

Ajinomoto Co., Inc. CDP Forests 2021

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, 2020	March 31, 2021

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 (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization’s area of operation.

	Commodity disclosure	Stage of the value chain
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	Disclosing	Manufacturing

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

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

1-5%

Comment

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

Palm oil

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

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

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

Other - Coffee

Activity

Using as input into product manufacturing

Form of commodity

Other, please specify
Green Beans

Source

Trader/broker/commodity market

Country/Area of origin

Brazil
Colombia

Costa Rica
 El Salvador
 Ethiopia
 Guatemala
 Indonesia
 Kenya
 Lao People's Democratic Republic
 Papua New Guinea
 Uganda
 United Republic of Tanzania
 Viet Nam

% of procurement spend

1-5%

Comment

Within the Ajinomoto Group, Ajinomoto AGF and Ajinomoto Thailand procure coffee beans.

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.

	% of revenue dependent on commodity	Comment
Timber products	100%	Figure is estimated based on turnover of business segments that use each commodity. Paper packaging is used in all business segments including Sauce & Seasonings, Quick Nourishment, Solution & Ingredients (S&I), Frozen Foods, Amino Acids and Specialty Chemicals business.
Palm oil	61-70%	Figure is estimated based on turnover of business segments that use each commodity. Palm oil is used in business segments including Sauce & Seasonings, Quick Nourishment, Frozen Foods and Specialty Chemicals business.
Cattle products	71-80%	Figure is estimated based on turnover of business segments that use each commodity. Cattle products are used in business segments including Sauce & Seasonings, Quick Nourishment, Solution & Ingredients (S&I) and Frozen Foods business.
Soy	71-80%	Figure is estimated based on turnover of business segments that use each commodity. Soy products are used in business segments including Sauce & Seasonings, Quick Nourishment, Solution & Ingredients (S&I) and Frozen Foods business.
Other - Coffee	6-10%	Ajinomoto AGF, a subsidiary for coffee business had a turnover of JPY 85.5 bn in FY2020. On the other hand, the turnover of the

		Ajinomoto Group as a whole were 1,071 bn yen. So we calculated the % of revenue dependent on coffee from these two figures.
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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
Other - Coffee	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

146,000

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

Forest risk commodity

Palm oil

Data type

Consumption data

Volume

36,000

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

Forest risk commodity

Cattle products

Data type

Consumption data

Volume

8,200

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

Forest risk commodity

Soy

Data type

Consumption data

Volume

141,000

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

Forest risk commodity

Other - Coffee

Data type

Consumption data

Volume

45,000

Metric

Metric tons

Data coverage

Partial commodity production/consumption

Please explain

The volume represents the amount of green beans purchased under Ajinomoto's procurement policy and does not include OEM products for third parties that follow the procurement policies of other companies.

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.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Aceh

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Banten

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Bengkulu

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Jambi

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Jawa Barat

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Kalimantan Barat

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Kepulauan Riau

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Lampung

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Papua

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Papua Barat

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Riau

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Sulawesi Barat

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Sulawesi Selatan

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Sulawesi Tengah

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Sulawesi Tenggara

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Sumatera Barat

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Sumatera Selatan

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Sumatera Utara

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Johor

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Kedah

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Kelantan

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Melaka

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Negeri Sembilan

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Pahang

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Penang

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Perak

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Selangor

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Terengganu

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Sabah

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Sarawak

% of total production/consumption volume

Please explain

We do not know the ratio of purchases from this area.

Forest risk commodity

Other - Coffee

Country/Area of origin

Viet Nam

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

53

Please explain

53% of the GB purchased is from Vietnam.

Only suppliers can be traced, and the breakdown at the provincial level is unknown.

Forest risk commodity

Other - Coffee

Country/Area of origin

Brazil

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

15

Please explain

15% of the GB purchased is from Brazil.

Only suppliers can be traced, and the breakdown at the provincial level is unknown.

Forest risk commodity

Other - Coffee

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

12

Please explain

12% of the GB purchased is from Indonesia.

Only suppliers can be traced, and the breakdown at the provincial level is unknown.

Forest risk commodity

Other - Coffee

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

11

Please explain

11% of the GB purchased is from Columbia.

Only suppliers can be traced, and the breakdown at the provincial level is unknown.

Forest risk commodity

Other - Coffee

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

4

Please explain

4% of the GB purchased is from Ethiopia.

Only suppliers can be traced, and the breakdown at the provincial level is unknown.

Forest risk commodity

Other - Coffee

Country/Area of origin

United Republic of Tanzania

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

2

Please explain

2% of the GB purchased is from Tanzania.

Only suppliers can be traced, and the breakdown at the provincial level is unknown.

Forest risk commodity

Other - Coffee

Country/Area of origin

Lao People's Democratic Republic

State or equivalent jurisdiction

% of total production/consumption volume

2

Please explain

2% of the GB purchased is from Laos.

Only suppliers can be traced, and the breakdown at the provincial level is unknown.

Forest risk commodity

Other - Coffee

Country/Area of origin

Guatemala

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0

Please explain

Less than 0.5% of the GB purchased is from Guatemala.

Only suppliers can be traced, and the breakdown at the provincial level is unknown.

Forest risk commodity

Other - Coffee

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

0

Please explain

Less than 0.5% of the GB purchased is from Uganda.

Only suppliers can be traced, and the breakdown at the provincial level is unknown.

Forest risk commodity

Other - Coffee

Country/Area of origin

Kenya

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0

Please explain

Less than 0.5% of the GB purchased is from Kenya.

