

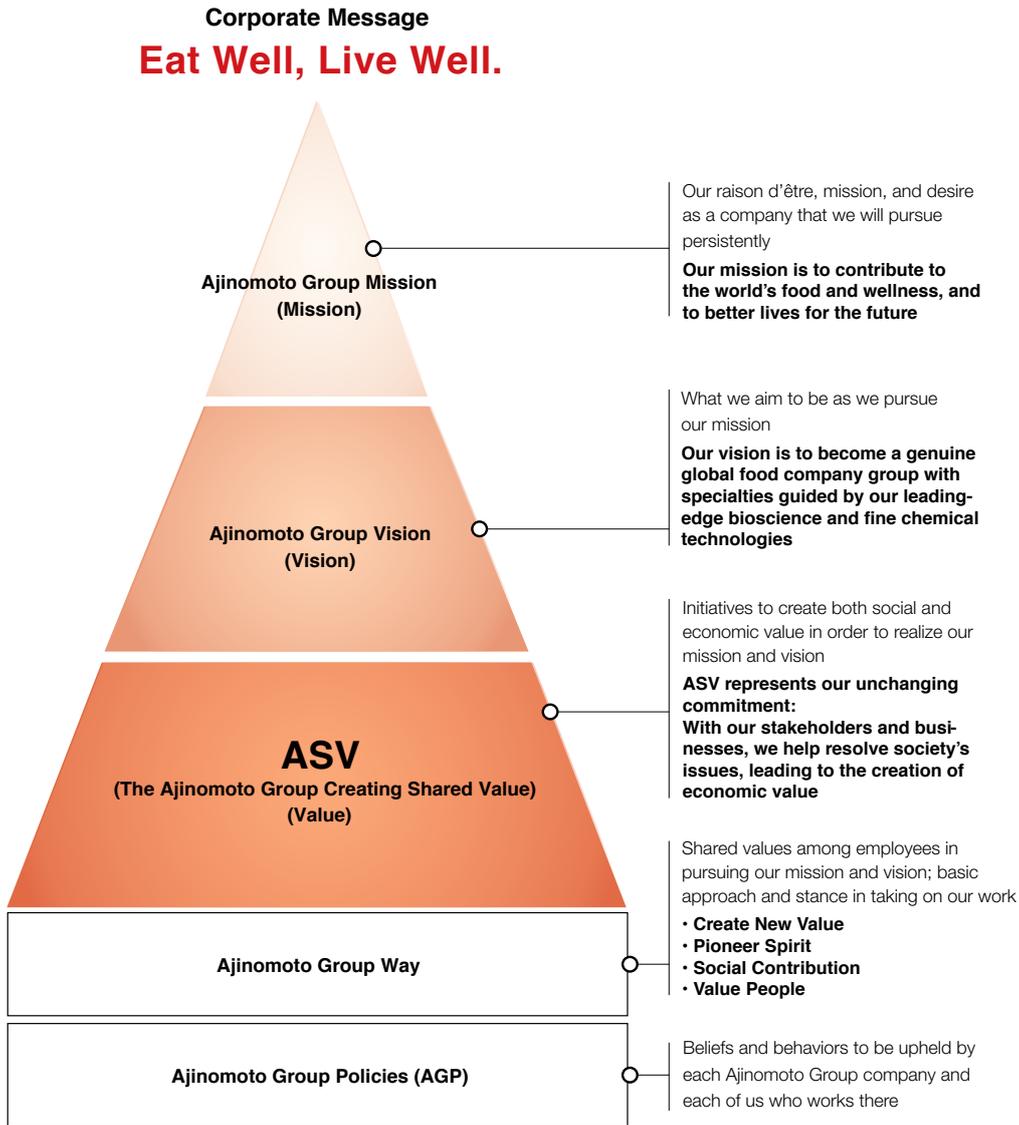
AJINOMOTO GROUP

SUSTAINABILITY  
DATA BOOK 2018



# Our Philosophy

Since its founding, the Ajinomoto Group has been consistently engaging in initiatives to resolve social issues through its business. By improving economic value through the creation of shared value with society and local communities, these initiatives have contributed to the Group's growth. These kinds of initiatives have been named ASV (The Ajinomoto Group Creating Shared Value). ASV has been positioned at the core of the Group's corporate philosophy "Our Philosophy" to realize the mission and vision adopted under this philosophy.



## Editorial Policy

This Sustainability Data Book is a supplement to the Integrated Report, which provides the Group's sustainability initiatives based on the ISO 26000.

Through this report, the Group hopes to deepen the understanding of all of its stakeholders, starting with shareholders and other investors, regarding its approach to realizing sustainable growth.

### Organizational Scope

This report covers the activities of the Group, comprising, unless otherwise noted, Ajinomoto Co., Inc. ("the Company") and its Group companies (as of March 31, 2018), including consolidated subsidiaries and other Group companies subject to reporting under the equity method. Where sufficient information for the entire Group was unavailable, the limitation in scope is explicitly defined.

### Period Covered by This Report

Fiscal 2017 (April 1, 2017–March 31, 2018)

When appropriate, however, exceptions to this general rule are made, as when citing past circumstances and data or using recent examples for illustration purposes.

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More detailed information is available on our corporate website.

URL  
<https://www.ajinomoto.com/en/activity/>



## INTEGRATED REPORT 2018

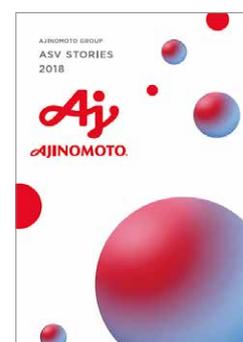
URL  
[https://www.ajinomoto.com/en/aboutus/integrated\\_report/](https://www.ajinomoto.com/en/aboutus/integrated_report/)



## ASV STORIES 2018

Examples of the Group's ASV initiatives can be found.

URL  
[https://www.ajinomoto.com/en/aboutus/asv\\_stories/](https://www.ajinomoto.com/en/aboutus/asv_stories/)





Message from the President and CEO

## Evolving ASV and Realizing Sustainable Growth

### Takaaki Nishii

Representative Director,  
President & Chief Executive Officer

By carrying on the aspiration of our founding through our “Food” and “AminoScience” businesses, we are aiming to become a “Genuine Global Specialty Company” that can grow sustainably and contribute to a healthy future for humanity and the earth.

### Efforts to Resolve “21st-Century Issues of Human Society”

Our mission is to fulfill our social responsibilities by leveraging the entire value chain—from our activities in development, raw material procurement, production, and sales to the use of our products by consumers and customers. Thus, we actively aim to contribute to the resolution of issues related to “health and well-being,” “food resources,” and “global sustainability” for all of our customers and suppliers as well as in the social lives of our employees and their families. In regard to specific issues, we have been engaging in repeated dialogues with our stakeholders since 2005 and identified and updated our materiality items in 2017 based on the issues that our stakeholders expect us to address. We have listed the details on these materiality items in our integrated report and sustainability data book. We have been working to align our medium-term management plan with the initiatives adopted under the SDGs and the Paris Agreement. Within these efforts, I paid particularly close attention to ensure that the commitments we laid out in the FY2020 Integrated Targets and the Long-Term Environmental Vision, which were adopted under the FY2017-2019 (for FY2020) Medium-Term Management Plan (FY17-19 MTP), are able to lead to international consent.

### Key Initiatives

Above all else, we put complete quality assurance first. Standing by this, we will undertake initiatives through our product development and services in the fields of food, healthcare, and life support to comprehensively provide people around the world with an even greater number of opportunities to experience “Eat Well, Live Well.,” which represents the aspiration of our founding and the core of our business.

In the managerial ranks, we will leverage these initiatives as the driver of sustainable growth for the Group by simultaneously enhancing the social value we create as well as economic value. We have named this kind of value creation “ASV (The Ajinomoto

Group Creating Shared Value)” and have been striving to foster a Group-wide understanding of ASV as the core of corporate strategies for realizing our vision over the medium to long term. With the formulation of the FY17-19 MTP, we have been pushing forward with efforts aimed at accomplishing this task. Also under the FY17-19 MTP, we are promoting key initiatives aimed at resolving the following four social issues through our business activities.

- ① Undernutrition and overnutrition caused by nutritional imbalances that stem from insufficiency in nutritional information
- ② Psychological health issues caused by lifestyle changes such as population centralization in urban areas and the rapidly aging society, which have led to busier lifestyles and an increase in people eating meals alone
- ③ Food resource-related issues, such as the depletion of food resources, and food loss and waste
- ④ Issues for realizing a harmonious coexistence with the earth by the entire lifecycles of our products (through carbon control, reductions of food loss and waste by half, sustainable procurement, sustainable conservation of water resources, and the elimination of waste emissions)

Furthermore, to realize sustainable growth, we are pursuing three key initiatives to strengthen our management foundation and governance.

- 1 Improve our level of “employee engagement” for the approximately 34,000 group employees and continue to pursue management efforts that focus on enhancing ASV and productivity. Specifically promote:
  - “Health and Productivity Management”
  - Active roles for diverse talent
  - Work-style innovation in Japan
- 2 In light of legal regulations of each country and region and global standards, implement the Ajinomoto Group Policies (AGP), which lay out the fundamental and universal approaches and actions of the Group, including all of its officers and employees, in addition to simple, clear, and transparent corporate governance based on AGP.
- 3 Ensure that all officers and employees carry out the Ajinomoto Group Way, which involves creating new value, pioneering spirit, social contribution, and valuing people. In doing so, realize an organizational culture of mutual encouragement.

I am representing the Group as a board member of the Consumer Goods Forum (CGF), an organization that comprises nearly 400 global consumer goods manufacturers and retailers. CGF displays leadership to resolve the globally shared social issues of enriching people’s lifestyles and realizing a sustainable global environment. Through this position, I am making proactive efforts to spread awareness of these initiatives. In regard to international targets such as the SDGs, I believe it is extremely important to have a sense of ownership in understanding how global issues affect each country and region and to collaborate with external organizations to form a consensus on issues that need to be addressed and specific initiatives to do so. I will surely demonstrate leadership among Japanese manufacturing, wholesale, and retail organizations and in the major countries where we are operating our businesses, so that initiatives to resolve various issues will spread.

While valuing dialogue with all our stakeholders, I plan to exercise my position of leadership so that the Ajinomoto Group can continue to grow sustainably in and beyond fiscal 2020.



Representative Director,  
President & Chief Executive Officer



(Left) Kamphaeng Phet Factory (Thailand)  
(Right) Cassava that has grown large from using our co-products (with the farmers)

# The Ajinomoto Group Creating Shared Value, ASV

## ■ Participation in the social action to tackle social issues

The world is increasingly globalized, with each country and region facing issues threatening livelihoods and the global environment. Both developed and developing countries must tackle these issues and actively find solutions. The UN Sustainable Development Goals (SDGs) consist of 17 goals and 169 targets to be achieved by 2030. A key principle of the SDGs is that, as well as the national governments, private companies and citizens also need to play a proactive role in the global effort.

As a global corporation, the Ajinomoto Group is committed to being a part of the global effort to achieve the SDGs.

