoto Group believes that creating a workplace culture that is open and based on the trust of its employees is the key to making its product quality system more robust.

We have held the Global Procurement Conference every year since 2011 as a place to share group policies on procurement and discuss best practices on procurement with overseas Ajinomoto Group companies. The hotline is also used for fraud accusation from employees globally. Problems submitted to the Hotline will be reviewed regularly by the Risk Management Committee.

## Investors

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### Relevance & inclusion

Relevant, always included

### Please explain

Not only information disclosure to investors is a duty of the company that makes its shares public, but this attitude itself leads to the credibility of the company. Ajinomoto Group clearly declares that we disclose information in a timely and appropriate manner to our diverse stakeholders, and we respond fairly and faithfully to the expectations and trust placed in us. This is why we consider investors in our assessments.

For this purpose, we actively exchange opinions by participating in dialogues with investors and opinion exchange meetings hosted by investors or investor-centered NGOs such as SASB. Over the past year, we have had the following opportunities to exchange opinions with investors.

- General meeting of shareholders
- Analysts' meetings on financial results
- Briefings on Integrated Report Topics for institutional investors
- Online company briefings for individual investors

In recent years, many direct questions and suggestions regarding prevention of

deforestation were received from investors. The information obtained there was also reflected in the revision of Ajinomoto Group policies, guidelines and our actual practices.

## Local communities

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### Relevance & inclusion

Relevant, always included

### Please explain

Ajinomoto Group clearly defines that we strive to make positive social contributions to create healthy communities where we do business and across broader society, and focus on economic, cultural and educational development of each community where we do business. Thus, we always consider local communities in our assessment.

The Ajinomoto Group sets guidelines on paper and palm oil procurement in order to procure socially appropriate raw materials from appropriate manufacturer that comply with laws and regulations and are not involved in environmental and social issues.

Through dialogues and seminars with local agricultural support NGOs and human rights NGOs, we have learned about impacts on the local community and risks that these commodities may have. The knowledge learned here is also utilized for policy making and in selecting suppliers and conducting regular audits.

## NGOs

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### Relevance & inclusion

Relevant, always included

### Please explain

Ajinomoto Group clearly declares that we disclose information in a timely and appropriate manner to our diverse stakeholders, and we respond fairly and faithfully to the expectations and trust placed in us. NGOs are always our important stakeholders and this is the background why we consider NGOs in our assessments.

We have dispatched a director to Green Purchasing Network, which is a green purchasing promotion organization in Japan, and have participated in discussions with stakeholders including NGOs. Ajinomoto also contributed in the establishment of the Japan Sustainable Palm Oil Network (JaSPON), which is an organization aimed at promoting sustainable palm oil use in Japan. JaSPON will become a platform for collaboration of companies and NGOs. In addition to exchanging views at meetings with NGOs, answering questionnaires from NGOs itself also becomes a place for exchanging views with these NGOs. The knowledge obtained at such places is also used to formulate and review appropriate procurement guidelines.

## Other forest risk commodity users/producers at a local level

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### Relevance & inclusion

Relevant, always included

### Please explain

Since our procurement volume of commodities are huge and may affect local small producers, we always consider this matter in our assessment. In our Group Shared

Policy on Human Rights, we clearly declare that, in the event that a business partner of the Ajinomoto Group or other related party is involved in an adverse impact on human rights in the supply chain, the Ajinomoto Group shall appeal to such party not to infringe human rights.

We issued these Ajinomoto Group's procurement guidelines in writing to the primary suppliers, and have requested supply chain management in line with these guidelines.

## Regulators

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### Relevance & inclusion

Relevant, always included

### Please explain

Changes in related laws, regulations and soft law may directly affect the availability of commodities. Thus, this item is always included in our assessment.

Information is constantly collected by Quality Assurance Dept. of Ajinomoto from gatherings of industries such as the Consumer Goods Forum, groups of organizations in each industry (paper and edible oil), and related NGOs. Changes in regulations are always reflected in internal assessment checklists.

## Suppliers

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### Relevance & inclusion

Relevant, always included

### Please explain

We do not directly own or operate the farm, and all forest related commodities are obtained from our suppliers. Thus, cooperation of suppliers is essential to reduce deforestation risk.

We indicate to the primary suppliers the procurement policy of the Ajinomoto Group and ask them to cooperate in procurement accordingly. In addition, we are also working on grasping overall situation of suppliers by requesting to join Sedex or response to the Questionnaire with the same contents as Sedex annually. By using these system and/or original tools, we evaluate the suppliers and promote purchase from low-risk suppliers.

## Other stakeholders, please specify

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### Relevance & inclusion

Not relevant, explanation provided

### Please explain

## F3. Risks and opportunities

### F3.1

**(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?**

	Risk identified?
Timber products	Yes
Palm oil	Yes
Cattle products	Yes
Soy	Yes

## F3.1a

### (F3.1a) How does your organization define substantive financial or strategic impact on your business?

The Ajinomoto Group has identified substantive impacts as the changes which may lead to the following three adverse events. Possible causes that have been prevented but can lead to these three events will also be included in substantive impacts.

- health hazards
- non-compliance with laws and regulations
- loss of brand value

In the worst case, health hazards can cause disability or even death. In addition, legal violations and loss of brand value not only immediately and visibly affect overall business such as procurement and sales, but may also lead to the loss of long-term business profits.

In a risk assessment, all risks are categorized according to the magnitude of economic impact (less than 1 billion yen to 100 billion yen or more) and the probability of occurrence (less than once in 100 years or more than once a year).

#### Score for financial impact

1. Less than 1 billion yen
2. 1 billion yen
3. 10 billion yen
4. 30 billion yen
5. 100 billion yen

#### Score for probability

1. Less than once every 100 years
2. Once in 100 years
3. Once every 30 years
4. Once every 10 years
5. Once a year

Economic loss and probability of occurrence are scored respectively. The risk level is determined by the product of these two scores, and preventive measures are given priority for items with a higher risk level.

In this risk assessment, it is estimated that procurement risk such as deforestation will have an impact of about 10 billion yen, and those that may have such an impact will be taken care of with high priority.

All events related to substantive impacts can be detected and avoided by assessments and inspections set at all stages from receipt inspection from the supply chain to direct operations and can be avoided by operation with good practices in both direct operation and supply chain. In practice, compliance with public standards and product standards set by the Ajinomoto Group is always checked and confirmed that various figures are within the range of the specification. If the measured value is out of the range of specification and it may lead to health hazards or non-compliance with laws, necessary measures will be taken. Of these nonconforming cases, if it may lead to the above three adverse events, special measures for substantive impacts will be taken.

Ajinomoto Group has experienced product recovery due to the out of specification or non-compliance with laws and regulations several times in the past. This strongly suggests that the risk of substantive impacts always exists. However, in the last few decades there has been no significant impact on operation and profit due to such product recovery cases.

In addition, regarding product standards and laws and regulations, relevant departments such as the Quality Assurance Department are constantly engaged in collecting information and revising internal regulations. Changes in product specifications and raw material specifications directly affect operation and supply chain of the Ajinomoto Group.