Only suppliers can be traced, and the breakdown at the provincial level is unknown.

Forest risk commodity

Other - Coffee

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

0

Please explain

Less than 0.5% of the GB purchased is from Costa Rica.

Only suppliers can be traced, and the breakdown at the provincial level is unknown.

Forest risk commodity

Other - Coffee

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

0

Please explain

Less than 0.5% (0.2 tons) of the GB purchased is from El Salvador.

Only suppliers can be traced, and the breakdown at the provincial level is unknown.

Forest risk commodity

Other - Coffee

Country/Area of origin

Papua New Guinea

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0

Please explain

Less than 0.5% (0.2 tons) of the GB purchased is from Papua New Guinea.

Only suppliers can be traced, and the breakdown at the provincial level is unknown.

F1.5e

(F1.5e) How does your organization produce or consume biofuel derived from palm oil?

Does your organization produce or consume biofuel derived from palm oil?

No

Data type

Volume produced/consumed

Metric

Country/Area of origin

State or equivalent jurisdiction

% of total production/consumption volume

Does the source of your organization's biofuel material come from smallholders?

Comment

Of the electricity generated at our own factories and purchased from renewable energy, those that use biomass fuel are fueled by rice husks and bagasse, and do not use palm oil.

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

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

External consultants

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

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

External consultants

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. From 2020, the same supply chain mapping has been expanded to palm oil and palm kernel oil used for foods in Japan.

Cattle products

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
External consultants
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 of cattle products. 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. Trase's system was used to estimate the distribution of beef and soybeans used in cattle feed.

Soy

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
External consultants
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. Trase's system was used to estimate the distribution of soybeans and beed that may be fed with soy feed. 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.

Other - Coffee

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

External consultants

Global Forest Watch Pro

Trase

Please explain

The Ajinomoto Group selects suppliers based on Ajinomoto Standard for Quality Assurance (ASQUA), a raw material quality control standards. We have confirmed that the materials purchased directly are not derived from human rights violations such as child labor and forced labor during production and distribution in consideration of global environmental protection.

The Ajinomoto Group requires suppliers to practice compliance and promote social responsibility for issues such as the environment, human rights and occupational safety, as described in the Supplier Group Sharing Policy and related guidelines.

We are also working to promote sustainability in coffee bean production and distribution, with the purchase of coffee beans produced on farms that meet the 4C certification system as a top priority in coffee bean sourcing.

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

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

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

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

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

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

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

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

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.

Leakage markets

Relevance & inclusion

Relevant, always included

Please explain

A large amount of by-products are generated from the Ajinomoto Group's factories, and most of these are used as agricultural materials such as fertilizers. For example,

composted by-products weigh more than 2 million tonnes each year. We usually directly instruct smallholders and farmers cooperatives on how to use these fertilizers to prevent them from being diverted to activities that do not comply with NDPE. We have also started activities to replace plastic packaging materials with paper packaging materials and/or recyclable materials in order to prevent environmental pollution caused by plastic packaging waste.

Brand damage related to forest risk commodities

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

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

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

Relevance & inclusion

Relevant, always included

Please explain

In its policy, the Ajinomoto Group declares that it has nothing to do with antisocial organizations as follows.

"We strictly avoid any involvement with organized criminal elements, which pose a threat to civic order and safety."

This declaration also helps prevent deforestation, as many of the developments and human rights abuses that go against NDPE involve these antisocial groups. The exclusion of such antisocial forces is always reflected when concluding a contract.

F2.1c

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

Customers

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

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

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

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

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

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

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

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

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
Other - Coffee	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.

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 had an goal 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)

10,500,000,000

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

The Ajinomoto Group uses 140,000 MT of paper annually.

Assuming this unit price is 150,000 yen per MT, and assuming that this price has gone up by 50%, total impact is $140,000 * 150,000 * 0.5 = 10.5$ bn yen.

Primary response to risk

Engagement with suppliers

Description of response

While the Ajinomoto Group has prioritized to purchase certified paper, we also conduct own supplier surveys and engagements to raise the awareness of suppliers on sustainable procurement and encourage them to join the certification or use recycled paper. As a result of these activities, we have increased the certified or recycled paper rate in the comparison of the procurement results in FY2019.

Cost of response

20,000,000

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.

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 mapping (traceability) for products and regions where certified oil is not available. For the palm oil purchased by Ajinomoto Group's food companies and divisions in Thailand and Japan, 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 Southeast Asia, and such activities will also contribute to gain a good reputation of consumers in Southeast Asia. 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)

71,850,000,000

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 718.5 billion yen. Assuming a deforestation-related scandal will reduce these sales by 10%, the amount is estimated to be 71.85 billion yen.

Primary response to risk

Engagement with suppliers

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. Even if certified palm oil cannot be purchased, Ajinomoto Group look for palm oil that can be traced to the palm oil mill. For example, 71% of the 12,748 tons of palm oil used in Ajinomoto Group in Japan are already certified or traceable to the mills.

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

522,760,000

Explanation of cost of response

Cost of response is estimated from the total premium required to increase the procurement of certified oil. In 2020 we still buy 26,138 tons of non-certified palm oil. If we convert to certified oil and the certified premium per ton is 20,000 yen, the total premium will be 553 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.

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.

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.