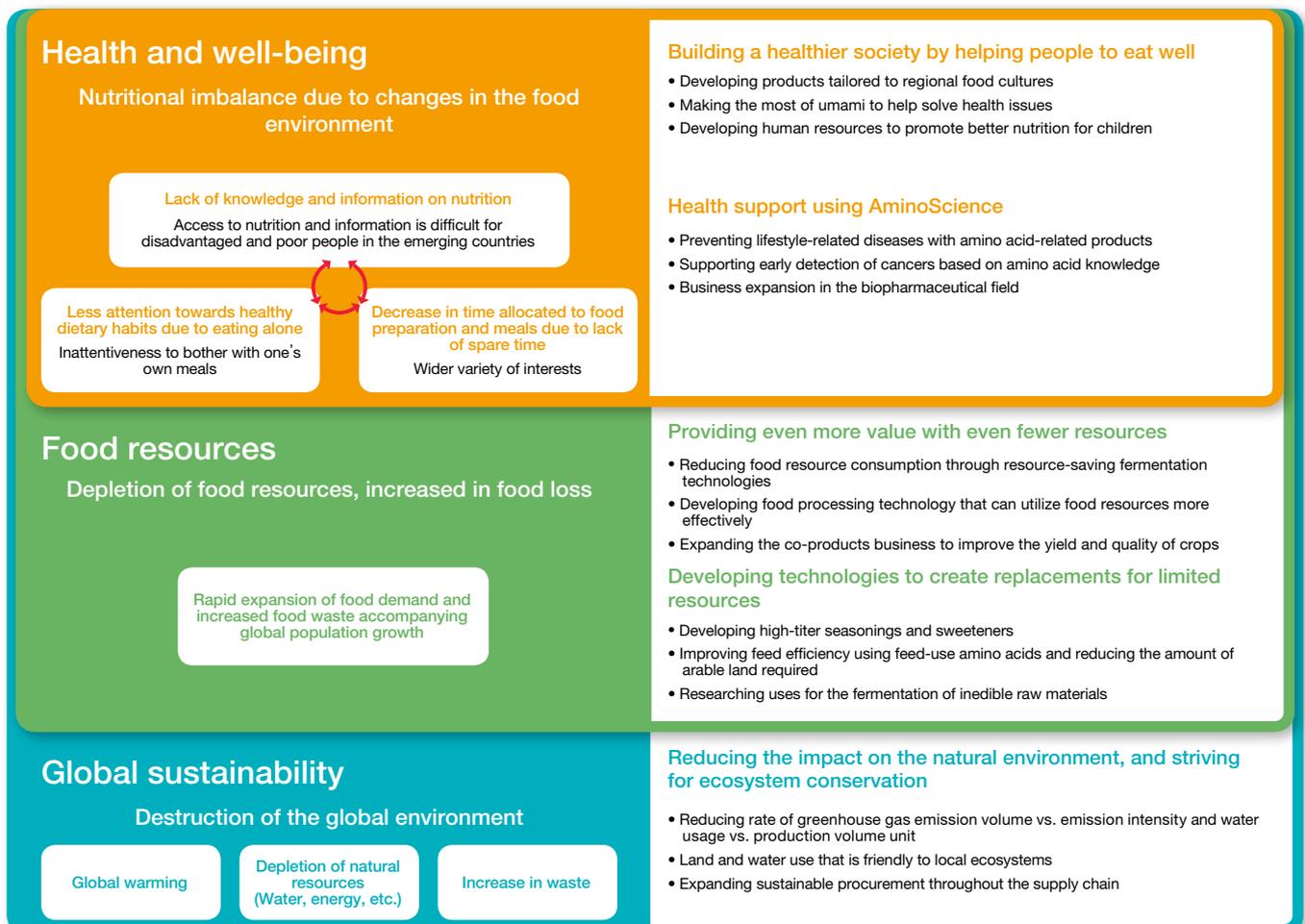


## ■ Approach to the 21st-century issues of human society

In its centenary year of 2009, the Group announced three material 21st-century issues of human society to resolve through its business activities. To select these issues, the Group reviewed the UN Millennium Development Goals (MDGs), predecessor of SDGs, and engaged its stakeholders in the process to ensure diverse perspectives were included.

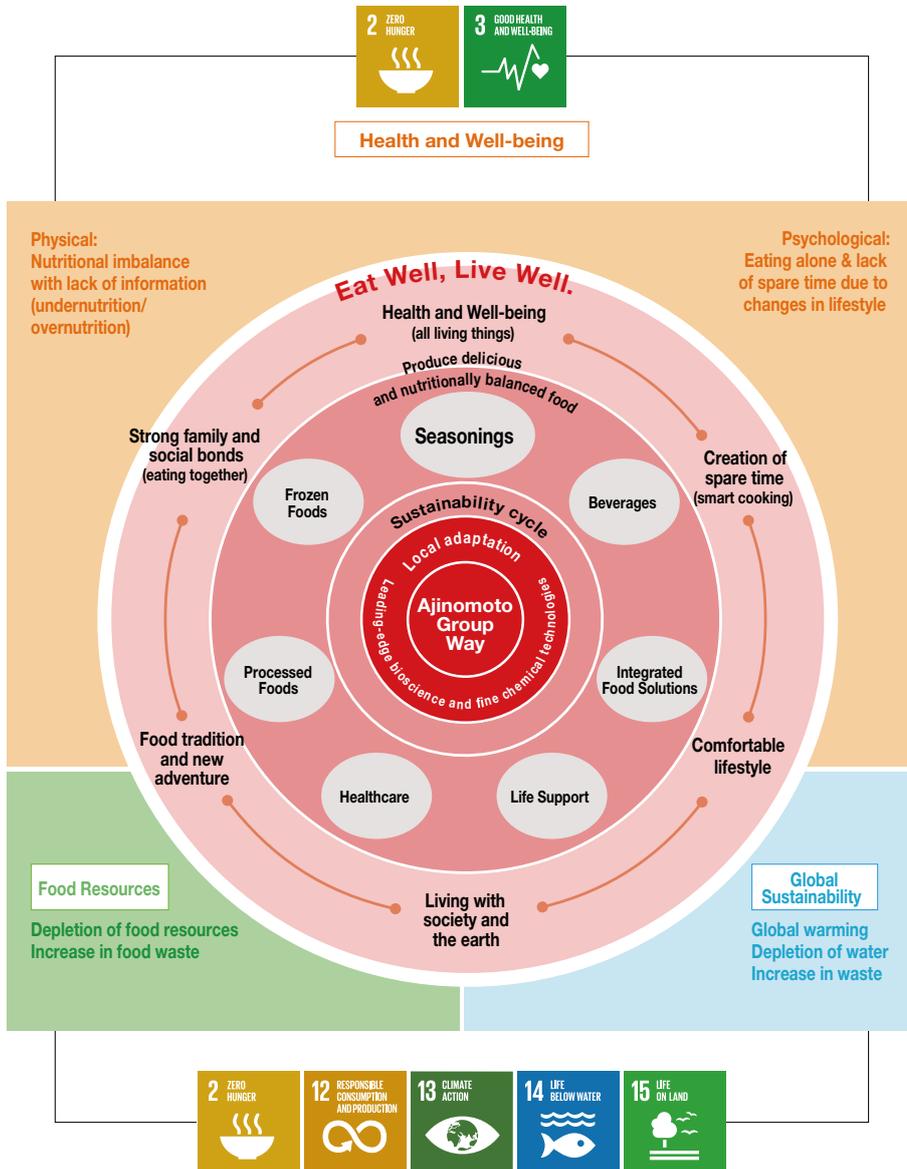
The issues selected were health and well-being, food resources, and global sustainability. The Group declared its commitment to put these issues at the center of its operations and address them through its business.

As the groundwork for resolving these issues, the Group has also worked to develop its business foundation, which includes corporate governance and human resource development.



## Value that the Ajinomoto Group aims to create

To shape its approach for resolving 21st-century issues of human society, in the FY17-19 MTP, the Ajinomoto Group has defined ASV value creation stories based on the Group's core competencies. The Group is advancing its business activities in accordance with these stories. ASV is the initiative that the Group has been consistently engaging in since its founding to resolve social issues through its business. Through shared value with society and local communities, the Group has improved economic value, thus leading to its growth.



### ASV Value Creation Stories

1

We contribute to health and well-being by utilizing our leading-edge bioscience and fine chemical technologies, which also lead to deliciousness technologies, and by delivering good and healthy food

2

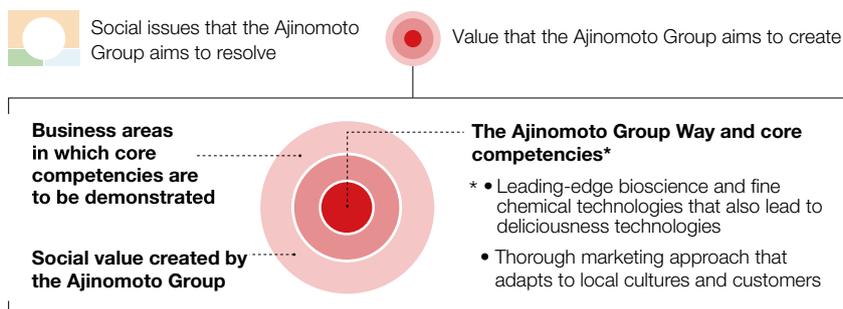
We contribute to the development of a society that enables strong family/social bonds and diverse lifestyles through eating well

3

We contribute to the sustainability of society and the earth with our customers and local communities, across the value chain from production to consumption

4

We co-create value with each region through the perspectives of the customers, with our global, top-class and diverse talents



# Target Management Indicators

ASV Value  
Creation Stories

### Corporate Brand Value

Enhance brand value through creating social/economic value, which leads to further value creation<sup>[1]</sup>

Millions of USD

Integrated Target for FY2020  
**USD1,500 million**

## Genuine Global Specialty Company

To become a global top 10 class food company that grows sustainably through ASV

**Integrated Targets for FY2020**

	Non-Financial Targets (Social Value)		Financial Targets under IFRS (Economic Value)
1	<div style="border: 1px solid gray; padding: 5px; margin-bottom: 5px;"> <p>Better nutritional balance by eating more protein and vegetables with umami</p> <p><b>Business activity</b> Produce good and healthy food menus with protein and vegetables centered on umami</p> </div>	→	<div style="border: 1px solid gray; padding: 5px; margin-bottom: 5px;"> <p>Umami seasonings <b>+100K tons</b></p> <p>Flavor seasonings <b>+90K tons</b></p> </div>
	<div style="border: 1px solid gray; padding: 5px; margin-bottom: 5px;"> <p>More eating together</p> <p><b>Business activity</b> Produce menus of delicious foods to be eaten with family or colleagues</p> </div>	→	
2	<div style="border: 1px solid gray; padding: 5px; margin-bottom: 5px;"> <p>Smart and delicious cooking</p> <p><b>Business activity</b> Provide food products that enable smart and delicious cooking</p> </div>	→	<div style="border: 1px solid gray; padding: 5px; margin-bottom: 5px;"> <p>Frozen foods <b>+30 million packages<sup>[2]</sup></b></p> <p>Soups <b>+100 million servings<sup>[3]</sup></b></p> </div>
	<div style="border: 1px solid gray; padding: 5px; margin-bottom: 5px;"> <p>People's comfortable lifestyles</p> <p><b>Business activity</b> Provide ingredients and products supported by amino acid technologies</p> </div>	→	
3	<div style="border: 1px solid gray; padding: 5px; margin-bottom: 5px;"> <p>Resolution of environmental issues</p> <p><b>Business activity</b> Construct a value chain that optimizes the use of resources</p> </div>	→	<div style="border: 1px solid gray; padding: 5px; margin-bottom: 5px;"> <p>Amino acids <b>+80K tons</b></p> </div>
	<div style="border: 1px solid gray; padding: 5px; margin-bottom: 5px;"> <p>Improved employee engagement</p> <p><b>Business activity</b> Improve working environments supported by IT</p> </div>	→	
4		→	<div style="border: 1px solid gray; padding: 5px; margin-bottom: 5px;"> <p>Cost reduction <b>-¥10 billion<sup>[4]</sup></b></p> </div>
		→	<div style="border: 1px solid gray; padding: 5px; margin-bottom: 5px;"> <p>Higher specialty ratio through innovation</p> </div>
		→	<div style="border: 1px solid gray; padding: 5px; margin-bottom: 5px;"> <p>Higher work efficiency supported by IT <b>-¥2.5 billion<sup>[4]</sup></b></p> </div>
		→	<div style="border: 1px solid gray; padding: 5px; margin-bottom: 5px;"> <p>Total sales <b>¥1,350 billion (+¥260 billion)</b></p> </div>
		→	<div style="border: 1px solid gray; padding: 5px; margin-bottom: 5px;"> <p>Business profit <b>¥137.0 billion or more</b></p> <p>Business profit margin <b>10%</b></p> <p>ROE <b>10% or higher</b></p> <p>EPS growth rate <b>Double-digit annual growth</b></p> <p>International sales growth rate (consumer foods) (local currency basis) <b>Double-digit annual growth</b></p> </div>

[1] Evaluated by Interbrand, "Japan's Best Brand" [2] Counting only products for household consumers in Japan  
 [3] Counting only cup soup products in Japan [4] Comparison between FY2016 and FY2019  
 Note: Increases for umami seasonings, flavor seasonings, frozen foods, soups, and amino acids are comparisons over the period from FY2015 to FY2020. Increases in management indicators are comparisons over the period from FY2016 to FY2020.

# Identification of Material Issues

The Ajinomoto Group collects opinions from external experts in various opportunities to help clarify the importance and priority of individual operations when creating value through business. The Group asks those experts to evaluate recent social trends and activities of the Group. Opinions are shared internally at the business planning level to ensure the Group proactively pursues activities that fulfill social expectations.