## F3.1b

**(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.**

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### **Forest risk commodity**

Timber products

### **Type of risk**

Reputational and markets

### **Geographical scale**

Global

### **Where in your value chain does the risk driver occur?**

Supply chain

### **Primary risk driver**

Increased cost of certified sustainable material

**Primary potential impact**

Increased production costs

**Company-specific description**

Ajinomoto Group has an objective of 100% certified paper, equivalents and 100% recycled paper by fiscal 2020. Other companies have set similar goals, and in recent years, demand for paper packaging materials is expected to increase sharply due to the trend of zero plastic waste. This increase in demand for paper packaging materials and certified paper will affect the procurement of paper packaging materials for the Ajinomoto Group, which may lead to higher procurement prices and difficulty in sourcing.

The Ajinomoto Group mainly procures FSC-certified paper in most countries and regions, but the issue is that the supply of FSC-certified paper is low in the United States and Southeast Asia.

**Timeframe**

1-3 years

**Magnitude of potential impact**

Medium

**Likelihood**

More likely than not

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact (currency)**

45,000,000,000

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial**

The Ajinomoto Group uses 150,000 MT of paper annually. Assuming this unit price is 150,000 yen per MT, and assuming that this price has doubled, total impact is  $150,000 * 150,000 * 2 = 45$  billion yen.

**Primary response to risk**

Engagement with suppliers

**Description of response**

While the Ajinomoto Group has prioritized to purchase certified paper, we also conduct our own supplier surveys and engagements to raise the awareness of suppliers on sustainable procurement and encourage them to join the certification. As a result of



these activities, we have increased the certified paper rate including certified recycled paper in the comparison of the procurement results in FY2018 and FY2019.

**Cost of response**

10,000,000

**Explanation of cost of response**

Assuming that one employee will be involved in it for half a year, the cost was calculated from the labor cost.

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**Forest risk commodity**

Palm oil

**Type of risk**

Reputational and markets

**Geographical scale**

Global

**Where in your value chain does the risk driver occur?**

Supply chain

**Primary risk driver**

Increased stakeholder concern or negative stakeholder feedback

**Primary potential impact**

Brand damage

**Company-specific description**

In Ajinomoto Group, palm oil is used in many food products and cosmetic materials. Most of them are produced and/or sold in Southeast Asia and Europe, with high interest in environment and zero deforestation. Some customers accept products using certified palm oil only. Therefore, if it is reported that it has been involved in deforestation, it will cause serious brand damage and the separation of consumers and customers.

For this reason, the Ajinomoto Group prioritizes the purchase of certified palm oil, and implements its own supply chain visualization (traceability) for products and regions where certified oil is not available. For the palm oil produced in Thailand that is purchased by Ajinomoto Group in Thailand, the trace of the supply chain up to the palm oil mill has been completed, and it is possible to evaluate the impact on the environment.

Purchasing certified palm oil helps to demonstrate the sustainability of the procurement of our products. In addition, the own traceability assurance will reduce the risk of deforestation in Thailand, and such activities will also contribute to gain a good reputation of consumers in Thailand. These activities enable us to lower the risk of negative feedback.

**Timeframe**

>6 years

**Magnitude of potential impact**

Medium-low

**Likelihood**

About as likely as not

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact (currency)**

94,820,000,000

**Potential financial impact figure - minimum (currency)****Potential financial impact figure - maximum (currency)****Explanation of financial**

The Ajinomoto Group uses palm oil as a raw material for food and chemical products. The food business and the chemical products business have sales of 852.9 billion yen and 950.3 billion yen, respectively. Assuming a deforestation-related scandal will reduce these sales by 10%, the amount is estimated to be 94.82 billion yen.

**Primary response to risk**

Increased use of sustainably sourced materials

**Description of response**

As the goal of zero deforestation by 2020 was set in Aichi Target, SDGs and other internationally recognized initiatives, measures for this goal should be done by 2020. In 2018, Ajinomoto Group clearly declared and published that Ajinomoto Group shall respect the Principle and Criteria for the Production of Sustainable Palm Oil by RSPO or equivalent international standards, and procure sustainable palm oil products, in our guidelines. For this reason, certified oil purchasing is the first choice. For example, 49% of the 11,000 tons of palm oil used in Ajinomoto Group in Japan are already certified. If certified oil cannot be procured, then we will ensure supply chain traceability to check sustainability by ourselves.

By promoting these efforts, we will increase sustainable use of palm oil to reduce deforestation and related risks. At least, it is expected that conducting such activity with transparency will contribute to reduce the risk.

**Cost of response**

975,000,000

**Explanation of cost of response**

Cost of response is estimated from the total premium required to increase the procurement of certified oil. In 2019 we still buy 32,500 tons of non-certified palm oil. If we convert to certified oil and the certified premium per ton is 30,000 yen, the total premium will be 975 million yen.

When taking a method other than certified oil purchasing, the cost of supply chain

mapping and producer engagement is required.

Although at least premium for certified palm oil may be continuously applied in the future, we expect that premium will be decreased with the spread of certified palm oil.

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**Forest risk commodity**

Soy

**Type of risk**

Regulatory

**Geographical scale**

Global

**Where in your value chain does the risk driver occur?**

Supply chain

**Primary risk driver**

Lack of mature certification and sustainability standards

**Primary potential impact**

Brand damage

**Company-specific description**

Lack of mature certification and sustainability standards is a big issue for soybeans, compared to paper and palm oil, which are leading commodities in sustainable procurement. In other words, 19% of palm oil in the world is RSPO certified, but soybean does not have the similar certification system with consensus among all stakeholders from producers to customers to investors. Of the soybeans currently procured by the Ajinomoto Group, the US Soybean Sustainability Assurance Protocol is available only for US-produced soybeans, but the Ajinomoto Group also operates in South America and Southeast Asia and soybean products purchased there are not applies to that certification. As an alternative to this certification, we are beginning to work on visualization of our own supply chain. Unlike palm oil, soybean has many uses may derivatives and products including soy sauce and miso. Thus, such soy derived products are more difficult to trace to the farm. We expect this traceability study to take up to 5 years. On the other hand, if this traceability is secured, it enables us to evaluate the risk of deforestation and switch to suppliers or raw materials with low risk.

**Timeframe**

Unknown

**Magnitude of potential impact**

Medium-low

**Likelihood**

Very unlikely

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact (currency)**

27,500,000,000

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial**

The frozen foods and seasonings business using soybeans account for 25% of the Ajinomoto Group's sales. Assuming that these sales fell by 10% due to the loss of customer confidence due to soybean-related deforestation, the financial impact would be equivalent to 2.5% of the total sales of the Ajinomoto Group. Therefore, this potential financial impact is worth 27.5 billion yen.

**Primary response to risk**

Avoidance of sourcing from high-deforestation risk jurisdictions

**Description of response**

The Ajinomoto Group purchases soybean oil, soybean hydrolyzate, soy sauce and miso, as well as soybean itself. In addition, they are purchased in North America, South America, Asia, China and Europe, and almost all the world. It is estimated to exceed 140,000 tons when converted to soybean ingredients.