Forest risk commodity

Other - Coffee

Type of risk

Physical

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Rising mean temperatures

Primary potential impact

Supply chain disruption

Company-specific description

According to a study by Oriana Ovalle-Rivera et al., climate change will affect climatic suitability for Arabica coffee (*Coffea arabica*) within current regions of production. About 80% of the Ajinomoto Group's coffee beans come from Vietnam, Brazil, and Indonesia, but the paper points out these coffee production in the lower altitude land of Brazil and Vietnam is vulnerable to climate change. In addition, in areas developed due to deforestation, disasters such as landslides may occur frequently due to climate change. Temperature rises, changes in rainfall and frequent disasters due to climate change can have a negative impact on coffee sourcing, and Ajinomoto Group, who procure mainly from Vietnam, Brazil and Indonesia, can be affected.

Timeframe

>6 years

Magnitude of potential impact

Medium-high

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact (currency)

1,620,000,000

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial

The paper by Oriana Ovalle-Rivera et al. estimates that coffee production in the four major regions could decline by an average of 19% by 2050. Assuming that this 19% decrease will directly affect the decrease in the amount of procurement of the Ajinomoto Group and the decrease in sales, there is a possibility that the annual sales of Ajinomoto AGF, which is 85,53 billion yen, will decrease by 19%, and this amount is 1.62 billion yen.

Primary response to risk

Avoidance of sourcing from high-deforestation risk jurisdictions

Description of response

Adapting to climate change is a long-term challenge, so this effort is expected to take time. However, the increase in precipitation and the occurrence of natural disasters have already become apparent. One of the measures is to select coffee beans that does not relate to deforestation. For this purpose, it is necessary to take measures such as mapping the supply chain to the farm level. Purchasing certified products on the condition that they are not involved in deforestation can also be one of these methods.

Cost of response

20,000,000

Explanation of cost of response

This cost of response includes one year's labor costs and expenses for mapping supply chains. Mapping to the place of origin has not yet been realized, but it is estimated that such efforts will cost this amount. Since the criteria for coffee certifications include soil and water conservation items, purchasing these certified products will also contribute to risk reduction. In that case, the cost of response may include certification premium and increase further.

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
Other - Coffee	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.

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)

10,714,530,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

In Ajinomoto Group's products, all business units use paper packaging. The use of sustainable paper packaging is expected to increase these sales by 1%. Thus, the impact is 1% of 1,071 billion yen, which is 1.07 billion yen, is expected as the potential financial impact.

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. 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)

7,185,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

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

The sales of these businesses account for 67% of the entire Ajinomoto Group. The use of sustainable palm oil is expected to increase these sales by 1%. Thus, the impact is 0.67% of 1,071 billion yen, which is 7.185 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)

7,330,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

In Ajinomoto Group's products, food products are made from cattle products. The sales of these businesses account for 68% of the entire Ajinomoto Group. The use of sustainable cattle products is expected to increase these sales by 1%. Thus, the impact is 0.68% of 1,071 billion yen, which is 7.33 billion yen, is expected as the potential financial impact.

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)

7,330,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Of Ajinomoto Group's products, food products are made from soy products.

The sales of these businesses account for 68% of the entire Ajinomoto Group. The use of sustainable soy products is expected to increase these sales by 1%. Thus, the impact is 0.68% of 1,071 billion yen, which is 7.33 billion yen, is expected as the potential financial impact.

Forest risk commodity

Other - Coffee

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Increased demand for certified materials

Company-specific description & strategy to realize opportunity

Sustainable coffee beans also allows us to enter markets that strictly require the use of sustainable coffee beans as a raw material. Such trading conditions in B2B and B2C business may increase in the future. Today, 49% of the coffee beans purchased under Ajinomoto AGF's own policy have already received 4C certification. By expanding the purchase of such certified products, it is expected that such products allows us to expand the sales channel to the market that requires certified products.

Estimated timeframe for realization

>6 years

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

85,530,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Ajinomoto AGF, which is in charge of the coffee business in Japan in the Ajinomoto Group, has sales of 85,53 billion yen. If this sales increases by 1% due to an increase in demand for certified coffee, it could increase sales by 85.53 mn yen.

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>In order to promote sustainability management, the Company has established the Sustainability Committee as a subcommittee of the Management Committee in 2021. The Sustainability Committee deals with ESG / sustainability-related matters that has been dealt with by the Management Risk Committee, the Corporate Action Committee, and the Environmental Committee. This committee will be chaired by a director on board, General Manager of Global Corporate Headquarters.</p> <p>In accordance with materiality, the Sustainability Committee formulates measures, proposes them to the Executive Committee, and manages progress.</p> <p>In addition, the Sustainability Committee formulates risk countermeasures for company-wide management issues, manage progress, develop and promote risk management processes that contribute to strengthening internal control, and conduct matters related to crisis (safety and security) management based on the Ajinomoto Group Crisis Management Regulations.</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 - all meetings	<p>Monitoring implementation and performance</p> <p>Overseeing acquisitions and divestiture</p> <p>Overseeing major capital expenditures</p>	<p>The person in charge of the sustainability department regularly reports on actual results, current issues and measures at Sustainability Committee whose chair is the director on board.</p> <p>For forest related raw materials for which specific numerical targets have been set, the results of the previous fiscal year are collected</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&D priorities</p> <p>Setting performance objectives</p>	<p>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 Sustainability Committee.</p> <p>The committee will also discuss raw materials that should be closely watched for sustainable procurement in the future, based on the company's materiality.</p>
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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
Sustainability committee	Both assessing and managing forests-related risks and opportunities	Quarterly	<p>The Sustainability Committee deals with the following:</p> <p>(a) Matters concerning the planning of countermeasures for risks and opportunities of company-wide management issues based on materiality and their progress management.</p> <p>This includes the following three items.</p> <p>a) Deliberation and review of sustainability goals, KPIs, action plans, environmental audit results,</p>

			<p>etc., and establishment, revision and abolition of voluntary standards.</p> <p>b) Consider participating in various external task forces, roundtables and initiatives.</p> <p>c) Materiality-based risk and opportunity management.</p> <p>(b) Development and promotion of risk management processes that contribute to strengthening internal control.</p> <p>(c) Management and operation of crisis-related matters based on the Ajinomoto Group Crisis Management Regulations.</p>
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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	Yes	Compensation of Executive Officers comprised of basic compensation, short-term company performance-linked compensation, and medium-term company performance-linked stock compensation. The third medium-term company performance-linked stock compensation partially reflects ESG performance, including forest related issues.

