Initiatives related to key raw materials

Identification of key raw materials

Approach

GRI201-2
GRI204-DMA
GRI301-DMA
GRI414-DMA

- ▶ Ajinomoto Group Palm Oil Procurement Guidelines
- ▶ Ajinomoto Group Paper Procurement Guidelines
- ▶ Participation in RSPO
- ▶ Participation in CSPU
- ▶ CDP Forests

The Ajinomoto Group identifies key raw materials that are derived from agriculture, forestry, and fishery sources requiring more focused action. The identification process involves determining all the raw materials used in operations, which are then analyzed by internal divisions and external experts including NGOs. We base our assessment on an overall perspective that includes several factors such as dependency on the materials used, availability of alternative materials, and relevance to global environmental sustainability. We conduct an annual review of key raw materials to incorporate changes in business, global environment, and other factors.

Recognizing that deforestation has a substantial impact on climate change, biodiversity, and human rights issues, we seek to procure certified raw materials, ensuring partnerships with various initiatives and establishing our own traceability systems, as well as implement audits based on the Ajinomoto Group Palm Oil Procurement Guidelines and Paper Procurement Guidelines. The Group added beef and soybeans to our list of key raw materials in fiscal 2019. These raw materials have been listed as causes of deforestation by the CDP and Consumer Goods Forum (CGF), an international industry organization counting numerous major food, consumer goods, and retail companies as affiliated members. We plan to conduct the same type of surveys for these key materials as we do for palm oil and paper.

Ajinomoto Group key raw materials

	Key raw materials	Major countries and regions of procurement
Agriculture and forestry resources	Palm oil, an ingredient in packaged food products and specialty chemicals	Indonesia, the Philippines, Vietnam, Malaysia, Thailand, West Africa, Colombia, Brazil, Peru, Papua New Guinea
	Paper, used as office paper and in containers and packaging for packaged food products	China, Indonesia, Cambodia, the Philippines, Vietnam, Malaysia, Thailand, Bangladesh, EU, Turkey, West Africa, the United States, Canada, Mexico, Argentina, Uruguay, Colombia, Paraguay, Brazil, Peru, Bolivia, Australia, New Zealand, Papua New Guinea
	Sugar crops, used in fermentation process of amino acids	Each country where our factories are located
	Coffee beans	Indonesia, Vietnam, West Africa, Mexico, Colombia, Brazil, Papua New Guinea
	Beef, an ingredient in frozen foods, etc.	Japan, China, Thailand, India, EU, Turkey, the United States, Canada, Mexico, Argentina, Uruguay, Brazil, Australia, New Zealand
	Soybeans, an ingredient in packaged food products, etc.	Japan, China, South Korea, Indonesia, Cambodia, Thailand, India, EU, Turkey, the United States, Canada, Mexico, Argentina, Brazil, Australia, New Zealand
Fishery resources	Skipjack, an ingredient in *HON-DASHI*® and in bonito flakes	Japan
	Shrimp, an ingredient in frozen foods, etc.	Thailand

Sustainable Materials Sourcing

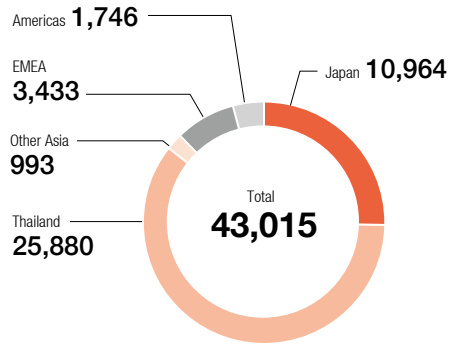
Performance

Sustainable procurement of palm oil

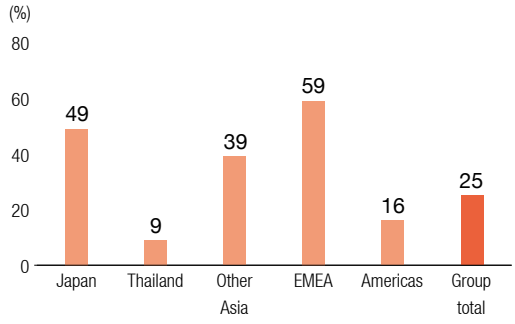
The Ajinomoto Group uses palm oil in a variety of products and applications, from packaged food products such as cup soup, instant noodle, and coffee creamer, to specialty chemicals made in Japan, Southeast Asia, Europe, and South America. Certain products use palm kernel oil, which is harder to procure in certified form. Further, certain regions have limited supplies of certified palm oil. Therefore, the Group defines palm oil certified by the Roundtable on Sustainable Palm Oil (RSPO) or traceable by the Group to sustainable sources as a sustainable material. In regions where it is difficult to procure RSPO-certified oil, we make every effort to procure palm oil that is confirmed as traceable. In so doing, we ascertain whether production takes place in regions where environmental destruction is a concern. In addition, we can respond quickly if human rights violations or other problems occur.

With a Group target to procure 100% sustainable palm oil by fiscal 2020, we achieved 79% in fiscal 2019. We also achieved a rate of 25% in procuring palm oil certified by the RSPO.