As a result of analysis using Transparency for Sustainable Economies (Trase), it was estimated that a large percentage of soybeans purchased by the Ajinomoto Group were produced in North and South America. On the other hand, we also found that one-third of the soybeans we purchase are for seasonings, and it is difficult to replace them with other materials.

For this reason, the Ajinomoto Group is first working to secure traceability of raw materials for soy products.

**Cost of response**

20,000,000

**Explanation of cost of response**

This cost of response includes one year's labor costs for mapping supply chains.

Ajinomoto will pay for this cost to keep our supply chain traceability every year.

In the future, we may join an initiative or purchase certified products, and we may also need to pay for the premium for certification every year.

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**Forest risk commodity**

Cattle products

**Type of risk**

Regulatory

**Geographical scale**

Global

**Where in your value chain does the risk driver occur?**

Supply chain

**Primary risk driver**

Lack of mature certification and sustainability standards

**Primary potential impact**

Brand damage

**Company-specific description**

Lack of mature certification and sustainability standards is a big issue for cattle products, compared to paper and palm oil, which are leading commodities in sustainable procurement. In other words, 19% of palm oil in the world is RSPO certified, but cattle products do not have the similar certification system with consensus among all stakeholders from producers to customers to investors. Also, soybeans are often used in the feed of cattle, and there is the difficulty of checking the sustainability of the feed.

Of the cattle products currently procured by the Ajinomoto Group, no products are confirmed to be certified by third party. As an alternative to this certification, we are beginning to work on trace our cattle products supply chain to the farm levels. We use significant amounts of beef extract, tallow, and gelatin, which are more complex to distribute than beef and dairy products, and even more difficult to trace.

Thus, such derivatives are more difficult to trace to the farm. We expect this traceability study to take up to 5 years. On the other hand, if this traceability is secured, it enables us to evaluate the risk of deforestation and switch to suppliers or raw materials with low risk.

**Timeframe**

>6 years

**Magnitude of potential impact**

Medium-low

**Likelihood**

Very unlikely

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact (currency)**

27,500,000,000

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

### Explanation of financial

The frozen foods and seasonings business using cattle products account for 25% of the Ajinomoto Group's sales. Assuming that these sales fell by 10% due to the loss of customer confidence due to soybean-related deforestation, the financial impact would be equivalent to 2.5% of the total sales of the Ajinomoto Group. Therefore, this potential financial impact is worth 27.5 billion yen.

### Primary response to risk

Avoidance of sourcing from high-deforestation risk jurisdictions

### Description of response

Since high-deforestation risk jurisdictions can be grasped with tools such as Global Forest Watch website, such tools are used to understand the risks of commodity procurement sites.

### Cost of response

20,000,000

### Explanation of cost of response

This cost of response includes one year's labor costs for mapping supply chains. Ajinomoto will pay for this cost to keep our supply chain traceability every year. In the future, we may join an initiative or purchase certified products, and we may also need to pay for the premium for certification every year.

## F3.2

**(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

	Have you identified opportunities?
Timber products	Yes
Palm oil	Yes
Cattle products	Yes
Soy	Yes

## F3.2a

**(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.**

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### Forest risk commodity

Timber products

### Type of opportunity

Markets

**Where in your value chain does the opportunity occur?**

Direct operation

**Primary forests-related opportunity**

Increased demand for certified materials

**Company-specific description & strategy to realize opportunity**

Paper packaging materials are used in many of the retail products of the Ajinomoto Group, and consumers first see their packaging at stores. Recently, consumers have become more aware of the environment and are now purchasing products that are not derived from deforestation. Therefore, for example, by adopting FSC-certified paper and displaying its label, it is possible to deepen consumers' understanding of our activities and provide an opportunity to actively select our products. Now, many of the products of Ajinomoto Group companies in Japan are promoting the posting of the FSC logo on the packaging.

Today, FSC certified paper is used for more than 50% of the packaging of retail products. In addition, the certified paper itself is becoming widespread, and the certification premium is hardly burdened.

**Estimated timeframe for realization**

4-6 years

**Magnitude of potential impact**

Medium

**Likelihood**

Very likely

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

8,250,000,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

In Ajinomoto Group's products, Seasonings & processed foods, frozen foods, coffee products and animal nutrition products are packed in paper packaging.

The sales of these businesses account for 75% of the entire Ajinomoto Group. The use of sustainable paper packaging is expected to increase these sales by 1%. Thus, the impact is 0.75% of 1,100 billion yen, which is 8.25 billion yen, is expected as the potential financial impact.

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**Forest risk commodity**

Palm oil

**Type of opportunity**

Markets

**Where in your value chain does the opportunity occur?**

Direct operation

**Primary forests-related opportunity**

Increased demand for certified materials

**Company-specific description & strategy to realize opportunity**

Sustainable palm oil also allows us to enter markets that require the use of certified palm oil as a raw material and raw material. Such trading conditions may increase in the future.

These trading conditions are expected to be set in developed countries such as the EU, where the retail sector has a high environmental awareness. At present, some EU distributors require that palm oil-based products have a certification logo. The Ajinomoto Group's products are already meeting these market demands and gaining demand in these markets.

**Estimated timeframe for realization**

1-3 years

**Magnitude of potential impact**

Medium

**Likelihood**

Very likely

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

3,300,000,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

In Ajinomoto Group's products, frozen foods, coffee products and specialty chemical products are made from palm oil.

The sales of these businesses account for 30% of the entire Ajinomoto Group. The use of sustainable palm oil is expected to increase these sales by 1%. Thus, the impact is 0.3% of 1,100 billion yen, which is 3.3 billion yen, is expected as the potential financial impact.



**Forest risk commodity**

Cattle products

**Type of opportunity**

Markets

**Where in your value chain does the opportunity occur?**

Direct operation

**Primary forests-related opportunity**

Increased availability of products with reduced environmental impact (other than certified products)

**Company-specific description & strategy to realize opportunity**

As for the cattle products, there is no single global consensus on certification with customers and investors, equivalent to FSC and RSPO. For these reasons, it is difficult to take the approach of promoting the procurement of certified cattle products to prevent deforestation. At the same time, both customers and investors are looking forward to the sustainable procurement of the Ajinomoto Group. For this reason, the Ajinomoto Group believes that visualization of the supply chain and ensuring of traceability are better approaches at present. By doing so, it will be possible to win the trust of customers and investors and to have them consistently purchase Ajinomoto Group products. The Ajinomoto Group has declared that it will realize sustainable procurement of important raw materials by 2030, and is working to ensure the traceability of suppliers to achieve this. From fiscal 2018, group companies and primary suppliers cooperated to trace the origins of the countries of purchase and their raw materials. In the future, we will deepen the trace up to the farm level and investigate the situation at the production site.

**Estimated timeframe for realization**

1-3 years

**Magnitude of potential impact**

Medium

**Likelihood**

Virtually certain

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

2,750,000,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

In Ajinomoto Group's products, frozen foods and seasonings are made from cattle products.

The sales of these businesses account for 25% of the entire Ajinomoto Group. The use of sustainable cattle products is expected to increase these sales by 1%. Thus, the impact is 0.25% of 1,100 billion yen, which is 2.75 billion yen, is expected as the potential financial impact.