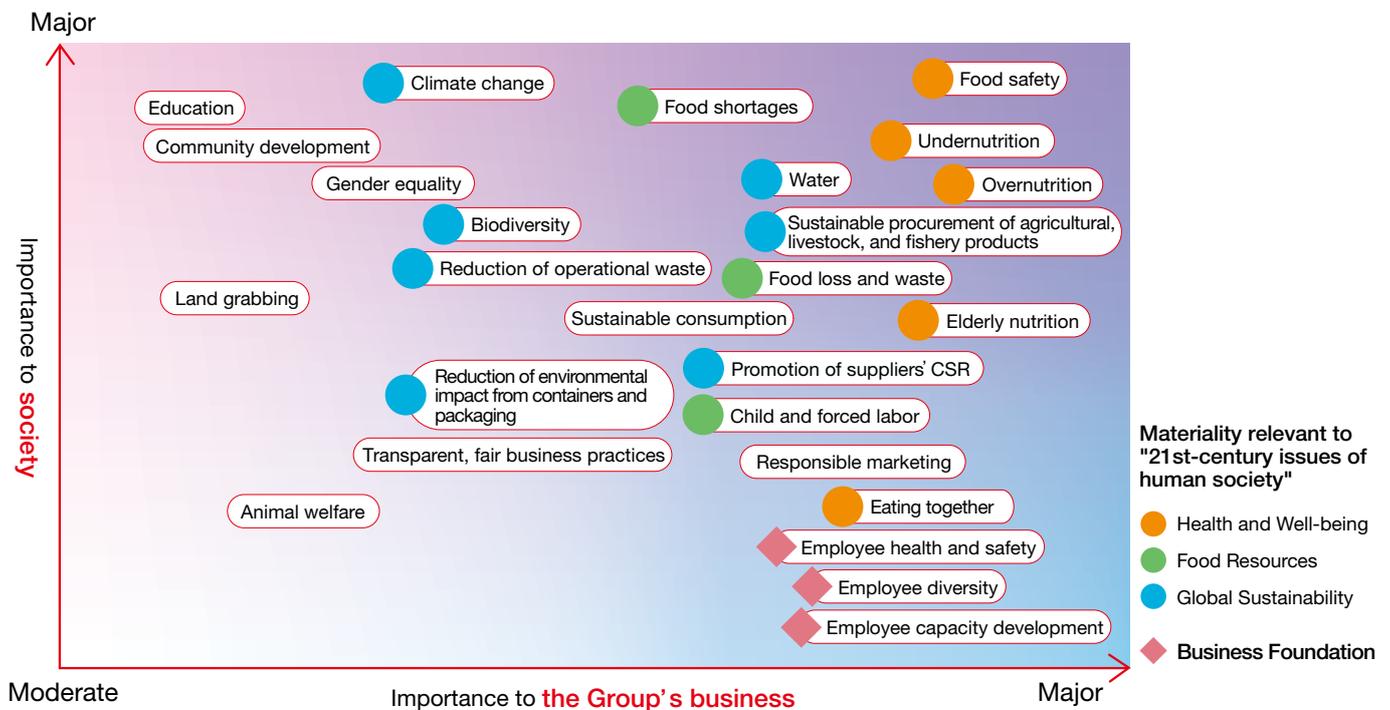


# Ajinomoto Group Materiality

## ■ Resolution of 21st-century issues of human society

The Ajinomoto Group has set out to contribute through business to three material 21st-century issues of human society: “health and well-being,” “food resources” and “global sustainability.” Committing to coexisting and developing with society, each department within the Group is tasked with laying out plans to address these issues using the Group’s unique technological and product development expertise and value-chain influence. Following discussions with stakeholders, the Group is reviewing the relationship between its business and social issues to select and organize materiality items. The Group addresses these materiality items based on the following matrix, which was designed in 2015 and reviewed in 2017 to incorporate new social trends.

## ■ Materiality matrix of the Ajinomoto Group (Fiscal 2017 revised)



## ■ Materiality items updated

The Ajinomoto Group updated the materiality matrix in fiscal 2017. Since then, the contents of the materiality matrix were reviewed within the Group in response to the introduction of the Ajinomoto Group Global Brand Logo (AGB) and other developments. While the items and layout of the fiscal 2017 matrix were kept, the matrix key was changed.

A new key for business foundation was added to the former classification by 21st-century issues of human society. This makes it possible to organize and manage items related to human resources, workplaces and organizations, which form the foundation for value creation in the Group.

# Contribution to the SDGs through business

## ■ The Ajinomoto Group on the SDGs

The Ajinomoto Group strives to understand not only the 17 goals and 169 targets but also the SDGs as a whole, including the preamble and declaration, even after the Group materiality evaluation in fiscal 2017, and recognizes the necessity to contribute to realizing a world where no one is left behind.

Eat Well, Live Well.

Leveraging its expertise on food and amino acids, the Group aims to support and nurture life for all living things and take the lead in achieving the SDGs.

## ■ Partnerships for addressing issues

The Ajinomoto Group has its own technologies and expertise on a wide range of operations including development, procurement, production, logistics, sales and services, and has established partnerships with many stakeholders in various countries and regions through business activities. The issues that one company alone can address are limited, but a broader and stronger force can be created by connecting various stakeholders for greater cooperation and collaboration across society.

By turning into a collaborative hub and serving as the keystone holding partnerships together, the Group hopes to create the driving force to resolve bigger issues.



## ■ Lecture and discussion for greater understanding of the SDGs

In April 2018, Ajinomoto Co., Inc. held a lecture on the “current needs for corporate value, ESG management and the SDGs” by the President and CEO of SDG Partners, Inc., Kazuo Tase, where he explained the significance of the SDGs and shared ideas on their implementation.



Kazuo Tase

“Achieving the SDGs demands that we envision the humanity and earth we want, the world we wish to leave to our children, in the year 2030 or even beyond, and then, working backward, create the necessary technological innovations to get there. On this point, the Ajinomoto Group’s corporate message “Eat Well, Live Well.” seems to imply more than simply eating healthy: it envisions a society in which food and eating are perceived as wholesome in every sense and can unleash the human potential, allowing everyone to enjoy physical and mental happiness.

In other words, this vision is fully aligned with the overall aim of the SDGs, particularly with (the lesser-known) “Our vision” in paragraph 7 of the 2030 Agenda. In this sense, the ASV initiative is itself a strategy for achieving the SDGs, one that should include things like clear and specific outputs and outcomes, and measurable social impacts. The Group’s goals for consumer recognition—i.e., its brand—should also be based on such a strategy.”

# Dialogues and Collaboration with Stakeholders

The Ajinomoto Group aims to maintain ongoing dialogues with various stakeholders and incorporate their feedbacks into its corporate activities, in order to sustainably create value as a “Genuine Global Specialty Company.”

Stakeholders	Key engagement opportunities	Results
Customers/ Consumers	<ul style="list-style-type: none"> <li>Customer call centers</li> <li><b>AJINOMOTO.Park</b> recipe &amp; community website</li> <li>Various events</li> <li>Factory tours</li> </ul>	<ul style="list-style-type: none"> <li>Used customer feedback to improve products and services/ made efforts to improve customer satisfaction (→ P42-45)</li> <li>Cultivated the awareness of the Group’s sustainability efforts and a sustainability mindset of event participants (→ P85-86)</li> <li>Number of participants in factory tours at three Ajinomoto Co., Inc. sites in Japan: approx. 62,000 people in FY2017</li> </ul>
Shareholders/ Investors	<ul style="list-style-type: none"> <li>General meeting of shareholders</li> <li>Analysts’ meetings on financial results</li> <li>Dialogues with institutional investors</li> <li>Briefings for institutional investors on ESG (environment, society, governance) efforts</li> </ul>	<ul style="list-style-type: none"> <li>Updated Corporate Governance Report (June 2018)</li> <li>Published Ajinomoto Group Integrated Report 2018 (July 2018)</li> <li>Held Briefing on Integrated Report Topics: Generating social value and economic value through R&amp;D for analysts and institutional investors (April 2018)</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Communication in day-to-day business</li> <li>Food defense explanatory meetings and audits</li> </ul>	<ul style="list-style-type: none"> <li>Held briefing on sustainable procurement and the Group’s policy on responsible procurement: attended by around 370 companies and 600 participants from raw materials, packaging, and indirect material suppliers (February 2018) (→ P40)</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Ajinomoto Group Way sessions/ ASV sessions</li> <li>By-rank/division training</li> <li>AGP awareness survey</li> <li>Worksite meetings on the standards of business conduct</li> <li>Whistleblower hotline</li> <li>Harassment advisory service</li> </ul>	<ul style="list-style-type: none"> <li>All group employees have attended Ajinomoto Group Way sessions and ASV sessions as of the end of FY2017 (→ P102)</li> <li>30 worksite meetings on the standards of business conduct, attended by 297 participants in FY2017 (→ P139)</li> <li>Number of hotline reports: 71 reports to group companies in Japan in FY2017 (→ P135)</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>Factory dialogue with neighborhood residents</li> <li>Participation in and sponsorship of community events</li> <li>Scholarships and other foundation-based activities (in four countries)</li> <li>Recovery assistance for communities affected by natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>Launched an environmental monitor system (Kawasaki Administration &amp; Coordination Office, Ajinomoto Co., Inc.) and held meetings with neighborhood associations</li> <li>Assistance for communities affected by natural disasters (→ P52-53)</li> </ul>
NPOs/NGOs and external experts	<ul style="list-style-type: none"> <li>The Ajinomoto Group Sustainability Forum</li> <li>Individual dialogue on the Group’s sustainability and CSR activities</li> <li>AIN program for supporting NPOs/NGOs working in the food and nutrition field</li> </ul> <p>Note: Supports through a foundation</p>	<ul style="list-style-type: none"> <li>Discussed internally how to incorporate various opinions received through dialogue into sustainability and CSR plans</li> <li>AIN program results (FY1999 through FY2017, include ongoing): 80 projects in 14 countries, approximately 150,000 beneficiaries, representing a 300-million-yen grant (→ P47-48)</li> </ul>

## Expectations and recommendations from external stakeholders

To continuously respond to various sustainability-related factors in different parts of the world, the Ajinomoto Group collected opinions from local experts on the Group's overall approach to sustainability, and specific initiatives regarding human rights, the environment and other issues.

### Sustainability issues for the Ajinomoto Group to resolve in order to become a global leader

I believe that the Ajinomoto Group's core approach meets global sustainability issues in the right place. The focus on the intersection between health and well-being, food safety and food resources and global sustainability are absolutely in the right direction. These issues build on the Group's strengths while meeting social needs.

I think the changes required in order to drive these ambitious objectives are more around how the Group works in partnership with other global and national organizations to achieve these goals. Getting behind the SDGs, defining specific objectives in line with SDG targets, taking an active role in industry, governmental and cross-sector partnerships and driving new internationally recognized standards of practice will help the Group gain both recognition and support for its initiatives.

The Ajinomoto Group's most senior leadership must be personally engaged and publicly vocal on these issues at international forums and spread the message. Being a leader is not just about achieving spectacular results; it's about inspiring others to become active partners as well.

### Issues and expectations for the Ajinomoto Group from a long-term perspective

As previously mentioned, the Ajinomoto Group has the right idea in terms of sustainability strategy and direction, focusing on long-term needs of people, society and planet.

The Group uses its innovative creativity and expertise to drive social benefit that meets identified challenges in areas that are aligned with business strategy and the Group's unique strengths. I think the difference I expect from the Group in future years is to be bolder about making long term commitments—5, 10, 20-year commitments—and tracking progress against these. I'd like to see clear long-term commitments and a roadmap to achieving them in key areas of the Group's value chain as part of the Group's long-term strategy. This includes setting challenging Science Based Targets, to which the Group has already committed, and declaring specific objectives in the areas of under- and over-nutrition, showing how the Group will make a tangible difference, especially in changing consumer habits.

At the same time, I expect the Group to be more proactive about reaching out to participate in industry coalitions and global forums that help amplify efforts across nations and regions.



**Elaine Cohen**  
Managing Director  
Beyond Business Ltd.

The modern world faces many global risks such as climate change, population explosion, wealth gap and refugee issues. Businesses are now being asked to go over and above providing customer value and pursuing financial corporate value. To survive, companies need to have a mindset for resolving social issues through business. In that light, the success of the Ajinomoto Group Creating Shared Value (ASV) initiative will no doubt be a key strategy for the Group to grow sustainably in this new era.

However, resolving global social issues is not so simple. The solution to one sometimes gives rise to other challenges, and oftentimes involves tradeoffs with other issues. To truly contribute to the resolution of social issues, the Group has to correctly determine the social impact of ASV initiatives and creates real social value in keeping with the SDGs. I look forward to seeing how the ASV initiatives will help fulfill the SDGs' ultimate goal of transforming our world.



**Hidemi Tomita**

Director  
Lloyd's Register Japan K.K.

Leading companies are increasingly taking responsibility for environmental impacts outside of their operational control, such as supply chain carbon emissions, water use and deforestation.

Positively influencing suppliers often requires new collaborative approaches, such as working alongside competitors, sharing information that has previously been considered commercially confidential, or finding new and innovative ways to create shared value.

The Ajinomoto Group has made impressive progress to date in some key areas. One standout example has seen them work alongside suppliers to develop a more circular approach to the use of sugar cane—one of the main agricultural inputs used for amino acid production—by turning the nutritionally rich by-products into fertilizer and animal feed. This is now meeting 70% of the chemical fertilizer requirements across half a million hectares of sugar cane plantations.