F4.3a

(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive?	Performance indicator	Please explain
Monetary reward	Corporate executive team	Achievement of commitments and targets	Executive Officers (including those who concurrently serve as directors) will be paid basic compensation, short-term company performance-linked compensation, and medium-term company

			<p>performance-linked stock compensation at approximately 50:36:14 (47:40:13 for some positions) (on an annual basis) at the time of achieving the standard performance target.</p> <p>ESG performance, including forest-related issue, is also included in this medium-term performance indicator, with a weight of 5%.</p>
Non-monetary reward	No one is entitled to these incentives	No indicator for incentivized performance	

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	<p>Ajinomoto Group's basic principle is described in "Ajinomoto Group Policies".</p> <p>Commitments about forest is described in "Group Shared Policy on the Environment" and "Group Shared Policy on Procurement".</p> <p>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".</p> <p>Commitments beyond regulatory compliance are described in "Group Shared Policy on Procurement" and "Group Shared Policy for Suppliers".</p> <p>Commitment to transparency is described in "Ajinomoto Group Policies".</p> <p>Responsibilities to Stakeholders are described in the Basic Principle of "Ajinomoto Group Policies".</p> <p>Ajinomoto Co., Inc. is supporting Global Compact since 2009 and supports SDGs.</p>

		List of timebound milestones and targets	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.
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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	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 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>	
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>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.</p> <p>In order to prevent deforestation even in regions where these circumstances</p>

		<p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</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</p>	<p>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 procurement status, and the results are published in the integrated report.</p>
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			standards for procurement	
Cattle products	No			We have not set this commodity specific guideline yet, but we are collecting information on what criteria the leading initiatives has set.
Soy	No			We have not set this commodity specific guideline yet, but we are collecting information on what criteria the leading initiatives has set.
Other - Coffee	No			We have not set this commodity specific guideline yet, but we are collecting information on what criteria the leading initiatives has set.

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 28% of use in fiscal 2020. 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.

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 2020 is 100% in Japan and 94 % globally.

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	<p>The Ajinomoto Group's medium and long-term environmental targets encompass the entire product life cycle, with a major focus on production (factories). They include reducing GHG emission, cutting food loss and waste, improving security of food resources, and conserving the natural environment by 2050. 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</p>

			start purchasing certified products after the spread of certification.
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

Regarding the procurement of paper, FSC certified paper or recycled paper derived from 100% used paper is the first choice. Other paper is accepted if equivalence can be confirmed. In other words, if it is not FSC-certified paper or recycled paper derived from 100% recycled paper, we will interview the supplier to confirm the origin of paper. For example, PEFC-certified paper is also accepted, provided that the supplier or origin is not in "disassociation" status by FSC.

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

94

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 94% globally in fiscal 2020.

The breakdown of this 94% is as follows.

FSC® certified paper 24.6%

PEFC certified paper 9.5%

100% recycled paper 49.1%

FSC® controlled timber or equivalent 11.1%

Unconfirmed 5.6%

For items other than FSC certified paper, we make inquiries to suppliers and investigate their conformity with our procurement guidelines. As a result of these efforts, sustainable papers other than FSC account for 69.7%, while FSC-certified paper accounts for only 24.6%, while FSC-certified paper accounts for only 24.6%. The total of sustainable paper procurement was 94%, but the target of 100% was not reached.

Target reference number

Target 1

Forest risk commodity

Palm oil

Type of target

Assess and/or verify compliance

Description of target

Regarding the procurement of palm oil, RSPO certified palm oil is the first choice. Other palm oil is accepted if it is traceable. If palm oil is traceable, it will allow us to confirm sustainability for the environment and the society.

Linked commitment

Zero net/gross deforestation

Traceability point

Third-party certification scheme

Start year

2012

Target year

2020

Quantitative metric

Target (number)

Target (%)

100

% of target achieved

84

Please explain

Of the approximately 36,000 tons of palm oil purchased by the Ajinomoto Group, only 10,000 tons are RSPO certified oils, and traceability surveys were conducted on the remaining 26,000 tons, which accounted for the majority of palm oils in Thailand and Japan. As a result of these surveys, 56% became traceable, and a total of 84% became certified or traceable sustainable palm oil.

Target reference number

Target 2

Forest risk commodity

Cattle products

Type of target

Assess and/or verify compliance

Description of target

We Ajinomoto Group aim to contribute to the development of a sustainable society and create economic value through prioritized initiatives targeting adaptation to and mitigation of climate change, the development of a recycling-oriented society, and the achievement of sustainability in procurement, by fiscal 2030. For this purpose, we have set a goal to procure important raw materials, including cattle products, 100% sustainably by 2030.