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### **Forest risk commodity**

Soy

### **Type of opportunity**

Markets

### **Where in your value chain does the opportunity occur?**

Direct operation

### **Primary forests-related opportunity**

Increased availability of products with reduced environmental impact (other than certified products)

### **Company-specific description & strategy to realize opportunity**

The situation is similar to cattle products. As for the soy products, although there are some sustainable soy certifications, no certification got global consensus with customers and investors, equivalent to FSC and RSPO. For these reasons, it is difficult to take the approach of promoting the procurement of certified soy products to prevent deforestation. At the same time, both customers and investors are looking forward to the sustainable procurement of the Ajinomoto Group. For this reason, the Ajinomoto Group believes that visualization of the supply chain and ensuring of traceability are better approaches at present. By doing so, it will be possible to win the trust of customers and investors and to have them consistently purchase Ajinomoto Group products. The Ajinomoto Group has declared that it will realize sustainable procurement of important raw materials by 2030, and is working to ensure the traceability of suppliers to achieve this. From fiscal 2018, group companies and primary suppliers cooperated to trace the origins of the countries of purchase and their raw materials. In the future, we will deepen the trace up to the farm level and investigate the situation at the production site.

### **Estimated timeframe for realization**

1-3 years

### **Magnitude of potential impact**

Medium

### **Likelihood**

Virtually certain

### **Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

2,750,000,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

In Ajinomoto Group's products, frozen foods and seasonings are made from soy products.

The sales of these businesses account for 25% of the entire Ajinomoto Group. The use of sustainable soy products is expected to increase these sales by 1%. Thus, the impact is 0.25% of 1,100 billion yen, which is 2.75 billion yen, is expected as the potential financial impact.

## F4. Governance

### F4.1

**(F4.1) Is there board-level oversight of forests-related issues within your organization?**

Yes

### F4.1a

**(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.**

Position of individual	Please explain
Director on board	<p>Ajinomoto recognises deforestation and loss of biodiversity are significant issues and they possibly affects to our business operation negatively. In order to prevent such circumstance, CEO is responsible for environmental issues, including deforestation and loss of biodiversity which the environmental committee has determined the action policy. CEO also nominated the chairperson of the Environmental committee from the senior vice president.</p> <p>Ajinomoto Group also established the Management Risk Committee to enhance its capacity to respond to accidents and incidents under the board.</p> <p>Progress on sustainable procurement including paper, palm oil, soy and cattle products is regularly reported to this Committee to make final decisions about what to do next.</p>

### F4.1b

**(F4.1b) Provide further details on the board's oversight of forests-related issues.**

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	<p>Monitoring implementation and performance</p> <p>Overseeing acquisitions and divestiture</p> <p>Overseeing major capital expenditures</p> <p>Providing employee incentives</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p> <p>Reviewing and guiding corporate responsibility strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding strategy</p> <p>Reviewing innovation / R&amp;D priorities</p> <p>Setting performance objectives</p>	<p>The person in charge of the procurement department regularly reports on actual results, current issues and measures at Management Risk Committee whose chair is the director on board.</p> <p>For paper and palm oil for which specific numerical targets have been set, the results of the previous fiscal year are collected annually, and KPIs such as the procurement rate of sustainable paper or certified oil are reported and discussed.</p> <p>The plan for the next fiscal year and beyond based on progress will also be finally implemented after receiving approval at Management Risk Committee.</p>

## F4.2

**(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).**

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Safety, Health, Environment and	Both assessing and managing forests-	Half-yearly	The Ajinomoto Group established the Environmental Committee under the

Quality committee	related risks and opportunities		<p>Executive Committee to decide important environmental policies, prepare plans and conduct activity reviews.</p> <p>Important environmental policies are determined by this Committee. This Committee also prepares plans required for environmental policy, and reviews activity regularly.</p>
Risk committee	Both assessing and managing forests-related risks and opportunities	Half-yearly	<p>The Ajinomoto Group established the Risk Management Committee in 2002 to enhance its capacity to respond to accidents and incidents.</p> <p>The Group takes measures grounded in proactive risk prevention and the Ajinomoto Group Risk Management Basic Policy: “By promoting strategic risk management, we make the Ajinomoto Group resilient to risks, and increase the Group’s value.” In fiscal 2017, the Risk Management Committee will be reorganized along with the below-described Business Conduct Committee to build an expanded and more effective internal governance function.</p> <p>Ajinomoto Co., Inc. also supplements this bottom-up approach with 16 significant thematic group-wide risks including deforestation.</p> <p>This Risk Management Committee compiled a list significant risks and actively monitoring risk response progress.</p>

### F4.3

**(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?**

	Provide incentives for management of forests-related issues	Comment
Row 1	No, not currently but we do plan to introduce them in the next two years	Compensation for Directors (excluding outside Directors) comprises (1) monthly compensation; (2) short-term company performance-linked compensation; and (3) medium-term company performance-linked stock compensation. Evaluation indicators for (2) are sales, business profit, profit attributable to owners of parent company, ROE (all on a consolidated basis), and evaluation indicators for (3) are

		business profit and ROA in the final fiscal year of the MTP (both on a consolidated basis).
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## F4.4

### (F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

Yes (you may attach the report – this is optional)

## F4.5

### (F4.5) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy that is publicly available

## F4.5a

### (F4.5a) Select the options to describe the scope and content of your policy.

	Scope	Content	Please explain
Row 1	Company-wide	Commitment to eliminate deforestation Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Commitment to align with the SDGs List of timebound milestones and targets	Ajinomoto Group's basic principle is described in "Ajinomoto Group Policies". Commitments about forest is described in "Group Shared Policy on the Environment" and "Group Shared Policy on Procurement". Commitment to protect rights and livelihoods of local communities is described in the Basic Principle of "Ajinomoto Group Policies" and "Group Shared Policy on Environment". Commitments beyond regulatory compliance are described in "Group Shared Policy on Procurement" and "Group Shared Policy for Suppliers". Commitment to transparency is described in "Ajinomoto Group Policies". Responsibilities to Stakeholders are described in the Basic Principle of "Ajinomoto Group Policies". Ajinomoto Co., Inc. is supporting Global Compact since 2009 and supports SDGs. These policies are reviewed regularly based on internal and external circumstances. Ajinomoto Group companies are required to carry out their business activities in compliance with these policies, and all management decisions are made in accordance with these policies. Timebound targets and progresses are regularly disclosed in the Sustainability Data Book.

## F4.5b

**(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.**

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Timber products	Yes	Company-wide	Commitment to eliminate conversion of natural ecosystems Commitment to eliminate deforestation Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE) Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Commitment to align with the SDGs Recognition of the overall importance of forests and other natural ecosystems Description of business dependency on forests	Ajinomoto Group Paper Procurement Guidelines are first enacted on January 2012 and revised on April 1, 2019. This is disclosed online and widely shared with suppliers and stakeholders. Since the paper packaging of the Ajinomoto Group is used for food, it is often required to use virgin pulp by regulations. Therefore, it is necessary to use paper procured from sustainable forest management. The Ajinomoto Group's policy requires that sustainable paper shall be purchased from companies that have not had environmental or social problems in the past, and Group companies are obliged to procure based on this policy. We also conduct an annual survey on procurement status, and the results are published in the integrated report.