We would encourage the Group to consider aligning its overall sustainability strategy with what the best available science says is necessary for delivering a sustainable future. Getting this right provides an opportunity for the business to thrive in a low carbon economy, helping people to eat well and live well without exceeding planetary boundaries.



**Hugh Jones**

Managing Director  
Carbon Trust

Human rights violations such as human trafficking and forced labor have occurred in the supply chains of the food industry, and food companies of the West have been dealing with such labor and human rights issues in these supply chains, as well as implementing human rights programs consistent with the UN "Guiding Principles on Business and Human Rights." More specifically, the top managements of the food companies in the West commit in a top down way to conduct human rights due diligence and proceed to publish their human rights reports, communicating progress to stakeholders with transparency.

Compared to these approaches, in Japan, awareness regarding human rights issues has been lower, and Japanese companies have not implemented human rights programs yet. As the Tokyo Olympic and Paralympic Games will be held in 2020, international NGOs are paying attention to the labor and human rights issues happening in Japan with regard to foreign labor, so it is necessary for Japanese companies to address these issues. As a company aiming to become a global top 10 class food company, I hope that the Ajinomoto Group will recognize the need to conduct human rights activities at the level that is adopted by the Western food companies, and that the Group will take further leadership on this issue.



**Takeshi Shimotaya**

Executive Director  
The Global Alliance for Sustainable  
Supply Chain

Safe, high-quality and delicious foods are the foundation of health and abundant life for all people globally. These require advanced development capabilities, strict risk assessment and risk management. However, the science of food has become more complex and highly technical, which sometimes makes people wary and mislead. Companies need to be open about their business and to maintain honest communications.

The Ajinomoto Group's business activities began with the commercialization of *AJI-NO-MOTO*<sup>®</sup> in 1909, the legacy of Tokyo Imperial University Professor Kikunae Ikeda, who discovered umami in 1908. Throughout its long history, the Group has continued to conduct research and development, even during the times that it was misunderstood or worse publicly denigrated. I believe that this dedication to develop business toward improving people's diets around the world is highly commendable. Sadly, there were also periods when the Group did not seem forthcoming for information disclosure. However, communicating information globally is now strengthened. For instance, an issue of the Ajinomoto Group Newsletter, which is published in 10 languages, carried the history of monosodium glutamate (MSG)—a substance that had been misunderstood over the years—and it was a worthwhile read. I hope to see the Group continue to secure the world's trust by committing to sharing information and communicating without fear of criticism.



**Waki Matsunaga**  
Science journalist

## TOPICS

### Expert dialogue on nutrition

In November 2017, the R&D Planning Dept. of Ajinomoto Co., Inc. invited nutrition experts from Japan and the United States for a discussion on the Ajinomoto Group Nutrition Policy and Nutrition Strategy Guideline.

**Participants:**

Yasuo Kagawa, Vice-President, Kagawa Education Institute of Nutrition

Catharine Ross, Professor of Nutritional Sciences, Pennsylvania State University

Takeshi Kimura, Member of the Board & Corporate Vice President, Ajinomoto Co., Inc.

R&D Planning Dept.



#### Comments from the experts

- It's terrific that the Company is working to improve nutritional balance for people across a range of locations, ages, and nutritional needs.
- The approach of offering culturally sensitive and delicious foods in addition to nutritional supplementation is crucial. It's something the Group is uniquely positioned to do, and I look forward to its contributions to society in both areas.
- Japan faces an urgent need to prevent and mitigate frailty among the elderly. The key is to prevent bone loss and maintain muscle strength. We believe that amino acids and vitamin D intake should be increased.
- Maintaining seniors' appetite is an issue in the United States too, but the biggest problem is obesity. As an American citizen, I have high hopes for R&D on overnutrition.
- I would like to see the Group more actively share its research findings with the American Society for Nutrition.

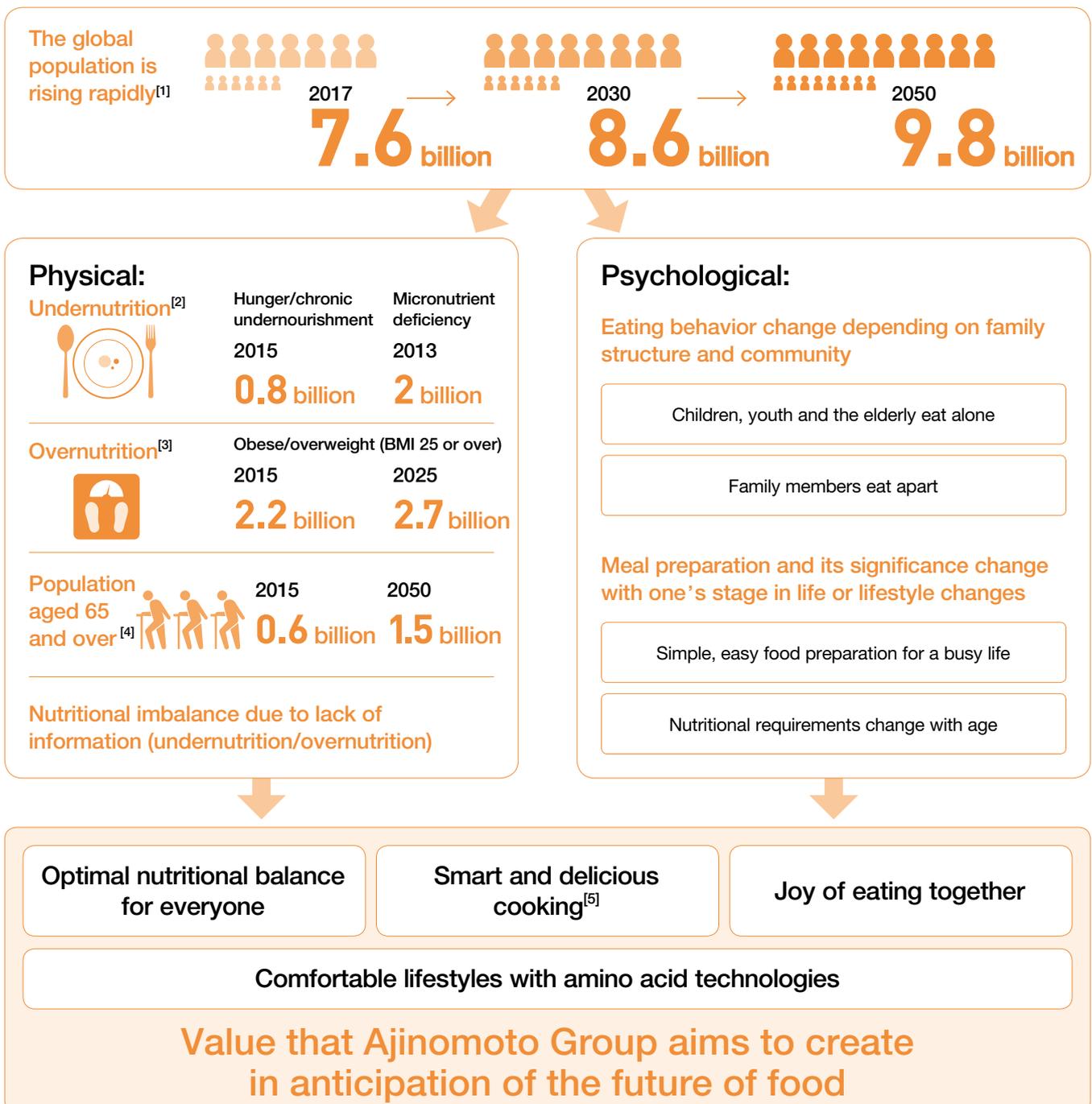
# Health and Well-being

Food issues will continue to grow even after the SDG target of 2030.

Needs for food continue to change with the times and the country or region: safety and security, good nutritional balance, connection between people.

The Ajinomoto Group contributes to the health and well-being of people by delivering good and healthy food as well as high-quality products and services to respond to diverse food needs and lifestyle changes.

## Ajinomoto Group challenge



[1] UN (2017) [2] UN Food and Agriculture Organization (FAO) (2015) (2013) [3] New England Journal of Medicine (2017) / WHO (2016) [4] UN (2015) [5] Enabling consumers to have enjoyable and efficient experiences in preparing meals including shopping, cooking, and cleaning up after meals.

# Consumer Issues and Community

## Food, Nutrition, and a Comfortable Lifestyle

### Ajinomoto Group's approach

The Ajinomoto Group has been developing global operations based on the aspiration of our founding, "Eat Well, Live Well." With understanding and respect for food culture and values of each country and region, as well as diversified preferences and food needs, the Group offers products tailored to each location. The Group also proposes well-balanced, nutritious menus from local ingredients and classic dishes to address unique local nutritional issues. Furthermore, the Group actively suggests ways to create a mealtime setting that provides emotional and physical nourishment.

The Group contributes to healthy, comfortable lifestyles by proposing a total package that combines information, products and services.



## Ajinomoto Group Policies

### Basic Principles

#### 1. Initiatives to Improve Nutrition

- 1.1 We aspire to focus on the nutritional needs of people of different regions, ages, lifestyles, and health conditions, and to provide products and information that improve the nutritional balance of daily meals.
- 1.2 We contribute to emotional and physical nourishment not only with products that provide the appropriate nutrients, but also through recommendations for delicious meals, diverse menus, smart cooking, and eating together.
- 1.3 We work to help consumers improve nutrition by offering a total package of information, products, and services based on a deep understanding of local conditions.
- 1.4 We provide opportunity for nutritious meals with products that are both affordable and in appropriate styles, and that meet consumer needs in each country.

#### Group Shared Policies and Guidelines

Group Shared Policy on Nutrition

Group Nutrition Strategy Guideline

Group Shared Policy on Product Accessibility

### Relevant materiality and scope of impact on business activity

Materiality	Supply chain	Suppliers	The Ajinomoto Group (development, production, logistics)	Distributors, users, consumers
● Undernutrition			○	○
● Overnutrition			○	○
● Elderly nutrition			○	○
● Eating together			○	○

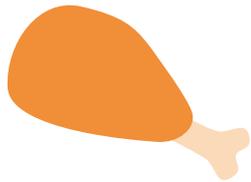
Reference →  
Ajinomoto Group Materiality P9

## FY2020 targets for health and well-being



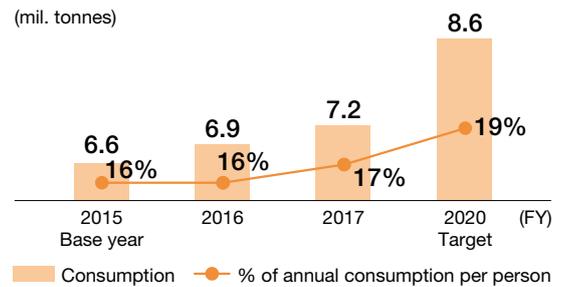
### Better nutritional balance by eating more protein and vegetables with umami

#### Meat consumption through the Group's products<sup>[1]</sup>



**8.6** mil. tonnes/yr

19%<sup>[2]</sup> (9.7 kg/person/yr)  
vs. FY2015 +3% (+2.0 kg)

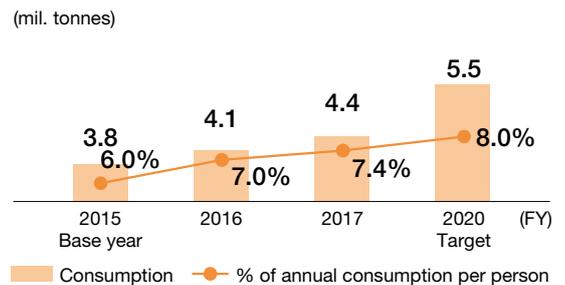


#### Vegetable consumption through the Group's products<sup>[1]</sup>



**5.5** mil. tonnes/yr

8.0%<sup>[2]</sup> (6.2 kg/person/yr)  
vs. FY2015 +2.0% (+1.6 kg)



[1] Japan: Five types of menu-specific seasoning *Cook Do*® products and frozen *Gyoza* (Chinese dumplings), Five Stars (Thailand, Brazil, Indonesia, Vietnam, the Philippines): flavor seasonings  
[2] % of annual consumption per person

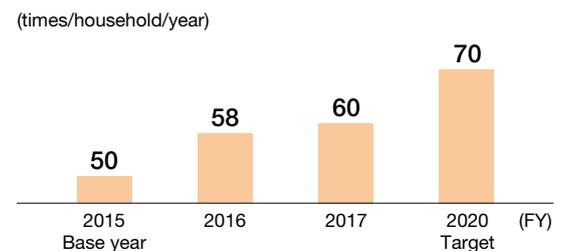
### More eating together

#### Contribution to eating together through the Group's products



**70** times/household/yr

vs. FY2015 +20 times



Japan: Five types of *Cook Do*® products and frozen food *Gyoza* (Chinese dumplings), Five Stars: flavor seasonings

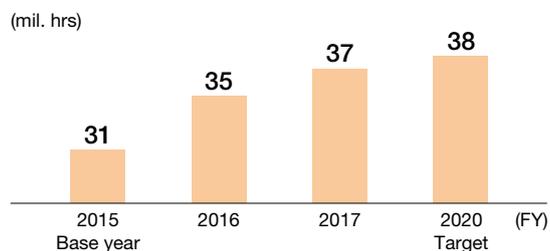
## Smart and delicious cooking

### Spare time created through the Group's products (Japan)<sup>[1]</sup>



**38** mil. hrs/yr

(6 hrs/household/yr)  
vs. FY2015 +7 mil. hrs



[1] Japan: Frozen foods (Gyoza, Yawaraka Wakadori Kara-Age (fried chicken), The★CHA-HAN (fried rice)) and three types of Knorr® Cup Soup

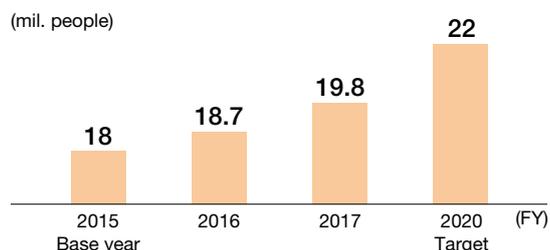
## People's comfortable lifestyles

### Contribution to comfortable lifestyles through the Group's amino acid products (AminoScience)<sup>[2]</sup>



**22** mil. people

vs. FY2015 +4 mil. people



[2] Amino acids for pharmaceutical and health food use, amino VITAL®, No Mikata®, Glyna®, etc.