Linked commitment

Zero net/gross deforestation

Traceability point

Third-party certification scheme

Start year

2020

Target year

2030

Quantitative metric

Target (number)

Target (%)

100

% of target achieved

0

Please explain

At present, neither the purchase of certified products nor the traceability to the farm level has been obtained for cattle products, so the actual result in FY2020 was zero. Since we have confirmed that the countries of origin are North America, South America, and the Oceania region, we will consider sustainable procurement processes from these regions.

Target reference number

Target 2

Forest risk commodity

Soy

Type of target

Assess and/or verify compliance

Description of target

We Ajinomoto Group aim to contribute to the development of a sustainable society and create economic value through prioritized initiatives targeting adaptation to and mitigation of climate change, the development of a recycling-oriented society, and the achievement of sustainability in procurement, by fiscal 2030. For this purpose, we have set a goal to procure important raw materials, including soy products, 100% sustainably by 2030.

Linked commitment

Zero net/gross deforestation

Traceability point

Third-party certification scheme

Start year

2020

Target year

2030

Quantitative metric

Target (number)

Target (%)

100

% of target achieved

37

Please explain

Our suppliers surveyed the origin of soybeans used in soybean meal, soybean oil, and soy sauce, and confirmed that 37% of soybeans were produced in the United States and were certified by USSEC. It has not been investigated whether the criteria of the USSEC certification completely satisfy our sustainable procurement, but at least it can be confirmed that the soybeans are not derived from deforestation. On the other hand,

the remaining 63% are from unknown regions or origins, and it is necessary to ensure traceability or switch to purchasing certified products in the future.

Target reference number

Target 2

Forest risk commodity

Other - Coffee

Type of target

Assess and/or verify compliance

Description of target

We Ajinomoto Group aim to contribute to the development of a sustainable society and create economic value through prioritized initiatives targeting adaptation to and mitigation of climate change, the development of a recycling-oriented society, and the achievement of sustainability in procurement, by fiscal 2030. For this purpose, we have set a goal to procure important raw materials, including coffee, 100% sustainably by 2030.

Linked commitment

Zero net/gross deforestation

Traceability point

Third-party certification scheme

Start year

2020

Target year

2030

Quantitative metric

Target (number)

Target (%)

100

% of target achieved

49

Please explain

With the goal of 100% sustainable sourcing by 2030, we have been working to purchase certified beans or beans with traceability. In FY2020, the purchase rate of coffee beans that is certified by 4C was 49%.

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	<p>The Ajinomoto Group, together with its suppliers, confirms that the paper meets one of the following:</p> <ol style="list-style-type: none"> 1. The paper packaging material itself or its raw material must be FSC certified 2. The paper packaging material is a product of a company that has received PEFC certification and has not been disassociated from FSC. 3. 100% recycled paper derived from used paper <p>As an auxiliary measure, traceability is implemented up to the stage where the sustainability of paper can be confirmed.</p>		N/A
Palm oil	Yes	<p>Traceability to oil mills has been established based on the list obtained by primary palm oil suppliers (oil and fat trading companies in Japan or Thailand).</p> <p>This method ensures the traceability of palm oil produced in Thailand and used in Thailand and palm oil produced in Indonesia and Malaysia and imported into Japan.</p>		N/A

Cattle products	Yes	Regarding cattle products, we are conducting a survey of the country of origin through interviews with suppliers. This trace is easy for beef, but difficult for beef extract and beef tallow. This is because highly processed products may use beef from multiple sources.		N/A
Soy	Yes	Regarding cattle products, we are conducting a survey of the country of origin through interviews with suppliers. Only some oil and soy sauce companies are able to determine the origin of soybeans in this traceability survey.		N/A
Other - Coffee	Yes	For coffee beans, traceability to the supplier and country of origin has been confirmed. However, the traceability from that point to the farm level has not been confirmed.	Specific product line(s)	For some products, our business partners sets the standards for green beans used. Private brand products for third parties are one example. These coffee beans are not covered by the Ajinomoto Group's traceability activities.

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	94
Palm oil	Mill	84
Cattle products	Not traceable	0
Soy	Country	37
Other - Coffee	Country	100

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	Yes	34
Palm oil	Yes	28
Cattle products	No, we have not adopted any third-party certification schemes for this commodity	
Soy	Yes	37
Other - Coffee	Yes	49

F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

Forest risk commodity

Timber products

Third-party certification scheme

FSC (any type)

Chain-of-custody model used

% of total production/consumption volume certified

34

Form of commodity

Paper

Primary packaging

Volume of production/ consumption certified

50,000

Metric for volume

Metric tons

Is this certified by more than one scheme?

Yes

Please explain

In principle, FSC certification is accepted. PEFC certification is also accepted if the supplier is not in the status of "disassociation" by FSC.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO (any type)

Chain-of-custody model used

Mass balance

% of total production/consumption volume certified

28

Form of commodity

Refined palm oil

Palm oil derivatives

Palm kernel oil derivatives

Volume of production/ consumption certified

10,000

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

Ajinomoto Group rarely use the credit method (book and claim palm oil) and purchase palm oil that is physically certified by mass balance or segregation.

Forest risk commodity

Other - Coffee

Third-party certification scheme

Other, please specify

4C (Common Code for the Coffee Community)

Chain-of-custody model used

Segregation

% of total production/consumption volume certified

49

Form of commodity

Other, please specify

Green Beans

Volume of production/ consumption certified

22,000

Metric for volume

Metric tons

Is this certified by more than one scheme?

Yes

Please explain

Purchasing coffee beans grown on plantations that meet the 4C certification system is a top priority in coffee bean sourcing, and we are working to promote sustainability in coffee bean production and distribution.