			<p>Recognition of potential business impact on forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p>	
Palm oil	Yes	Company-wide	<p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to eliminate deforestation</p> <p>Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p>	<p>Ajinomoto Group Palm Oil Procurement Guidelines are first enacted on July 2018. This is disclosed online and widely shared with suppliers and stakeholders.</p> <p>The Ajinomoto Group has operations all over the world, and the origin of palm oil is not limited to Indonesia and Malaysia, which are major sources, but also Thailand, the Philippines, Peru, Brazil, and so on. In order to prevent deforestation even in regions where these circumstances are different, Ajinomoto Group has established its guideline before RSPO revises its Criteria in 2018. Ajinomoto Group companies must procure certified oil if it is available, and trace the supply chain based on these procurement guidelines. We also conduct an annual survey on</p>



			<p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p>	<p>procurement status, and the results are published in the integrated report.</p>
Cattle products	No			<p>We have not set this commodity specific guideline yet, but we are collecting information on what criteria the leading initiatives has set.</p>
Soy	No			<p>We have not set this commodity specific guideline yet, but we are</p>

				collecting information on what criteria the leading initiatives has set.
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## F4.6

**(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?**

Yes

### F4.6a

**(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?**

Other, please specify

We support Principle and Criteria 2018 of Round-table on Sustainable Palm Oil (RSPO)

### F4.6b

**(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.**

---

#### Forest risk commodity

Palm oil

#### Criteria

- No conversion of natural ecosystems
- Zero gross deforestation/ no deforestation
- Zero net deforestation
- No new development on peat regardless of depth
- Best management practices for existing cultivation on peat
- Avoidance of negative impacts on threatened and protected species and habitats
- No land clearance by burning or clearcutting
- No conversion of High Conservation Value areas
- No conversion of High Carbon Stock forests
- Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
- Operations are in accordance with the UN Declaration on the Rights of Indigenous Peoples
- Promotion of gender equality and women's empowerment
- Adoption of the UN International Labour Organization principles
- Resolution of complaints and conflicts through an open, transparent and consultative process
- No sourcing of illegally produced and/or traded forest risk commodities
- No sourcing of forest risk commodities from unknown/controversial sources

**Operational coverage**

Supply chain

**% of total production/ consumption covered by commitment**

100%

**Cutoff date**

2005

**Commitment target date**

2020

**Please explain**

The Group uses palm oil in a variety of products and applications, from processed foods such as cup soup, instant noodles, and coffee creamer, to specialty chemicals, and in locations stretching from Japan and Southeast Asia to Europe and South America. Since certain products use palm kernel oil, which is harder to procure in certified form, and certain regions have limited supplies of certified palm oil, the Ajinomoto Group considers palm oils that are traceable or certified by the Roundtable on Sustainable Palm Oil (RSPO) as sustainable.

With a target to procure 100% sustainable palm oil by fiscal 2020, certified palm oil accounted for 25% of use in fiscal 2018. In Thailand, where it is difficult to procure certified palm oil, the Group began tracing its own supply chain up to the palm oil mills in fiscal 2018. Ensuring supply chain traceability and subsequent due diligence activities will complement certified palm oil purchasing in Thailand and other country/region where certified palm oil availability is limited.

The commitment will review the content after its target date. The next review will be held after 2020, and then the target to be achieved by 2025 will be set.

**Forest risk commodity**

Timber products

**Criteria**

- No conversion of natural ecosystems
- Zero gross deforestation/ no deforestation
- Zero net deforestation
- Avoidance of negative impacts on threatened and protected species and habitats
- No land clearance by burning or clearcutting
- No conversion of High Conservation Value areas
- No conversion of High Carbon Stock forests
- Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
- Operations are in accordance with the UN Declaration on the Rights of Indigenous Peoples
- Promotion of gender equality and women's empowerment
- Remediate any adverse impacts on indigenous people and local communities
- Adoption of the UN International Labour Organization principles

Facilitate the inclusion of smallholders into the supply chain  
 No sourcing of illegally produced and/or traded forest risk commodities  
 No sourcing of forest risk commodities from unknown/controversial sources  
 Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

**Operational coverage**

Supply chain

**% of total production/ consumption covered by commitment**

100%

**Cutoff date**

1993-1997

**Commitment target date**

2020

**Please explain**

The Ajinomoto Group endeavors to sustainably procure container and packaging paper in accordance with the Ajinomoto Group Paper Procurement Guidelines. The guidelines consider paper procured from suppliers that produce paper using appropriate procedures, which does not involve the deforestation of regions with high conservation value and complies with laws governing the logging area and international human rights standards, as sustainable. Aside from paper certified by the Forest Stewardship Council® (FSC®), sustainable paper also includes recycled paper and paper derived from FSC® controlled wood.

The Ajinomoto Group also accepts PEFC certification, provided it comes from a company that FSC does not classify as Disassociated.

While the goal for sustainable paper is to achieve 100% sustainable paper procurement by 2020, sustainable paper usage rate for container and packaging paper in fiscal 2019 is 100% in Japan and 91 % globally.

After the current target date of 2020, we will review and set a new target toward 2025.

## F5. Business strategy

### F5.1

**(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	11-15	The Ajinomoto Group's medium and long-term environmental targets encompass the entire product life cycle, with a major focus on production (factories). They

			<p>include reducing GHG emission, cutting food loss and waste, improving security of food resources, and conserving the natural environment by 2050.</p> <p>The plan clearly declares that we will secure food resources for the next generation, contribute to conservation of natural environment, including ecosystems and biodiversity, and achieve sustainable procurement.</p> <p>For paper and palm oil, we aim to achieve sustainable procurement by 2020. We also aim to achieve sustainable procurement including zero-deforestation for other important raw materials by 2030.</p>
Strategy for long-term objectives	Yes, forests-related issues are integrated	11-15	<p>We procure certified products as the most objective and reliable method. However, the supply of certified products is limited for some raw materials and regions. In that case, we try to take alternatives.</p> <p>The Ajinomoto Group also recognizes materials that can be confirmed to be equivalent to certified products as sustainable raw materials. For example, if FSC-certified paper cannot be procured, PEFC certification is also permitted, but only if it can be confirmed to be equivalent to FSC by our guideline.</p> <p>In the case of palm oil, we use the method of confirming as much as possible the items included in the RSPO Criteria by confirming the traceability.</p> <p>So far, we have been doing this with paper and palm oil, but we plan to use a similar approach for other important raw materials. However, in the case we do not have consensus on certification with customers and investors, we will check the traceability at first and may start purchasing certified products after the spread of certification.</p>
Financial planning	Yes, forests-related issues are integrated	11-15	<p>A mid-term plan is formulated every three years based on the long-term plan, and the budget necessary for the long-term plan is set and implemented.</p> <p>The cost and personnel for managing the supply chain including audits are secured, and the management resources necessary for ensuring traceability of the supply chain are secured.</p> <p>With regard to paper and palm oil, we are considering to bear the premium cost within a reasonable and possible range to purchase FSC or RSPO certified product.</p>

## F6. Implementation

### F6.1

**(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?**

Yes

### F6.1a

**(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.**

---

**Target reference number**

Target 1

**Forest risk commodity**

Timber products

**Type of target**

Assess and/or verify compliance

**Description of target**

Ajinomoto Group set a target to procure 100% sustainable paper by FY2020.