## Food and nutrition management

### ■ Promotion framework

A nutrition strategy task force was launched in March 2017. To enhance the effectiveness of the Group Shared Policy on Nutrition, the task force is developing a framework for nutrient standards (nutrient profiling system) that group products should meet for introduction in fiscal 2019.

# Eat Well, Live Well.

## Convey the benefits of MSG worldwide

### ■ A founding desire to improve nutritional intake with delicious food

The Ajinomoto Group would never have been founded without the discovery of umami taste. Convinced there was a taste other than sweet, salty, sour and bitter, Dr. Kinukae Ikeda's avid research paid off in 1908 with the discovery of the fifth taste derived from a type of amino acid, glutamate. Dr. Ikeda called the taste "umami." One year later in 1909, Ajinomoto Group founder Saburosuke Suzuki, sympathized with Dr. Ikeda's quest to "improve the nutrition of Japanese people by making the simplest of diets tastier" and launched a commercial venture to sell the sodium salt of glutamate as *AJI-NO-MOTO*<sup>®</sup>, the world's first umami seasoning.

Interest in umami has recently been growing worldwide, with cafes and restaurants offering umami-inspired menus springing up mainly in major cities. At the same time, many negative rumors about MSG, the source of umami, are still circulating.

Research conducted over many years shows clearly that MSG is a safe ingredient and that umami, which has always been a part of Eastern and Western food culture through glutamate, has beneficial impact on health. The Group seeks to encourage a correct understanding of MSG around the world by offering careful, repeated explanations based on clear scientific findings.



### ■ The health benefits of umami and MSG

Glutamate is abundantly present in foods and even in breast milk, so humans around the world actually start experiencing the familiar umami taste of glutamate from the moment they are born.

One clear function of umami is its ability to promote salivation. Salivation tends to decrease as we age, which can make it difficult to taste food and even lead to dysphagia. However, research shows that some dry-mouth patients who consume umami regularly experience an improvement in the dryness of their mouth.

It is also possible to use umami to reduce salt intake. Consuming excess salt causes high blood pressure and can lead to the onset of various lifestyle-related diseases. However, research has also been conducted into the efficacy of using umami seasoning in food to reduce salt intake without reducing the palatability of food.

The Ajinomoto Group will explore these potential benefits of umami even further, and pass them on to its broader society.

### NEWSLETTER

Ajinomoto Co., Inc. communicates information on umami and MSG via NEWSLETTER, written in 10 languages.<sup>[1]</sup>



[1] Chinese, English (American), English (British), French, Indonesian, Malay, Portuguese, Spanish, Thai, Vietnamese (in alphabetical order)

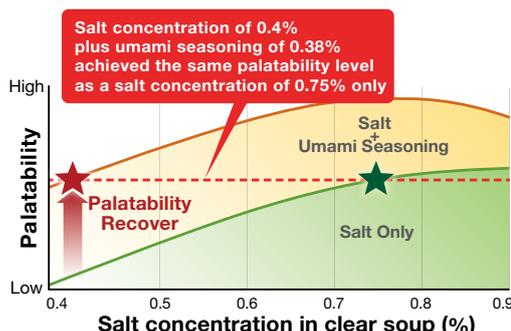
Reference →

NEWSLETTER

<https://www.ajinomoto.com/en/aboutus/newsletter/>

### Umami seasoning can reduce salt intake by approximately 30%

- WHO members have agreed to reduce intake of salt by 30%
- Umami seasoning can reduce salt intake by approximately 30%



Adapted from S. Yamaguchi et al, 1984

## Column

## Detailed communication based on scientific fact

The Ajinomoto Group believes it is responsible for conveying the value of umami and MSG in different ways to best suit each type of stakeholder.

The Umami Project was launched in fiscal 2017 with the aim of conveying the scientifically proven benefits of umami and MSG to dietitians, chefs and other food and nutrition specialists, and also using accurate knowledge to educate the general public. The project involves holding the World Umami Forum in the United States in September 2018 for food and nutrition specialists, and promoting the role of umami and MSG through diverse discussion and experience-based workshops.

The Group employs readily comprehensible communication to help reassure people around the world on the subject of food.



### World Umami Forum

Date: From September 20 to September 21, 2018

Location: New York City, USA

URL: [www.WorldUmamiForum.com](http://www.WorldUmamiForum.com)



### From the President and CEO of Ajinomoto Co., Inc. Message for the World Umami Forum

As the world celebrates the 110th anniversary of the discovery of umami, Ajinomoto Co., Inc. – the world’s first and leading manufacturer of MSG – is excited to continue to bring delicious flavor to global cuisines. The new seasoning, MSG, the purest form of umami, was introduced to the U.S. market in 1917 with a vision of a new way to bring taste to everyone’s kitchen. Through the continued research efforts in the last few decades, umami is recognized as a basic taste perception, much like the classic four basic tastes: sweet, salty, sour and bitter. By bringing together a diverse blend of experts, we hope to deepen the understanding for umami and its essential role in American cuisines.

**Takaaki Nishii**, President and CEO

## Column

## Communicating the science, sharing the benefits of umami and MSG Nature Café @ London

In December 2017, the Ajinomoto Group got together with Springer Nature, the publisher of the global integrated science magazine Nature, to hold a Science Café<sup>[1]</sup> and Nature Café in England. The “Taste Science, Culture and Communication” theme attracted approximately 50 participants, including science writers and scientists.

Five world-leading scientists and Takeshi Kimura, Ajinomoto Co., Inc. Member of the Board & Corporate Vice President gave talks, and a professional cooking demonstration and panel discussion were held to actively share scientific information and promote accurate understanding of umami and MSG. The event received a resounding endorsement from those in attendance.

This initiative has been praised in some media for exhibiting the “plain, visible public relations” that is vital to a social media era, in which senior managers address negative rumors head on, and make direct and strong comments based by scientific findings.

[1] An informal event where regular people can come to communicate with scientists over a coffee in a relatively small setting such as a café.



Speakers

### Web

An article on Nature Café was posted on nature.com.  
<https://www.nature.com/collections/sjxphxybyq/>

## Approach to delicious, easy-to-make, balanced meals

While people around the world have lately become more health-conscious, nutritional issues have also risen, caused by inadequate intake of protein and vegetables, and overconsumption of sugar, fat and salt resulting from lifestyle changes. All of these factors will increase the risk of developing lifestyle-related diseases. Improving nutritional balance of the daily diet would be an effective measure to address these issues.

Over the years, the Ajinomoto Group has refined its leading-edge bioscience and fine chemical technologies with research centered on amino acids. The Group continues to propose easy-to-make, delicious and nutritionally balanced meals that leverage its proprietary deliciousness technologies and expertise in nutrition.

The Group actively shares basic knowledge on a balanced diet and recipes using available ingredients and traditional ways of cooking to each country or region worldwide, and responds to diverse needs and issues of consumers by offering ways to reduce salt intake without reducing the palatability of food through the use of umami and cooking ideas; seasonings to help with eating adequate amounts of protein and vegetables; low-salt, low-sugar and low-fat seasonings and processed foods; and supplements for nutrients lacking in meals.

Going forward, the Group will continue to suggest well-balanced meals that provide the proper amounts of required nutrients through the best-tasting food for people in each country or region globally, a service which only the Group can provide.

Reference →  
Integrated Report 2018 P22-23, P30-35

	“Reduce” Tasty offers to resolve excessive intake Reduction of salt, sugar and fat	“Increase” Tasty offers to adequate intake Protein and micronutrient
Products	<div style="background-color: #e6f2e6; padding: 5px; margin-bottom: 5px;"> <b>Low-salt</b>   </div> <div style="display: flex; justify-content: space-around;"> <div style="background-color: #e6e6f2; padding: 5px; margin-right: 5px;"> <b>Low-sugar</b>   </div> <div style="background-color: #e6f2e6; padding: 5px;"> <b>Low-fat</b>   </div> </div>	
Recipe suggestion	<p>The Group is active in offering low and proper salt intake in Tohoku region.</p> 	<div style="text-align: center;">  <p><b>勝ち飯®</b> Kachimeshi®</p> </div> <p>Kachimeshi® offers menu programs that fulfill amount of intake recommended by ministries (protein 60-70g / vegetable 350g) daily with three meals.</p> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="background-color: #f4a460; padding: 5px; width: 30%;"> <p><b>Point 1</b></p>  <p><b>PROTEIN</b> for body making</p> </div> <div style="background-color: #4caf50; padding: 5px; width: 30%;"> <p><b>Point 2</b></p>  <p><b>VEGETABLE</b> for body conditioning</p> </div> <div style="background-color: #9c27b0; padding: 5px; width: 30%;"> <p><b>Point 3</b></p>  <p>Help digestion and absorption Soup with umami</p> </div> </div>

## ■ Tasty offers to resolve excessive intake

### ● Tasty low-sodium products (*TAI PEI*®)

The world faces various health issues because of nutritionally poor-balanced diets. In North America, excessive salt intake is a major health problem.

Ajinomoto Foods North America, Inc., which operates frozen food business in North America, is promoting the Low-Sodium Project to respond to growing health consciousness and resolve the issue of excessive salt intake. Its major brand, *TAI PEI*®, integrates the Ajinomoto Group’s proprietary deliciousness technologies, and salt reduction technologies and ingredients to achieve better taste and around 30% salt reduction compared to conventional products. *TAI PEI*® meets the expectations of health-conscious consumers by providing easy to enjoy healthy and high-quality Asian/ethnic dishes.

The Group will continue to help improve diets by providing delicious, nutritionally superior foods that take advantage of the synergies within the Group.



TAI PEI®

### ● Continuous “Salt Reduction / Optimal Salt” Initiatives in the Tohoku region

Ajinomoto Co., Inc. started the project of spreading the low and proper salt intake at Tohoku region in Japan from 2014. The Company offers menu suggestions using local ingredients, conducts seminars for nutritionists and members of local nutrition improvement councils, and engages in other activities to raise awareness around the region. For details, please refer to “ASV STORIES 2018.”

## ■ Salt intake in Iwate Prefecture

	Male	Female
2012	12.9g, No.1 in Japan	11.1g, No.1 in Japan
2016	10.7g, No.21 in Japan	9.3g, No.18 in Japan
National Avg.	10.8g	9.2g

## ■ Tasty offers to adequate intake

### ● Seasonings for easy-to-eat tasty vegetables (*Ros Dee*®)

Children’s malnutrition is a problem in Thailand, with the vegetable intake of 95% of children less than the WHO recommended diet of 120 g/day. Results of a survey of mothers with children between the ages of 2 to 5 conducted by AJINOMOTO CO., (THAILAND) LTD. showed that making children eat vegetables is difficult because vegetables are bitter and do not taste or smell good. The company thus recommends easy-to-eat tasty vegetables in favorite dishes among children: Kao Pad (Thai-style fried rice) and Kai Jiao (Thai-style omelet), using nutritious vegetables and its flavor seasoning *Ros Dee*®. The company hopes to help resolve nutritional issues by widely popularizing these menus through online media and retail stores.