FY2019 palm oil procurement by the Ajinomoto Group (tons)



FY2019 certified palm oil procurement ratio



Performance

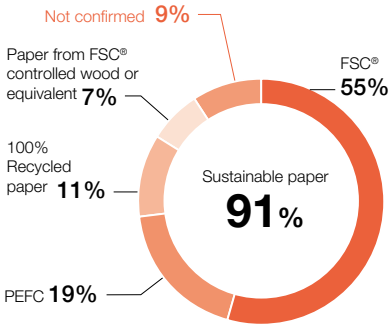
GRI204-DMA
GRI301-2
GRI301-3

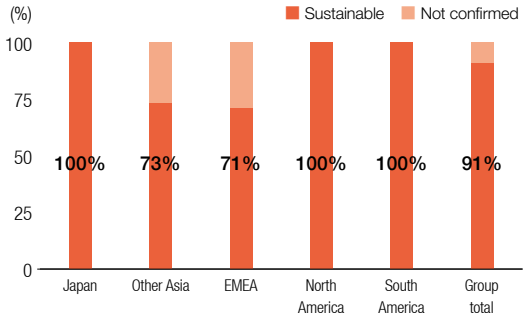
Sustainable procurement of paper

The Ajinomoto Group has established Paper Procurement Guidelines which stipulate criteria that must be met by the paper we procure. These guidelines define sustainable paper as paper that is not derived from deforestation in areas of high conservation value and paper that is procured from suppliers who use proper production procedures in accordance with local laws and regulations, as well as in line with international human rights standards. Sustainable paper includes paper certified by the Forest Stewardship Council® (FSC®), as well as recycled paper and paper made from FSC® Controlled Wood.

With a Group target to procure 100% sustainable paper by fiscal 2020, in fiscal 2019, sustainable paper represented 91% of total container and packaging paper use.

FY2019 sustainable paper procurement ratio





Sustainable Materials Sourcing

Sustainable procurement of beef and soybeans

The Ajinomoto Group aims to procure 100% sustainable beef and soybeans by fiscal 2030. We are currently considering specific initiatives such as ensuring traceability.

Sustainable procurement of fisheries resources

Performance

▶ WCPFC
▶ P87

The Ajinomoto Group uses skipjack as an ingredient in *HON-DASHI*®, our popular flavor seasoning product in Japan. We are committed to conserving resources and sustainable procurement. Therefore, we have conducted the joint skipjack tagging survey with the National Research Institute of Far Seas Fisheries (NRIFSF) in Japan since 2009. The results of this survey have shown that skipjack catches in the waters near Japan have fallen. However, skipjack levels near the equator appear to be stable. It is these equatorial skipjack that we use for the bonito flakes that serve as the raw material for *HON-DASHI*®. A paper published in 2019 that summarized the data and results of past tagging surveys is included in the National Tuna Fisheries Report of Japan to the Western and Central Pacific Fisheries Commission (WCPFC) in 2020.

With regard to the sustainable procurement of shrimp, in fiscal 2018, we conducted human rights surveys at shrimp farms and processing plants in Thailand where we procure shrimp for use as an ingredient in frozen foods. We aim to achieve sustainable procurement by building a supply chain management system that includes measures such as a complaint response mechanism.

Sustainable procurement of coffee beans

Approach

GRI204-DMA

Coffee beans are grown in areas of the world rich in biodiversity, often by small farms. The Ajinomoto Group has endeavored to procure coffee beans produced at farms that adhere to standards set by the 4C certification system[1]. This system aims to improve environmental conditions at coffee farms and better the lives of farm workers, while encouraging sustainable production and distribution.

In fiscal 2019, approximately 44% of the coffee beans we procured were from farms that adhere to the 4C standards.

In fiscal 2020 and going forward, we plan to increase the 4C-certified procurement ratio of coffee beans as well as adding the 4C certification logo to stick-type coffee products to notify consumers of our efforts.

[1] 4C (Common Code for the Coffee Community) is an independent, stakeholder-driven, internationally recognized sustainability standard for the entire coffee sector, aiming at anchoring sustainability in coffee supply chains.

Performance

▶ P92

Coffee cultivation experiments using high-value-added fertilizer

The Ajinomoto Group has been conducting tests in different coffee-producing regions with the goal of using high value-added fertilizers made from by-products (co-products) of the fermentation process in producing amino acids (see P. 90). Our hope is that, eventually, this coffee will be part of a circular economy.

■ Japan

In 2017, Ajinomoto AGF, Inc. began working with local producer associations, governments, and trading companies to develop a next-generation business through the Tokunoshima Coffee Production Support Project in Tokunoshima, Kagoshima Prefecture. This project supports the expansion of coffee bean production in one of the few coffee bean producing areas in Japan. We provide support via production technology and soil improvement using high value-added fertilizer. Our aim is to introduce Tokunoshima coffee bean products to the market.

Sustainable Materials Sourcing

■ Colombia
In fiscal 2019, we conducted a test using *AJIFOL*® foliar fertilizer to enhance resistance to coffee rust and other diseases. The results of this test, confirmed via laboratory experiments, showed enhanced resistance to coffee rust and proof-of-concept tests are currently underway at farms.

■ Vietnam
In addition to the test we have been conducting using our high-value added fertilizer, in fiscal 2019, we installed irrigation facilities in the Krong Nang district of Vietnam and expanded the areas in which high-value-added fertilizer was put into use.

▶ P93

■ Brazil
Having completed a two-year trial using high-value-added fertilizer, we began using this product in regular coffee cultivation in fiscal 2019. In fiscal 2020, we intend to increase the number of farms supported by our high-value added fertilizer, making Group products that use the coffee beans produced at these farms.

■ Indonesia
We have provided support for farmers producing Robusta coffee beans in the form of high-value-added fertilizer in the Pagar Alam area of Sumatra. We also plan to provide this support in the Surabaya area of Java and the Sidikalang area of Sumatra beginning in fiscal 2020. We began providing support for Arabica producers as well. As the first stage in this program, in February 2020, we began providing *AJIFOL*® to contract farmers producing Rasna, a variety of Arabica, to test productivity improvements.

Fertilizer application (Indonesia)