**Linked commitment**

Zero net/gross deforestation

**Traceability point**

**Third-party certification scheme**

**Start year**

2015

**Target year**

2020

**Quantitative metric**

**Target (number)**

**Target (%)**

100

**% of target achieved**

91

**Please explain**

With a target to procure 100% sustainable paper by fiscal 2020, sustainable paper use out of the total container and packaging paper use is 100% in Japan and 91% globally in fiscal 2019. Since "unsustainable" paper comes from illegal logging and illegal operation, we have set this target because we can prevent paper from deforestation by examining the legality of our suppliers.

---

**Target reference number**

Target 2

**Forest risk commodity**

Palm oil

**Type of target**

Traceability

**Description of target**

Ajinomoto Group set a target to procure 100% sustainable palm oil by FY2020.

**Linked commitment**

Zero net/gross deforestation

**Traceability point**

Mill

**Third-party certification scheme**

**Start year**

2012

**Target year**

2020

**Quantitative metric**

**Target (number)**

**Target (%)**

100

## % of target achieved

81

### Please explain

Ajinomoto Group has procured RSPO certified palm oil (CSPO) since fiscal 2015. CSPO, which was only 3% in the first year, increased to 25% in 2019.

There are regional differences in the ratio of CSPO procurement achievement. For example, ratio in EMEA (Europe, the Middle East and Africa), which has a relatively large supply of certified oil, was 59 %, and 49 % in Japan, but it was 9 % in Thailand where CSPO supply is limited. As palm oil procurement in Thailand accounts for nearly 55% of the Ajinomoto Group, establishing sustainable procurement here is an urgent issue. Of the palm oil procured in Thailand, 25,000 tons have been traced to the mill level. For this reason, palm oil that is RSPO-certified or traces accounts for 81% of the entire Ajinomoto Group.

## F6.2

### (F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?	Description of traceability system	Exclusions	Description of exclusion
Timber products	Yes	The Ajinomoto Group gives priority to the procurement of certified paper or 100% recycled paper. We recognize that certified paper can ensure some traceability. On the other hand, regarding the 100% recycled paper, it is replaced with traceability by confirming from the specifications that it is 100% recycled paper and is not derived from forests.	Not applicable	
Palm oil	Yes	With the cooperation of Thai suppliers, we have confirmed the traceability up to the mill in 2019. However, traces up to this level have been confirmed only for Thailand, which accounts for 55% of palm oil in the Ajinomoto Group, and for other palm oils, traces can only be traced to the country of origin or state.	Country/geographical area	Products originating in countries other than Thailand, which account for 45% of Ajinomoto Group's palm oil procurement, are only traceable at the national or state level.



Cattle products	Yes	We confirm the traceability from the supplier information to the country of origin level.	Not applicable	
Soy	Yes	We confirm the traceability from the supplier information to the country of origin level.	Not applicable	

## F6.2a

**(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).**

Forest risk commodity	Point to which commodity is traceable	% of total production/consumption volume traceable
Timber products	Country	100
Palm oil	Mill	81
Cattle products	Country	100
Soy	Country	100

## F6.3

**(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)? Indicate the volume and percentage of your certified production and/or consumption.**

### Forest risk commodity

Timber products

### Third-party certification scheme

FSC (any type)

### Certification coverage

Consumption volume

### % of total production/consumption volume certified

55

### Form of commodity

Primary packaging

Secondary packaging

Tertiary packaging

### Volume of production/ consumption certified

85,305

### Metric

Metric tons

**Please explain**

Above volume is the sum of FSC certified paper and recycled paper.

---

**Forest risk commodity**

Palm oil

**Third-party certification scheme**

RSPO (any type)

**Certification coverage**

Consumption volume

**% of total production/consumption volume certified**

25

**Form of commodity**

Refined palm oil

Palm oil derivatives

Palm kernel oil derivatives

**Volume of production/ consumption certified**

10,544

**Metric**

Metric tons

**Please explain**

The total amount of 10,544 tons consists of 1561 tons of B&C from Mill / Crusher, 13 tons of B&C from Independent Smallholder, 8194 tons of Mass Balance (MB) and 776 tons of Segregated (SG).

---

**Forest risk commodity**

Soy

**Third-party certification scheme**

No certified production/consumption for this commodity

**Certification coverage**

**% of total production/consumption volume certified**

**Form of commodity**

**Volume of production/ consumption certified**

**Metric**

**Please explain**

Soybean and soybean product purchased or imported in United States are certified by The U.S. Soy Sustainability Assurance Protocol (SSAP). However, total amount of SSAP certified soybean is unknown because our supplier uses mixed soybean from United States and other country/region.

**Forest risk commodity**

Cattle products

**Third-party certification scheme**

No certified production/consumption for this commodity

**Certification coverage**

**% of total production/consumption volume certified**

**Form of commodity**

**Volume of production/ consumption certified**

**Metric**

**Please explain**

As there is no consensus certification among customers, suppliers and investors, we have not yet procured certified products for this commodity.

**F6.4**

**(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?**

	<b>A system to control, monitor or verify compliance</b>
Timber products	Yes, we have a system in place for our no conversion and/or deforestation commitments
Palm oil	Yes, we have a system in place for our no conversion and/or deforestation commitments

Cattle products	Yes, we have a system in place for our no conversion and/or deforestation commitments
Soy	Yes, we have a system in place for our no conversion and/or deforestation commitments

## F6.4a

**(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).**

### Forest risk commodity

Timber products

### Operational coverage

Supply chain

### Description of control systems

The Ajinomoto Group gives priority to the procurement of certified paper or 100% recycled paper. Since 100% recycled paper is not a raw material that is derived from forests, we are focusing on confirming the virgin pulp's compliance with "no deforestation commitment". In the case of certification other than FSC, we have confirmed the compatibility with FSC (the supplier should not be disassociated by FSC). Even paper products that are not certified are accepted if they use certified paper at the raw material stage. By stopping the procurement of paper that cannot be confirmed to be compatible with any of these, it becomes possible to ensure the compliance with "no deforestation commitment" of the paper to be procured.

### Monitoring and verification approach

Third-party verification

### % of total volume in compliance

71-80%

### % of total suppliers in compliance

71-80%

### Response to supplier non-compliance

Retain & engage  
Suspend & engage  
Exclude

### Procedures to address and resolve non-compliance with suppliers

Providing information on appropriate actions that can be taken to address non-compliance

### Please explain

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**Forest risk commodity**

Palm oil

**Operational coverage**

Supply chain

**Description of control systems**

**Monitoring and verification approach**

Geospatial monitoring tool

First-party verification

Third-party verification

**% of total volume in compliance**

71-80%

**% of total suppliers in compliance**

71-80%

**Response to supplier non-compliance**

Retain & engage

**Procedures to address and resolve non-compliance with suppliers**

Providing information on appropriate actions that can be taken to address non-compliance

**Please explain**

---

**Forest risk commodity**

Cattle Products

**Operational coverage**

Supply chain

**Description of control systems**

Since only the country of origin can be traced, general deforestation risk information is collected based on that information. We share this information with our procurement department of Group companies.