Reference →

ASV STORIES 2018 P10



Kao Pad



Kai Jiao



*Ros Dee*®

### ● Nutritionally balanced menus for consumers: *Kachimeshi*®

Over the years, Ajinomoto Co., Inc. has been supporting the conditioning of world class top athletes through food and amino acids. The Company has concentrated this knowledge into the *Kachimeshi*® program, available through stores of major retailers and online. The Company supports the healthy living of consumers by sharing health and nutrition information, as well as easy, delicious menu program, arranged by each theme. For details, please refer to “ASV STORIES 2018.”

Amount of protein and vegetable intake per menu (example)



Daily intake (total three meals)  
Protein 69.8g Vegetable 603g

Recommended amount by ministries of Japan  
Protein 60-70g Vegetable 350g

Reference →

ASV STORIES 2018 P9

## The joy of cooking together, eating together

There are now less opportunities for whole families to sit together at the dining table, and eating habits have grown diverse because of trends toward nuclear families and lifestyle diversity. People eating alone or eating personalized meals, even when together with family members, have also risen. Moreover, with increasingly busy lives, people may not have the time to prepare meals. Meals are not only for getting nourishment, it is also a place for communication. By spreading the joy of eating together that connects people and family through food, and creating more time for living through smart cooking that enables enjoyable and efficient food preparation, the Ajinomoto Group supports diverse lifestyles and brings health and well-being to people around the world.

### Column

## Supporting family bonds through food AJINOMOTO VIETNAM CO., LTD.

In July 2016, AJINOMOTO VIETNAM CO., LTD. released *pancake Mix*, which offers convenient and delicious meals and snacks to create happy moments for family to cook and enjoy together. With this product, high-quality pancakes can be made just by mixing flour with water and cooking in a frying pan for three minutes. Even children can make it well, since the necessary ingredients, such as milk and eggs, are pre-mixed into the flour. The company recommends ways to enjoy cooking together as a family via local TV commercials using popular cartoon characters, featuring prepared menus on the website, uploading videos and photos of cooking parents and children and via social media messages. Going forward, the company will show the fun of cooking together, eating together, through media exposure geared toward children, using digital media such as YouTube, fan pages and holding cooking classes.

In May 2017, the company launched the “AJINOMOTO COOKING STUDIO” to deepen family bonds and contribute to people’s health and well-being by teaching Vietnamese home cooking to the younger generation. Classes composed of lectures on food and nutrition and cooking practices, with various goals and levels, are held for young people interested in cooking. A total of 8,124 people participated in fiscal 2017. The classes were well received, with one participant commenting “It was a wonderful experience. I like cooking now.”

Moving forward, the Ajinomoto Group will continue to collaborate with experts in various fields to help deepen family bonds through food by showing the importance of food and nutrition, the pleasure of cooking, and the importance of eating together.



Enjoy cooking with family



pancake Mix



Enjoy eating with family



Cooking practice



“AJINOMOTO COOKING STUDIO”

## Column

## AI-based automatic menu suggestion system

### Recipe website **AJINOMOTO.Park**

Business method  
patent pending

Ajinomoto Co., Inc. revamped its recipe website **AJINOMOTO.Park** in March 2018. Using artificial intelligence (AI) for the first time, the Company developed and launched an automatic menu suggestion system offering menus to meet each customer's needs.

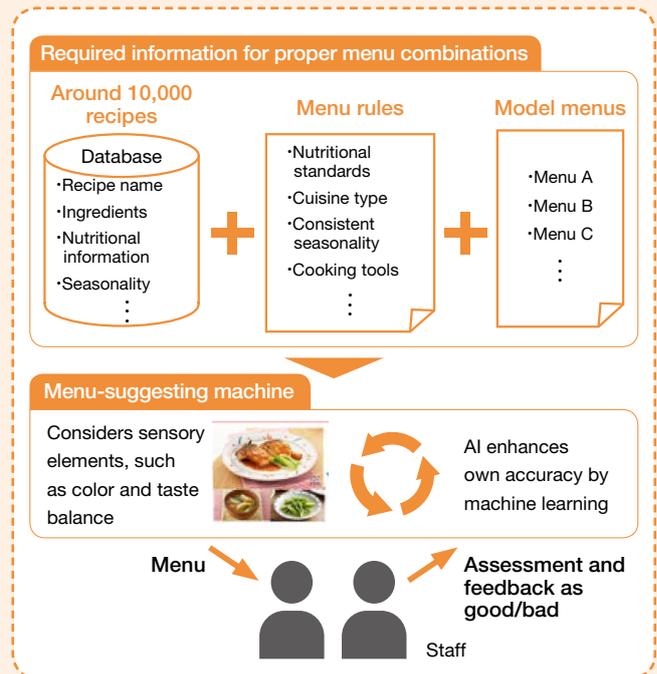
A survey conducted by the Company showed that people who regularly prepare meals prioritize "nutritionally balanced menus" the most, while 76% of people feel stressed by "planning menus" such as soup, main and side dish combinations. Accordingly, the Company developed a system that instantly suggests two suitable items from among soup, a main, and a side dish. These are added to the recipe that the customer has selected from the well-balanced meal planner on the website. The Company has applied for a business patent for this system. The system was successfully developed through the Company's database collection of more than 10,000 recipes under the supervision of nutritionists and other qualified staff.

In addition to factors considered by meal preparers, such as nutrition calculation, seasonality, cuisine type such as Japanese, Western or Chinese, and efficiency of meal preparation (number of ingredients and cooking utensils), the system can also suggest meals that consider unquantifiable and inexpressible sensory elements, such as color and taste balance, using AI. To make the AI more accurate, nutritionists and other qualified staff train it by labeling menus it created as good or bad.

The Company hopes to contribute people's smart cooking and health and well-being through this **AJINOMOTO.Park** recipe website.



### Automatic menu suggestion system



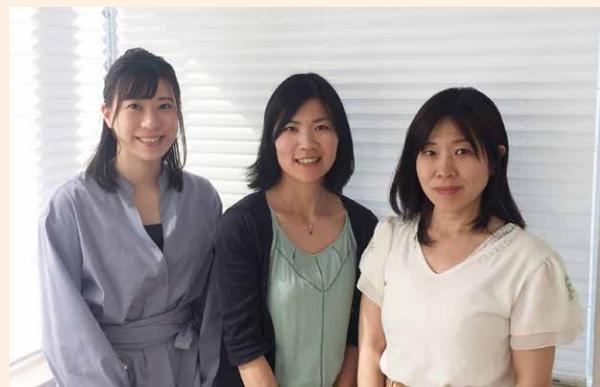
## VOICE

### A go-to website for delicious recipes

From a survey of preparing daily meals, we learned that many consumers are frustrated planning well-balanced meals. So we tried to solve this problem by using AI. Developing the automatic menu suggestion system, we found out that people actually consider many factors when planning meals even for casual meals. It was very difficult to find out the proper keywords to express those factors. Finally we assessed over 50,000 menus to make sure the system can find proper menu combinations. We further hope to develop the system even more to better fit individual consumers.

#### Reference

**AJINOMOTO.Park** (Japanese)  
<https://park.ajinomoto.co.jp/top/>



**AJINOMOTO.Park** website renewal team

## Toward ending malnutrition

### ■ Global nutritional issues

Countries worldwide are grappling with a nutritional problem called the “double burden of malnutrition.” First presented at the International Conference on Nutrition in 1992, the “double burden” refers to the coexistence of overnutrition and undernutrition.

The double burden of malnutrition can also occur in each individual, as the nutrients required by the body changes across a lifetime.

Such complex nutritional issues are not something any one company can resolve alone. Utilizing the networks it has developed through various activities, the Ajinomoto Group hopes to contribute to solutions with society as a whole.

### ■ Addressing nutritional issues in infants and toddlers

The first 1,000 days from conception to a child’s second birthday is the most vital in terms of nutrition. It is difficult for a child to recover from any malnutrition suffered during this period, resulting in stunting growth and impairing intellectual development.

The Ajinomoto Group is helping to eliminate malnutrition in weaning children in the Republic of Ghana by supporting The Ajinomoto Foundation’s Ghana Nutrition Improvement Project.

The project, launched by Ajinomoto Co., Inc. in 2009 with the University of Ghana and transferred to The Ajinomoto Foundation in April 2017, aims to establish systems for sustainable solution to malnutrition issues faced by children in their weaning years in partnership with government institutions, universities, international NGOs, corporations, and other stakeholders. Specifically, the project aims to develop, manufacture, sell, and promote the use of *KOKO Plus*, a food product with amino acids that supplements nutritional deficiencies in local weaning foods. Critical to this initiative is getting mothers to understand the state of child nutrition in Ghana, learn correct nutritional knowledge, and proudly take steps to support the healthy growth of their child. To that end, working closely with the Ghana Health Service, nurses at public health clinics, which earn the highest trust from mothers, are educating and raising awareness through posters and other tools.

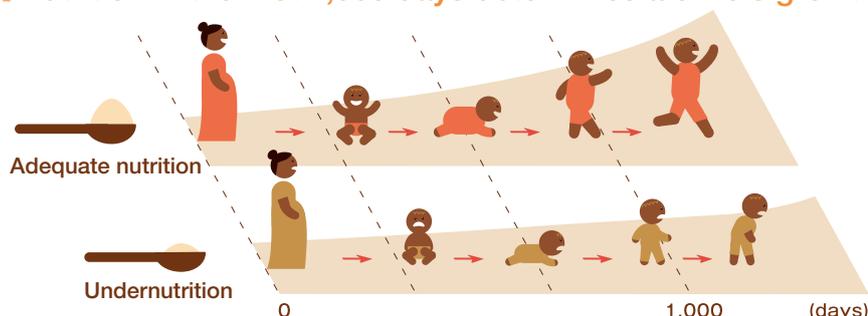


KOKO Plus



Poster used at public health clinics

### I Nutrition in the first 1,000 days determines a child’s growth



In Ghana, about 30% of children aged two years display stunting, mainly from undernutrition during weaning from age six months and beyond.

Web ➔

**KOKO Plus**

<http://www.theajinomotofoundation.org/kokoplus/>

## Improving malnutrition in childhood and adolescence

The Ajinomoto Group is actively working to resolve nutritional issues in Vietnamese children and adolescents. There are more children with stunted growth and low body weight in rural areas of the country, while a growing urban middle class is leading to more overweight and obese children. There are many issues surrounding children's meals and nutrition, including that national dietician program has not been established, public knowledge and awareness of nutrition is not sufficient, and expert-guided, nutritionally balanced school lunches have not been provided.

To resolve these issues, in 2012 AJINOMOTO VIETNAM CO., LTD. launched "School Meal Project," applying ideas from Japan's school lunch system. Working with central government ministries, including the Ministry of Education and Training, and the Ministry of Health, as well as together with 63 local governments, the company has been carrying out range of activities to deploy the project nationwide including providing school-meal menu books and Food & Nutrition Education materials, developing Nutritionally Balanced Menu software, and setting up model kitchens to improve school-meal operations and hygiene management. As of the end of March 2018, the software has been introduced at 2,910 schools, and the second model kitchen was completed in May 2018. Staffs from 62 regional sales offices have been visiting elementary schools to explain how to use the software and how schools might introduce meals made with Ajinomoto Group products. The project aims to offer nutritionally balanced school meals to 1.428 million elementary school children by the end of fiscal 2022.



Children eating school lunch



Model kitchen

## Initiatives on weight loss and undernutrition in young women

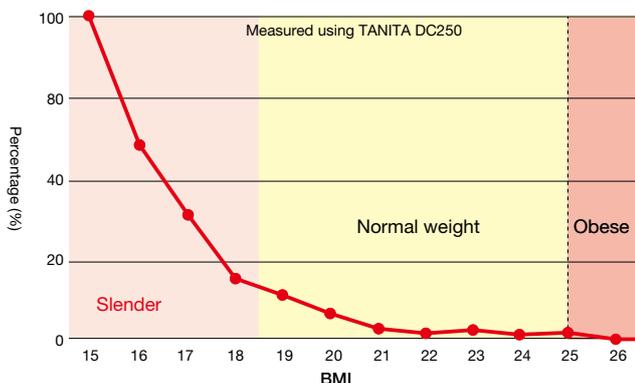
Health in adulthood can impact not only one's future self but also the health of one's family. In Japan, weight loss has become noticeably more common among women in their 20s and 30s. Reduced food intake from forceful dieting removes essential nutrients, causing issues such as unwellness, skin problems, anemia and menstrual irregularity. For such women, low body weight is also known to increase obesity risk of future children.

Ajinomoto Co., Inc. strives to educate young women about the importance of balanced meals. In fiscal 2017, partnering with the Japan Academy of Midwifery, the Company hosted seminars for experts and for employees. The Company will continue to help improve nutrition among young women through such initiatives.