Forest risk commodity

Soy

Third-party certification scheme

Other, please specify
USSEC (U.S. Soybean Export Council)

Chain-of-custody model used

Segregation

% of total production/consumption volume certified

37

Form of commodity

Whole soy beans
Soy bean oil
Soy bean meal
Soy derivatives
Other, please specify
Soy sauce

Volume of production/ consumption certified

52,000

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

In the United States, a certificate based on the soybean sustainability certification protocol is issued by the USSEC (United States Soybean Export Association) at the time of export.

The Ajinomoto Group confirms the certificate through its suppliers.

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?

	A system to control, monitor or verify compliance	Comment
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	No, but we plan to develop one within the next two years	
Soy	Yes, we have a system in place for our no conversion and/or deforestation commitments	
Other - Coffee	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

91-99%

% of total suppliers in compliance

91-99%

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

As a general rule, instead of suspending transactions suddenly, we will take a method of encouraging improvement through engagement. However, if it is found that a supplier whose relationship is "disassociation" with FSC is included in our supply chain, we may take strict measures including canceling the transaction.

Forest risk commodity

Palm oil

Operational coverage

Supply chain

Description of control systems

84% of palm oil is certified or traceable to confirm the compatibility in Ajinomoto Group. Of these, certified palm oil is regarded as third-party verification, and traceability is ensured as first-party verification. The latter is monitored using tools such as GFW.

Monitoring and verification approach

Geospatial monitoring tool
First-party verification
Third-party verification

% of total volume in compliance

81-90%

% of total suppliers in compliance

81-90%

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

For certified palm oil, we will check the compliance through the certification body. For palm oil products that are traceable to the mill, we will conduct a forest-related assessment based on the location information and check the status of compliance.

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

31-40%

% of total suppliers in compliance

31-40%

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

The Ajinomoto Group purchases a variety of agricultural products in Brazil, a major soybean-producing region. From this year onward, we plan to investigate the human rights situation in the production of these agricultural products, and as part of this, we will also investigate the situation of soybean plantations. We plan to utilize this knowledge for future procurement selection.

Forest risk commodity

Other - Coffee

Operational coverage

Supply chain

Description of control systems

Forty-nine percent of green beans that have received 4C certification are considered to have received third-party verification.

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

Monitoring and verification approach

- Geospatial monitoring tool
- Third-party verification

% of total volume in compliance

41-50%

% of total suppliers in compliance

41-50%

Response to supplier non-compliance

- Retain & engage
- Suspend & 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

The Ajinomoto Group purchases a variety of agricultural products in Brazil, a major coffee-producing region. From this year onward, we plan to investigate the human rights situation in the production of these agricultural products, and as part of this, we will also investigate the situation of coffee plantations. We plan to utilize this knowledge for future procurement selection.

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
Other - Coffee	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's basic policy stipulates that both itself and its suppliers are required to comply with laws and regulations as follows.

We take steps to ensure a thorough understanding of and compliance with antitrust and other laws and rules related to competition in each country where we do business. We do not engage in collusion with competitors to fix prices or sales/production volume to limit competition (cartels), or in bid-rigging. We do not employ unfair means to eliminate competitors from or block entry into the market.

To achieve this, we check the compliance status of our suppliers at the start of transactions and at regular audits.

As for paper, 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's basic policy stipulates that both itself and its suppliers are required to comply with laws and regulations as follows.

We take steps to ensure a thorough understanding of and compliance with antitrust and other laws and rules related to competition in each country where we do business. We do not engage in collusion with competitors to fix prices or sales/production volume to limit competition (cartels), or in bid-rigging. We do not employ unfair means to eliminate competitors from or block entry into the market.

To achieve this, we check the compliance status of our suppliers at the start of transactions and at regular audits.

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 2021.

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

Procedure to ensure legal compliance

The Ajinomoto Group's basic policy stipulates that both itself and its suppliers are required to comply with laws and regulations as follows.

We take steps to ensure a thorough understanding of and compliance with antitrust and other laws and rules related to competition in each country where we do business. We do not engage in collusion with competitors to fix prices or sales/production volume to limit competition (cartels), or in bid-rigging. We do not employ unfair means to eliminate competitors from or block entry into the market.

To achieve this, we check the compliance status of our suppliers at the start of transactions and at regular audits.

Country/Area of origin

Argentina
Australia
Brazil

India
Mexico
Thailand

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

Soy

Procedure to ensure legal compliance

The Ajinomoto Group's basic policy stipulates that both itself and its suppliers are required to comply with laws and regulations as follows.

We take steps to ensure a thorough understanding of and compliance with antitrust and other laws and rules related to competition in each country where we do business. We do not engage in collusion with competitors to fix prices or sales/production volume to limit competition (cartels), or in bid-rigging. We do not employ unfair means to eliminate competitors from or block entry into the market.

To achieve this, we check the compliance status of our suppliers at the start of transactions and at regular audits.

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

Other - Coffee

Procedure to ensure legal compliance

The Ajinomoto Group's basic policy stipulates that both itself and its suppliers are required to comply with laws and regulations as follows.

We take steps to ensure a thorough understanding of and compliance with antitrust and other laws and rules related to competition in each country where we do business. We do not engage in collusion with competitors to fix prices or sales/production volume to limit competition (cartels), or in bid-rigging. We do not employ unfair means to eliminate competitors from or block entry into the market.

To achieve this, we check the compliance status of our suppliers at the start of transactions and at regular audits.