**Monitoring and verification approach**

Geospatial monitoring tool

**% of total volume in compliance**

41-50%

**% of total suppliers in compliance**

41-50%

**Response to supplier non-compliance**

Retain & engage

**Procedures to address and resolve non-compliance with suppliers**

Providing information on appropriate actions that can be taken to address non-compliance

**Please explain**

---

**Forest risk commodity**

Soy

**Operational coverage**

Supply chain

**Description of control systems**

Since only the country of origin can be traced, general deforestation risk information is collected based on that information. U.S. Soybean Sustainability Assurance Protocol has confirmed that soybeans from United States do not result from deforestation.

**Monitoring and verification approach**

Geospatial monitoring tool

Third-party verification

**% of total volume in compliance**

Don't know

**% of total suppliers in compliance**

Don't know

**Response to supplier non-compliance**

Retain & engage

**Procedures to address and resolve non-compliance with suppliers**

Providing information on appropriate actions that can be taken to address non-compliance

**Please explain**

**F6.6**

**(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.**

	Assess legal compliance with forest regulations
Timber products	Yes, from suppliers
Palm oil	Yes, from suppliers
Cattle products	Yes, from suppliers
Soy	Yes, from suppliers

## F6.6a

**(F6.6a) For you disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.**

### Timber products

#### Procedure to ensure legal compliance

The Ajinomoto Group gives priority to the procurement of certified paper or 100% recycled paper. Since 100% recycled paper is not a raw material that is derived from forests, we are focusing on confirming the virgin pulp's compliance with forest laws by certification. In the case of certification other than FSC, we have confirmed the compatibility with FSC (the supplier should not be disassociated by FSC). Even paper products that are not certified are accepted if they use certified paper at the raw material stage. By stopping the procurement of paper that cannot be confirmed to be compatible with any of these, it becomes possible to ensure the legality of the paper to be procured.

#### Country/Area of origin

Brazil  
 Cambodia  
 India  
 Indonesia  
 Malaysia  
 Myanmar  
 Philippines  
 Thailand  
 Viet Nam

#### Law and/or mandatory standard(s)

General assessment of legal compliance

#### Comment

### Palm oil

#### Procedure to ensure legal compliance

The Ajinomoto Group gives priority to the procurement of certified palm oil. This is because RSPO certified oil is considered to meet all forest-related laws and regulations required locally and internationally.

Therefore, for suppliers who do not currently supply RSPO certified oil, we first request

to join RSPO and to supply certified oil. As a result of these efforts, 100% of the oil has been converted to certified oil in Brazil. Since Peru's suppliers plan to join RSPO and start supplying certified oil by 2020, all palm oil procured in Peru will be switched to certified oil by the end of 2020.

**Country/Area of origin**

Brazil  
Indonesia  
Malaysia  
Papua New Guinea  
Peru  
Philippines  
Thailand  
Viet Nam

**Law and/or mandatory standard(s)**

General assessment of legal compliance  
Forest and Wildlife Law - Peru  
ISPO  
MSPO

**Comment**

**Cattle products**

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**Procedure to ensure legal compliance**

It is confirmed in the Self Assessment Questionnaire sent to the supplier.

**Country/Area of origin**

Argentina  
Australia  
Brazil  
India  
Mexico  
Thailand

**Law and/or mandatory standard(s)**

General assessment of legal compliance

**Comment**

**Soy**

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**Procedure to ensure legal compliance**

It is confirmed in the Self Assessment Questionnaire sent to the supplier.

**Country/Area of origin**

Argentina



Australia  
Bolivia (Plurinational State of)  
Brazil  
Cambodia  
India  
Indonesia  
Malaysia  
Mexico  
Paraguay  
Thailand

**Law and/or mandatory standard(s)**

General assessment of legal compliance

**Comment**

**F6.7**

**(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?**

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	No, not working with smallholders				The Ajinomoto Group prioritizes the procurement of paper only and the popularization of purchasing FSC-certified paper. Rather than a direct approach to smallholders, Ajinomoto Group has focused on joining FSC by primary suppliers and converting raw materials to FSC certified paper.
Palm oil	Yes, working with smallholders	Supply chain mapping Capacity building	Offering on-site technical assistance and	100	Ajinomoto Group companies in Thailand are beginning to provide small-scale

			extension services Providing agricultural inputs		support to smallholders. The figures were estimated from the number of smallholders who participated in the seminar.
Cattle products	No, not working with smallholders				Only traces to the country of origin have been completed yet, and no approach has been taken to smallholders in the supply chain.
Soy	No, not working with smallholders				Only traces to the country of origin have been completed yet, and no approach has been taken to smallholders in the supply chain.

## F6.8

**(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?**

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Timber products	Yes, working with direct suppliers	Supply chain mapping Capacity building	Supplier questionnaires on environmental and social indicators Supplier audits	41-50%	In Japan, through local initiatives such as CSPU (Consortium for Sustainable Paper Use), we have promoted the introduction of FSC-certified paper through dialogue between paper using companies and suppliers. Thanks to this, we were able to eliminate paper for which sustainability at the raw material stage cannot be confirmed in Japan in FY2019.

Palm oil	Yes, working with direct suppliers	Supply chain mapping Capacity building	Supplier questionnaires on environmental and social indicators Supplier audits	71-80%	Through RSPO-related meetings and JaSPON (Japan Sustainable Palm Oil Network), we encouraged domestic and overseas palm oil suppliers to join RSPO and supply certified oil. In Thailand, we worked with our suppliers to perform supply chain mapping. These two efforts (physical certified oil purchasing and supply chain mapping) account for about 75% of palm oil purchased by the Ajinomoto Group in FY2019.
Cattle products	Yes, working with direct suppliers	Supply chain mapping	Supplier questionnaires on environmental and social indicators	Don't know	In fiscal 2019, we confirmed the country of origin of raw materials through engagement with trading companies and beef extract manufacturers.
Soy	Yes, working with direct suppliers	Supply chain mapping	Supplier questionnaires on environmental and social indicators	31-40%	Through engagement with major suppliers who produce soybean oil, we raised awareness of suppliers and confirmed the country of origin.

## F6.9

**(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?**

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Timber products	Yes, working beyond first tier	Supply chain mapping	Supplier questionnaires on environmental and social indicators Supplier audits	In FY2019, we sent a survey sheet regarding the recognition of future FSC participation and certification including FSC to suppliers who have not joined FSC, and made efforts to raise the awareness of suppliers through the exchange. As a result, it was found that

				some suppliers procure FSC-certified paper at the raw material stage.
Palm oil	Yes, working beyond first tier	Supply chain mapping Capacity building	On-site meetings with indirect suppliers Participating in workshops	In FY2019, the Ajinomoto Group companies in Thailand held several seminars for smallholders and provided agricultural guidance. Taking advantage of such ties with farmers, we are considering measures that will lead to RSPO conversion of suppliers after 2020.
Cattle products	No, not working beyond the first tier			We mainly send questionnaires to primary suppliers to check the grasp status of the supply chain.
Soy	No, not working beyond the first tier			We mainly send questionnaires to primary suppliers to check the grasp status of the supply chain. Major suppliers of oils and fats have begun efforts to secure traceability with other trading companies.