Luncheon seminar of the 32nd Scientific Meeting of the Japan Academy of Midwifery

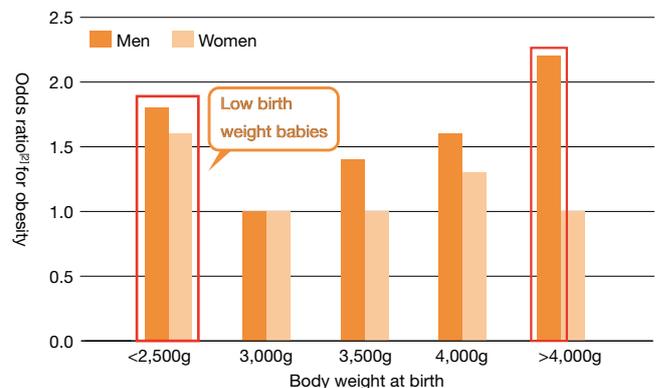
### Correlation between female BMI and amenorrhea<sup>[1]</sup>



Source: Partially revised 2014 data, Nose, et al., Japanese Society of Psychosomatic Obstetrics and Gynecology

[1] Survey of 1,534 people over 40 sports categories, Japan Institute of Sports Sciences

### Relationship between birthweight and incidence of obesity in adulthood (ages 64 to 73)



Source: Eriksson et al., Int J Obes Relat Metab Disord.; 25 735. 2001

[2] Risk when children born weighing 3,000 grams are set at 1.

Column

## A new style of lunching for better nutritional balance

To support young women in getting adequate nutrition, in November 2017, Ajinomoto Co., Inc. held potluck lunch demonstration and cooking classes for young women working in Marunouchi district, Tokyo. While maintaining and promoting good health requires getting balanced nutrients from a variety of foods, preparing multiple dishes for lunch at work is sometimes difficult. In a potluck, each participant prepares and brings a double portion of one dish to share. In this way, they can easily increase the variety of foods they eat. The classes served as a forum to talk about healthy eating, with some participants commenting excitedly that they want to have potlucks with their friends, and that it was a good chance to rethink their own nutritional balance.



Potluck lunch practice workshop



Menu at the demonstration workshop

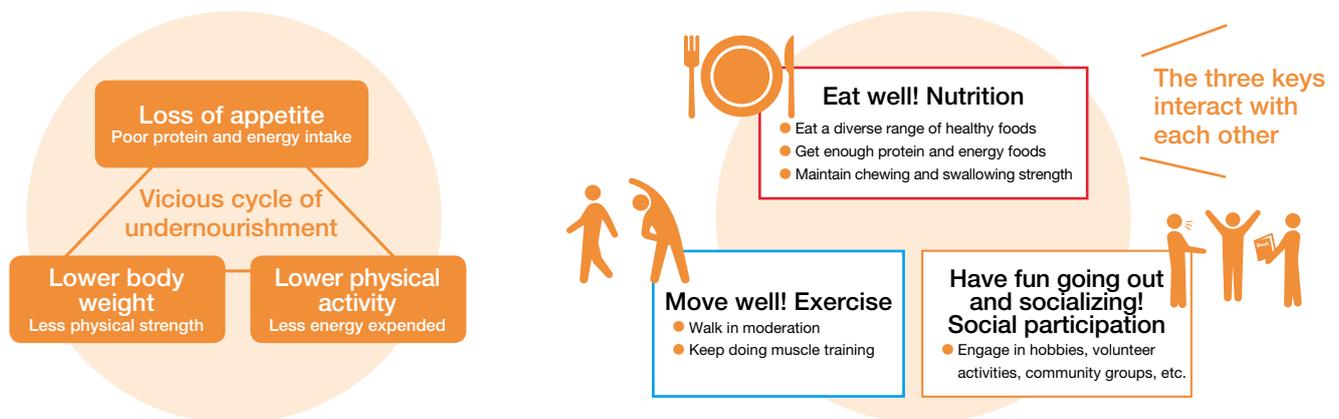
Reference

AJINOMOTO NEWS (Japanese)  
<https://news.ajinomoto.co.jp/company/20180810shareben.html>

### ■ Addressing nutritional issues in senior years

Seniors may not be able to eat adequately due to declining physical functions and loss of appetite as they age. Less food intake causes body weight to decrease and muscular and physical strength to deteriorate, which may then lead to lower physical activity, less appetite and a vicious cycle of undernourishment. However, this can be prevented by deliberately taking measures with correct information.

### ■ Vicious cycle of undernourishment | Three keys to prevent undernourishment



By leveraging its protein and amino acid nutrition expertise, Ajinomoto Co., Inc. strives to publicly disseminate nutritional knowledge to people with health problems. The Company provides information for immediate use to healthcare providers, registered dietitians and pharmacists as guidance tools as well as training for deeper understanding. The Company will continue to partner with those specialists, and help seniors manage their nutrition and maintain healthy lifestyles.

## Column

## Easy nursing care recipes for both the elderly and their caregivers

In Japan, about 40% of households are composed of the elderly and the majority of those households consists of singles or couples only, with an increasing number of the elderly requiring nursing care. If a family member needs nursing care, meals may be negligible as making separate meals and cooking itself become a burden.

Under the supervision of home healthcare nutritionists, Ajinomoto Co., Inc. issued a booklet for healthcare professionals who are giving nutritional advice to the elderly and their families. This booklet includes advice on nutritional management and easy-to-make recipes using local ingredients. The recipes are classified into four sections: super-easy soft food recipes, quick recipes using processed foods, rearranged recipes for classic dishes, and nutritious easy snack and dessert recipes. Adapted menus that take chewing and swallowing ability into account are also provided in the super-easy soft food recipes section.

Recipes in the booklet are also available online at the Useful Recipes for Nutrition Management and Caregiving website.



The booklet introducing easy nursing care recipes

**Reference** →

**Useful Recipes for Nutrition Management and Caregiving (Japanese)**

<https://www.ajinomoto.co.jp/nutricare/recipe/>

# Comfortable lifestyle: Solutions supported by AminoScience

## Amino acids for daily lifestyle support

### Why the Ajinomoto Group specializes in amino acids

Roughly 20% of the human body, including its muscles, skin, blood and nerves, is made of protein, and protein is made exclusively of amino acids. Amino acids, thus, are the “foundation of life,” nutrients essential to all living things. While only 20 kinds of amino acids compose protein of the human body, more than 100,000 kinds of proteins are produced by combining them in various ways. These proteins serve critical physiological functions, becoming tissue, accelerating metabolism as enzymes, or fighting pathogens as antibodies, for example. Since its first product, umami seasoning *AJI-NO-MOTO*<sup>®</sup>, was an amino acid (glutamate), the Ajinomoto Group has long studied these functions and, combining their infinite possibilities with its own expertise in pursuing scientific evidence and creating deliciousness, delivered them to customers as products and services.

### Amino acids for supporting muscular development

As Japan and other societies worldwide face population aging, extending healthy life expectancy is becoming a crucial issue. For seniors, muscular decline is increasingly being recognized as a serious problem for living in good health. Of the nine essential amino acids<sup>[1]</sup>, leucine functions as the signal for building muscles. Ajinomoto Co., Inc. has developed a unique blend of essential amino acids with 40% leucine. Such a formulation used in conjunction with light resistance exercise, such as bending and extending the legs, has been shown to support muscle development that counters the effects of aging and to improve walking ability for those over the age of 60. Through *Amino Aile*<sup>®</sup> and *Amino Aile*<sup>®</sup> *Jelly Leucine 40*<sup>[2]</sup>, Foods with Function Claims (FFCs) that draw on these functions, the Company is supporting seniors in their muscular development.

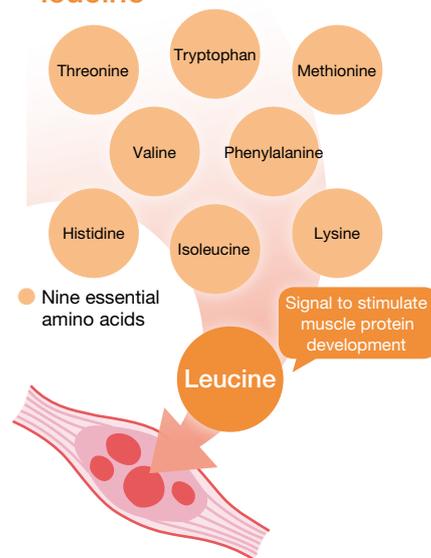
### Supporting comfortable lifestyles with amino acids

Ajinomoto Co., Inc. is harnessing the health benefits of amino acids identified through longstanding research in development of products that support comfortable lifestyles.

One amino acid, glycine, for example, makes up a third of the collagen in our skin. Glycine also works to rapidly induce deep sleep, enhances sleep quality, and supports a more refreshed awakening. *Glyna*<sup>®</sup> is an FFC developed to deliver these effects as a sleep aid for consumers.

The Company was the first in the world to discover that histidine, an essential amino acid found in bonito fish broth (*katsuo-dashi*), is effective in relieving fatigue and related symptoms, such as brain fog and poor concentration. *Mai Asa Histidine*<sup>®</sup> is an FFC that provides these benefits to support the modern person troubled by fatigue and stress in their health development.

### Composition of essential amino acids with 40% leucine



Of the nine essential amino acids, leucine functions as the signal for building muscles.

[1] Amino acids that cannot be synthesized by the body  
 [2] *Amino Aile*<sup>®</sup> and *Amino Aile*<sup>®</sup> *Jelly Leucine 40* have been renewed since April 2019.

Reference → ASV STORIES 2018 P5-6

Reference → Sustainability Data Book 2017 P19-20

### Products using functionality of amino acids



*Amino Aile*<sup>®</sup>



*Amino Aile*<sup>®</sup> *Jelly Leucine 40*



*Glyna*<sup>®</sup>



*Mai Asa Histidine*<sup>®</sup>

## Downstream strategy (brand + inside strategy)

Dietary needs today are diversifying as lifestyles, dietary habits, and demographics shift. The Ajinomoto Group provides amino acids to other companies in the food area as health ingredients so their customers can conveniently take the necessary amino acids in their daily meals. The Group broadly communicates the health and nutritional benefits of amino acids through providing information on their safety and functionality with scientific evidence.

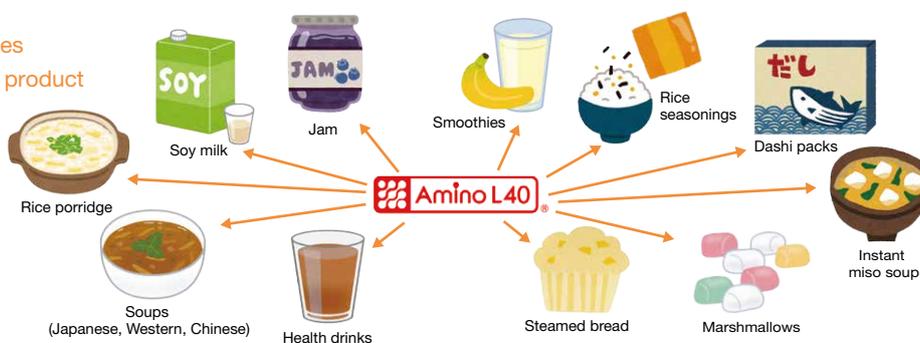
The Group is reinforcing this approach named the downstream strategy (brand + inside strategy). In fiscal 2017, the Group expanded this initiative to the United States and other areas, where it is providing amino acid ingredients, along with functionality information, that match local needs.

By providing specialty blends of amino acids that draw out their specific functions, the Group hopes to continue supporting customers who want to be healthy from the inside out or improve their health from the bottom up.

Reference →  
Integrated Report 2018 P39

## Downstream strategy (brand + inside strategy)

- ◆ Creating value of amino acids
- ◆ Providing food processing technologies
- ◆ Providing amino acid ingredients and product design solutions to sales companies and retailers



### Column

## The Ajinomoto Group enters U.S. medical foods<sup>[1]</sup> market Using amino acids to help various people with health issues

In November 2017, Ajinomoto Co., Inc. acquired U.S. medical foods company Cambrooke Therapeutics, Inc. ("Cambrooke") and made it a wholly owned subsidiary through Ajinomoto North America, Inc. (currently Ajinomoto Health & Nutrition North America, Inc.). Cambrooke manufactures and sells medical foods for patients with amino acid metabolism disorders, and is rolling out its product lineup in the United States, Europe and elsewhere. Medical foods, an indispensable part of the daily meals of patients who cannot metabolize certain nutrients and thus cannot eat normal meals, are lacking in palatability and variety. By applying its scientific knowledge of amino acids' nutritional and physiological functions, "deliciousness technologies," and

food application technologies to Cambrooke's operations, Ajinomoto Co., Inc. will resolve these issues and offer enhanced foods to the people who need them. Conversely, by introducing Cambrooke's expertise to the Ajinomoto Group's food-related businesses, the Company will seek to expand its lineup of high value-added health and nutrition products. The Group will help people overcome their dietary and health challenges and thus contribute to an improved quality of life by creating synergies and providing new value to society leveraging the Group's overall strengths.