Country/Area of origin

- Brazil
- Colombia
- Guatemala
- Indonesia
- Kenya
- Lao People's Democratic Republic
- Papua New Guinea
- United Republic of Tanzania
- Viet Nam

Law and/or mandatory standard(s)

- General assessment of legal compliance
- Brazilian Forest Code

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	Capacity building	Offering on-site technical assistance and extension services Providing agricultural inputs	100	Ajinomoto Group companies in Thailand are beginning to provide small-scale 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.
Other - Coffee	Yes, working with smallholders	Capacity building	Offering on-site technical assistance and extension services Providing agricultural inputs	100	The Ajinomoto Group has the know-how to utilize by-products from the production of its own amino acids as fertilizer. We are conducting tests to utilize this high-value-added fertilizer for coffee cultivation by smallholders, and we are supporting smallholders with this initiative. We also aim to realize a cycle of purchasing and commercializing the

					grown coffee beans from such smallholders. The figures were estimated from the number of smallholders that is usually adopted in the fertilizer trial.
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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		<p>The Ajinomoto Group encourages suppliers to join Sedex and holds briefing sessions on sustainability and Sedex.</p> <p>Of course, palm oil suppliers are also eligible for this activity.</p> <p>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.</p>
Palm oil	Yes, working with direct suppliers	Supply chain mapping Capacity building	Supplier questionnaires on environmental and social indicators		Through RSPO-related meetings and JaSPON (Japan Sustainable Palm Oil Network), we encouraged domestic and overseas palm oil suppliers to join RSPO and

			Supplier audits		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		The Ajinomoto Group encourages suppliers to join Sedex and holds briefing sessions on sustainability and Sedex. Of course, cattle product suppliers are also eligible for this activity. 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		The Ajinomoto Group encourages suppliers to join Sedex and holds briefing sessions on sustainability and Sedex. Of course, soy product suppliers are also eligible for this activity. Through engagement with major suppliers who produce soybean oil, we raised awareness of suppliers and confirmed the country of origin.
Other - Coffee	Yes, working with direct suppliers	Supply chain mapping	Supplier questionnaires on environmental and social indicators		The Ajinomoto Group encourages suppliers to join Sedex and holds briefing sessions on sustainability and Sedex. Of course, coffee suppliers are also eligible for this

					<p>activity.</p> <p>Activities such as this self assessment questionnaire (SAQ) entry encourage suppliers to inspect their situation and be aware of more sustainable coffee bean production and supply.</p>
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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 FY2020, 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 FY2020, 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.
Other - Coffee	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)

Other, please specify

JaSPON (Japan Sustainable Palm Oil Network)

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

Roundtable on Sustainable Soy (RTRS)

Other, please specify

The Global Alliance for Sustainable Supply Chain (ASSC)

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.

Ajinomoto is a member of The Global Alliance for Sustainable Supply Chain (ASSC). ASSC is a Japan based initiative mainly aimed at solving human rights issues in the supply chain, but it also actively acts as a bridge between overseas certification bodies and Japanese companies. Ajinomoto also participates in the RTRS seminar hosted by ASSC, exchanging opinions with initiatives for the realization of sustainable soybean procurement.

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.

Forest risk commodity

Other - Coffee

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

UN Global Compact

Natural Capital Coalition

Other, please specify

Common Code for the Coffee Community (4C)

Jurisdictional approaches

Please explain

Although we are still in the information gathering stage, we attend several initiatives to gather information and exchange views on sustainable coffee bean cultivation.

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

The Ajinomoto Group procures FSC-certified paper or 100% recycled paper with the highest priority. However, the distribution of such sustainable paper may be extremely low in certain areas. For example, in Thailand, there is very few distribution of certified paper or recycled paper, so the ratio of sustainable procurement is lower than in the Philippines and Indonesia. If this situation improves, it is expected that sustainable paper procurement will progress considerably.

Forest risk commodity

Palm oil

Coverage

Supply chain

Primary barrier/challenge type

Limited availability of certified materials

Comment

The Ajinomoto Group puts the highest priority on procuring RSPO-certified sustainable palm oil. However, such certified palm oil accounts for only about 20% of the world's palm oil and can be much lower in certain regions. On the other hand, in some areas, such as Peru, suppliers join RSPO all at once. That enables us to source sustainable palm oil much easier. If the RSPO situation of the supplier improves in this way, it is expected that sustainable palm oil procurement will be greatly promoted.

Forest risk commodity

Cattle products

Coverage

Supply chain

Primary barrier/challenge type

Supply chain complexity

Comment

Cattle products purchased in Ajinomoto contain a lot of extracts. These beef extracts are often made scrap meat of various origins. Such supply chain complexity makes it difficult to identify the place of origin. Such difficulty in the supply chain makes it more difficult to ensure traceability and due-diligence activities based on the traceability.

Forest risk commodity

Soy

Coverage

Supply chain

Primary barrier/challenge type

Supply chain complexity

Comment

There are almost no whole soybeans in the soy products purchased in Ajinomoto, and many of them are processed form such as soybean meals, soybean oil, or soy sauce. Most of the soybean-derived raw materials procured in Japan are imported in bulk from

overseas. Due to this supply chain structure, it is more difficult to ensure traceability than other raw materials.

Forest risk commodity

Other - Coffee

Coverage

Supply chain

Primary barrier/challenge type

Lack of adequate traceability systems

Comment

In some coffee producing areas such as Tanzania and Ethiopia, auctions are made in the public market rather than bilateral transactions. In these areas, traceability is disrupted in the market, making it very difficult to purchase coffee beans and certified beans linked to the place of origin. Sustainable procurement will be difficult in such areas unless we consider non-market procurement.