## F6.10

**(F6.10) Do you participate in external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?**

### Forest risk commodity

Timber products

### Do you participate in activities/initiatives?

Yes

### Activities

Involved in multi-partnership or stakeholder initiatives

### Initiatives

UN Global Compact

Natural Capital Coalition

Forest Stewardship Council (FSC)

Programme for the Endorsement of Forest Certification (PEFC)

Other, please specify

Consortium for Sustainable Paper Use (CSPU),

### Jurisdictional approaches

**Please explain**

Ajinomoto Group actively participate in Natural Capital Coalition and The Consumer Goods Forum to collect latest information, direction and methodology for zero deforestation and other environmental issue.

As for paper, we actively participate in FSC stakeholder meeting held by FSC Japan and CSPU, a Japan based network for sustainable paper sourcing.

---

**Forest risk commodity**

Palm oil

**Do you participate in activities/initiatives?**

Yes

**Activities**

Involved in multi-partnership or stakeholder initiatives

**Initiatives**

UN Global Compact

Natural Capital Coalition

Roundtable on Sustainable Palm Oil (RSPO)

**Jurisdictional approaches**

**Please explain**

Ajinomoto Group actively participate in Natural Capital Coalition and The Consumer Goods Forum to collect latest information, direction and methodology for zero deforestation and other environmental issue. Ajinomoto also participating CGF Japan Sustainability Local Group (JSLG) palm oil working group to exchange local information about sustainable palm oil practice.

As for palm oil, we actively participate in local meeting with RSPO or other initiatives. In April 2019, Ajinomoto was also involved in the launch of JaSPON as a founding member to contribute to the spread of sustainable palm oil in Japan.

---

**Forest risk commodity**

Soy

**Do you participate in activities/initiatives?**

Yes

**Activities**

Involved in multi-partnership or stakeholder initiatives

**Initiatives**

UN Global Compact

Natural Capital Coalition

## Jurisdictional approaches

### Please explain

We recognize that it is important for forest risk commodity to consume sustainable soy. We join workshop for procurement of sustainable agricultural products held by the Consumer Goods Forum. We are collecting external information from WWF and international NGO. We have joined CDP supply chain Program at fiscal 2017 to resolve soy issues.

---

### Forest risk commodity

Cattle products

### Do you participate in activities/initiatives?

Yes

### Activities

Other, please specify  
Engaging with cattle product suppliers

### Initiatives

## Jurisdictional approaches

### Please explain

Ajinomoto Group actively participate in Natural Capital Coalition and The Consumer Goods Forum to collect latest information, direction and methodology for sustainable sourcing of cattle product and general environmental issue. In order to grasp the entire supply chain, we have started collecting information from suppliers.

## F6.11

### (F6.11) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?

No, but we plan to implement a project(s) in two years

## F7. Verification

### F7.1

#### (F7.1) Do you verify any forests information reported in your CDP disclosure?

No, we are waiting for more mature verification standards/processes

## F8. Barriers and challenges

### F8.1

**(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.**

---

**Forest risk commodity**

Timber products

**Coverage**

Supply chain

**Primary barrier/challenge type**

Limited availability of certified materials

**Comment**

In certain areas such as North America, the supply of FSC-certified paper itself is limited. Thus ,Ajinomoto Group need to recognize other certifications. In addition, some special paper suppliers do not have CoC certification even if they use certified paper as raw materials. In such case, the supplier itself cannot claim certification.

For these reasons, some paper packaging materials must be assured of sustainability in a way other than certification.

---

**Forest risk commodity**

Palm oil

**Coverage**

Supply chain

**Primary barrier/challenge type**

Limited availability of certified materials

**Comment**

In certain areas such as Thailand, the supply of RSPO certified sustainable palm oil itself is limited. It is also difficult to obtain certification for raw materials such as palm kernel oil and palm oil derivatives that are more complex to process than palm oil.

For these reasons, some palm oil products must be assured of sustainability in a way other than certification.

---

**Forest risk commodity**

Cattle products

**Coverage**

Supply chain

**Primary barrier/challenge type**

Supply chain complexity

**Comment**

Cattle products used by the Ajinomoto Group include not only beef and milk, but also highly processed products such as beef extract. This makes the supply chain more complicated than paper or palm oil, so we can only confirm traces to the country of origin. Requirements for animal products such as animal welfare will continue to increase, and we plan to ensure traceability in such circumstances.

---

**Forest risk commodity**

Soy

**Coverage**

Supply chain

**Primary barrier/challenge type**

Supply chain complexity

**Comment**

Soy products used by the Ajinomoto Group include not only soybeans and soybean oil, but also defatted soybeans and their hydrolysates, and processed soybean products such as miso and soy sauce. This makes the supply chain more complicated than paper or palm oil, so we can only confirm traces to the country of origin. In addition, since it is distributed in a dry condition, it is widely distributed as a commodity and the suppliers are not always constant. Although soy is a raw material with these characteristics, Ajinomoto Group begins with ensuring traceability like other materials.

## F8.2

**(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.**

---

**Forest risk commodity**

Timber products

**Coverage**

Supply chain

**Main measure**

Greater supplier awareness/engagement

**Comment**



The Ajinomoto Group encourages suppliers to participate in FSC in countries and regions where many suppliers are not participating in FSC, such as North America and Thailand.

---

**Forest risk commodity**

Palm oil

**Coverage**

Supply chain

**Main measure**

Greater supplier awareness/engagement

**Comment**

In Thailand, which accounts for 55% of the Ajinomoto Group's palm oil purchases, smallholders account for most of palm oil production. Moreover, the number of suppliers participating in RSPO is extremely low compared to Indonesia and Malaysia. Ajinomoto Group companies in Thailand encourage suppliers to join RSPO through engagement with local agricultural cooperatives.

---

**Forest risk commodity**

Cattle products

**Coverage**

Supply chain

**Main measure**

Improved data collection and quality

**Comment**

In the absence of consensus on certification in the industry, in order to promote sustainability of cattle products for raw materials, it is necessary to cooperate with primary suppliers and beyond to raise awareness and ensure traceability.

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**Forest risk commodity**

Soy

**Coverage**

Supply chain

**Main measure**

Improved data collection and quality

**Comment**

In the absence of consensus on certification in the industry, in order to promote sustainability of cattle products for raw materials, it is necessary to cooperate with primary suppliers and beyond to raise awareness and ensure traceability.

## F17 Signoff

### F-FI

**(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

### F17.1

**(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.**

	<b>Job Title</b>	<b>Corresponding job category</b>
Row 1	Corporate Executive Officer, Responsible on Sustainability	Chief Sustainability Officer (CSO)