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

Certification paper is becoming widespread, but there are cases where the final packaging material has not obtained certification even though the raw materials have been certified. If these suppliers obtain certification, it will be easier to obtain certified paper.

Forest risk commodity

Palm oil

Coverage

Supply chain

Main measure

Greater supplier awareness/engagement

Comment

Since some suppliers are enthusiastic about acquiring traceability in the supply chain and others are not, it is difficult for the customer of latter supplier to ensure traceability. Sustainable palm oil sourcing will become easier as these suppliers become more aware and move to ensure traceability.

Forest risk commodity

Cattle products

Coverage

Supply chain

Main measure

Greater supplier awareness/engagement

Comment

Supplier handling cattle products may not yet be aware of the risk of deforestation, unlike paper and palm oil suppliers. Sustainable cattle products will be easier to obtain if suppliers become more aware and proactive in avoiding deforestation.

Forest risk commodity

Soy

Coverage

Supply chain

Main measure

Greater supplier awareness/engagement

Comment

Supplier handling soy products may not yet be aware of the risk of deforestation, unlike paper and palm oil suppliers. Sustainable soy products will be easier to obtain if suppliers become more aware and proactive in avoiding deforestation.

Forest risk commodity

Other - Coffee

Coverage

Supply chain

Main measure

Greater transparency

Comment

In markets where auctions are the mainstream, it is difficult to procure raw materials with traceability. If these market practices change, it will be easier to 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.

	Job Title	Corresponding job category
Row 1	Executive Officer & Senior Vice President	Director on board

SF. Supply chain module

SF0.1

(SF0.1) What is your organization's annual revenue for the reporting period?

	Annual revenue
Row 1	1,071,400,000,000

SF0.2

(SF0.2) Do you have an ISIN for your organization that you are willing to share with CDP?

No

SF1.1

(SF1.1) In F6.3 you were asked "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". Can you also indicate, for each of your disclosed commodity(ies), the percentage of certified volume sold to each requesting CDP supply chain member?

Don't know

SF1.1b

(SF1.1b) Why can you not indicate the percentage of certified volume sold to each of your requesting CDP supply chain members? Describe any future plans for adopting and communicating levels of certification to requesting members.

Requesting member

L'Oréal

Forest risk commodity

Palm oil

Primary reason

Levels of certification are not recorded at the corporate level

Please explain

In the case of B2B products, we can provide products using certified oil upon request.

Requesting member

Symrise AG

Forest risk commodity

Palm oil

Primary reason

Levels of certification are not recorded at the corporate level

Please explain

In the case of B2B products, we can provide products using certified oil upon request.

Requesting member

Walmart, Inc.

Forest risk commodity

Palm oil

Primary reason

Levels of certification are not recorded at the corporate level

Please explain

Most of products with palm oil for the EU B2C market use certified palm oil. In other regions, we can also provide products using certified oil upon request.

SF2.1

(SF2.1) Please propose any mutually beneficial forests-related projects you could collaborate on with specific CDP supply chain members.

Requesting member

L'Oréal

Commodity related to the project

Palm oil

Category of project

Traceability and transparency

Type of project

Improvement of existing traceability system

Estimated timeframe for realization of benefits to customer

Current - up to 1 year

Details of project

Currently, we are working to ensure the traceability of palm oil used in chemical products.

Projected outcome

Traceability will be ensured with or without certification.

Requesting member

Symrise AG

Commodity related to the project

Palm oil

Category of project

Traceability and transparency

Type of project

Improvement of existing traceability system

Estimated timeframe for realization of benefits to customer

Current - up to 1 year

Details of project

Currently, we are working to ensure the traceability of palm oil used in chemical products.

Projected outcome

Traceability will be ensured with or without certification.

Requesting member

Walmart, Inc.

Commodity related to the project

Palm oil

Category of project

Traceability and transparency

Type of project

Improvement of existing traceability system

Estimated timeframe for realization of benefits to customer

Current - up to 1 year

Details of project

Currently, we have ensured the traceability of palm oil used in Japan and Thailand, but we are proceeding with similar efforts in other regions.

Projected outcome

Traceability will be ensured with or without authentication.

SF2.2

(SF2.2) Have requests or initiatives by CDP supply chain members prompted your organization to take organizational-level action to reduce or remove deforestation/forest degradation from your operations or your supply chain?

No

SF3.1

(SF3.1) For your disclosed commodity(ies), do you estimate the GHG emission reductions and/or removals from land use and land use change that have occurred in your direct operations and/or supply chain?

Timber products

Estimate GHG emissions and removals from land use and land use change

No, but plan to do so in the next two years

Please explain

We plan to work on this as part of our response to TCFD and TNFD.

Palm oil

Estimate GHG emissions and removals from land use and land use change

No, but plan to do so in the next two years

Please explain

We plan to work on this as part of our response to TCFD and TNFD.

Cattle products

Estimate GHG emissions and removals from land use and land use change

No, but plan to do so in the next two years

Please explain

We plan to work on this as part of our response to TCFD and TNFD.

Soy

Estimate GHG emissions and removals from land use and land use change

No, but plan to do so in the next two years

Please explain

We plan to work on this as part of our response to TCFD and TNFD.

Other - Coffee

Estimate GHG emissions and removals from land use and land use change

No, but plan to do so in the next two years

Please explain

We plan to work on this as part of our response to TCFD and TNFD.

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission	Are you ready to submit the additional Supply Chain questions?
I am submitting my response	Investors Customers	Public	Yes, I will submit the Supply Chain questions now

Please confirm below

I have read and accept the applicable Terms