[1] Foods classified between pharmaceuticals and dietary supplements by the U.S. Food and Drug Administration (FDA). Eligible for reimbursement under U.S. health insurance.



Cambrooke



Cambrooke's medical foods



## Cell culture media for regenerative medicine

### Cell culture medium draws on insights from amino acid research

Since 1987, the Ajinomoto Group has been applying its long-cultivated knowledge and technology in amino acids to the production of cell culture media used in the manufacture of biopharmaceuticals. A cell culture medium is a solution containing a balanced ratio of nutrients cells need—amino acids, carbohydrates, lipids, vitamins and minerals—along with proteins that promote cell growth and proliferation.

### Application of cell culture medium in regenerative medicine

Certain human organs and tissues, once lost, cannot grow back. Regenerative medicine is the practice of artificially regenerating normally functioning cells or tissues and transplanting them to restore original function. Whereas conventional organ transplantation poses issues such as rejection response, insufficient donors, and challenges of transplanting certain tissues, regenerative medicine is one of the most active fields of research worldwide as a curative treatment that could resolve these issues.

Induced pluripotent stem (iPS) cells, invented in 2006, are expected to play a critical role in making regenerative medicine a reality. iPS cells are human cells that, by being cultured in the presence of reprogramming factors, have changed into cells with pluripotency, the ability to differentiate into a number of different tissues or organs. Utilizing this pluripotency to engineer various types of cells is expected to open up a host of therapeutic applications, particularly those involving cell transplantation.

In regenerative medicine using iPS cells, iPS cells are first propagated, proliferated, and then caused to differentiate into myocardial cell, nerve cell, or other types of cells, which are used in therapy. This process requires cell culture media that are safe and stable for long periods.

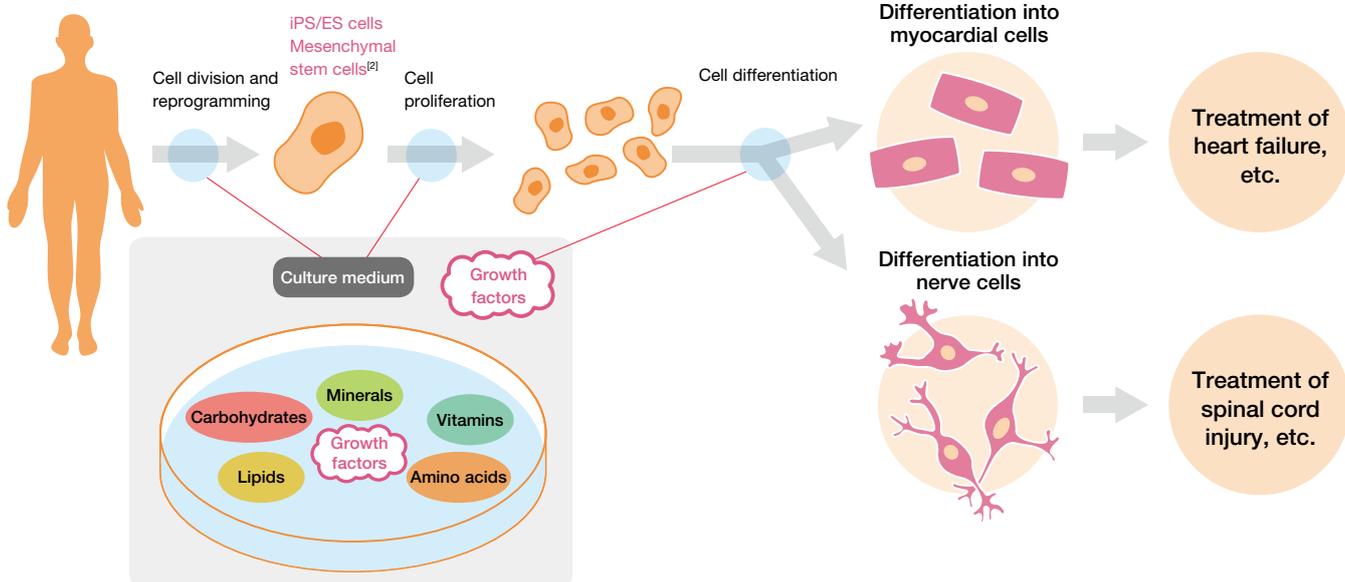
Ajinomoto Co., Inc. began full-fledged development of cell culture media for regenerative medicine in 2011. In 2014, working with Kyoto University’s Center for iPS Cell Research and Application, it developed *StemFit*® *AK03*, an iPS/ES cell<sup>[1]</sup> culture medium that is high-quality, high-performing, and also safe, being free of animal and human-derived components. *StemFit*® *AK03* has been widely marketed to clinical researchers in Japan since 2016, and *StemFit*® *Basic03* was launched for global markets.



StemFit® AK03N

[1] ES cell: An ES cell (embryonic stem cell) is derived from the inner cell mass of a human blastocyst (a very early embryo) that is capable of differentiating into the various tissue and organ cells that make up the body.  
 [2] Multipotent stem cells discovered in 1970 that exist in vivo and are capable of self-proliferation. Mesenchymal stem cells can differentiate into various mesenchymal cells (bone, cardiac and other cells).

### Role of cell culture medium in regenerative medicine



## Ajinomoto Group strengths

The Ajinomoto Group's strengths include raw material and ingredient manufacturing, formulation design, and assay technologies. As a supplier of pharmaceutical-grade amino acids, a key ingredient in cell culture media, the Group can supply culture media composed solely of purified, non-animal-derived components. Its long-standing research into amino acid nutrition and metabolism also make it capable of developing optimal components and formulations efficiently. Leveraging these strengths, it supplies cell culture media that combine high performance and safety.

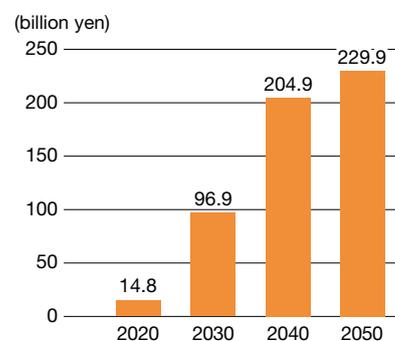
## Future outlook

Regenerative medicine using iPS/ES cells, as well as mesenchymal stem cells and other cells for which research and development began earlier, will reach the clinical research stage in 2020. Thereafter, Japan's market for cell culture media for regenerative medicine is expected to grow by an average of 21% annually, to JPY 96.9 billion in 2030 and more than JPY 200 billion in 2040 (source: Research on regenerative medicine-related industry by Ministry of Economy, Trade and Industry (2013)).

Furthermore, the global market for regenerative medicine materials (e.g., cell culture media, reagents, instruments) is projected to reach JPY 1 trillion by 2030 (source: 2013 data from Seed Planning, Inc.).

By growing this business and selling cell culture media, the Ajinomoto Group will contribute to the realization of regenerative medicine and the development of new pharmaceuticals, thereby improving the QOL of people around the world who require regenerative therapies.

## Market forecast for cell culture media for regenerative medicine in Japan<sup>[1]</sup>



Source: Ministry of Economy, Trade and Industry. "Survey of Industries Related Regenerative Medicine" (2013)

[1] Market for supplies including serum and reagents

### Column

## Ajinomoto Group launches contract manufacturing of cell culture media for regenerative medicine Joint venture established with Kohjin Bio Co., Ltd.

In June 2018, Ajinomoto Co., Inc. and Kohjin Bio Co., Ltd., a leading contract developer and manufacturer (CDMO) of cell culture media for regenerative medicine, established Ajinomoto Kohjin Bio Co., Ltd., Japan's first CDMO for clinical-use culture media for regenerative medicine. By synergizing Ajinomoto Co., Inc.'s expertise in raw materials and formulation with Kohjin Bio's development and production know-how that meet the needs of its customer

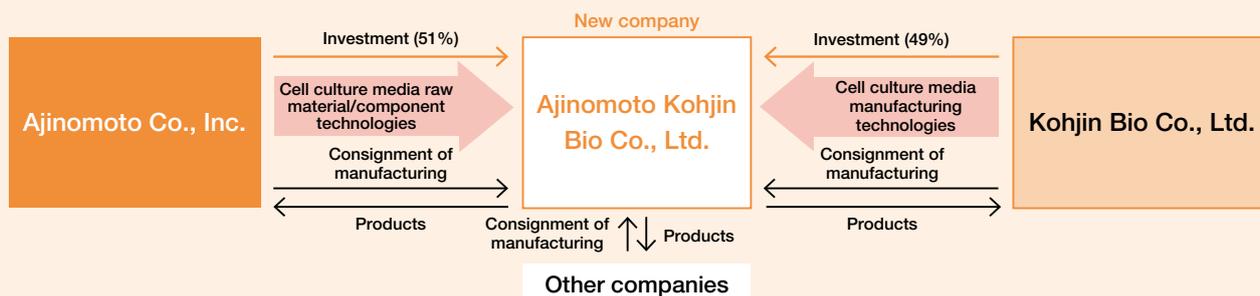
companies, the new company aims to become the top CDMO in its field in Japan, while strengthening the Group's culture media business for regenerative medicine in Japan.

#### Reference

##### Press Release

[https://www.ajinomoto.com/en/presscenter/press/detail/g2018\\_05\\_22.html](https://www.ajinomoto.com/en/presscenter/press/detail/g2018_05_22.html)

## Ajinomoto Kohjin Bio Co., Ltd. business scheme



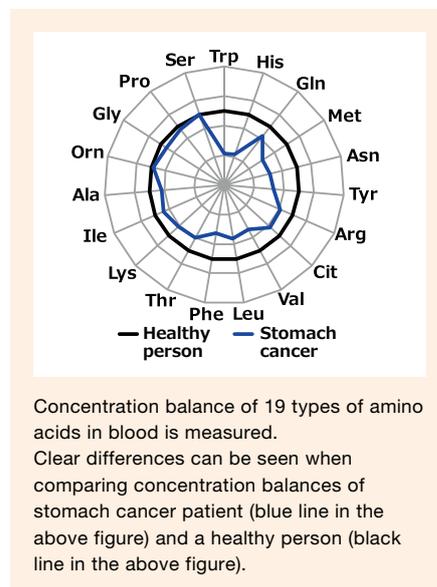
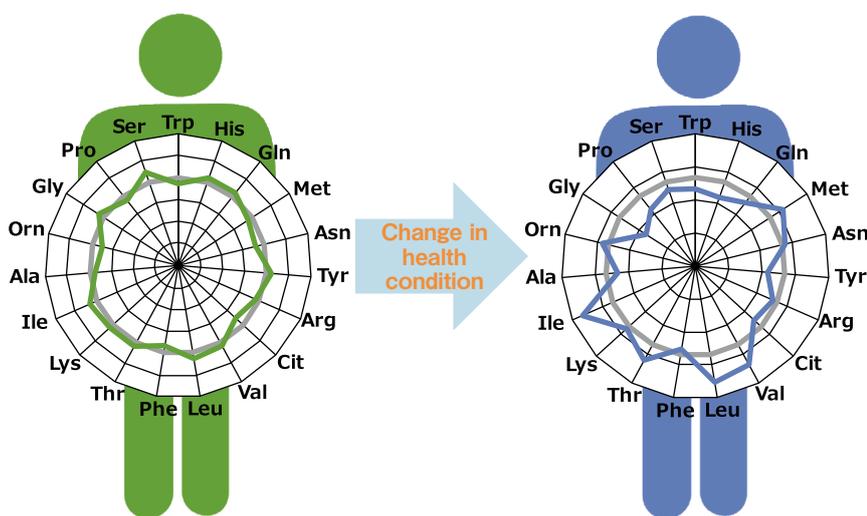
## Disease prevention using amino acids: “AminoIndex Technology”

### ■ Development of “AminoIndex Technology”

Ajinomoto Co., Inc. has been putting strength into the research and development of amino acids. Researchers here have focused on developing amino acid analytical technologies that can rapidly measure numerous samples, and investigating physiological functions of amino acids to assess safety of pharmaceuticals, foods, and other products. Utilizing the fact that the balance of amino acid concentrations in blood changes to reflect a person’s health, the Company developed “AminoIndex Technology” as a tool for evaluating health status and disease risk. “AminoIndex Technology” applies two unique technologies: fast and high-sensitivity analysis of amino acids, and statistical analysis for converting different concentration balances of amino acids in blood to indices.



### I Balance of amino acid concentrations in blood changes with health condition



Source: Modified from Miyagi Y, et al: PLoSOne 6(9): e24143(2011)

### ■ AminoIndex™ Cancer Screening (AICS™)

The number of cancer patients is increasing, and elimination of cancer has been a challenge. While early detection of cancer through screening is critical for good prognosis, cancer screening rates in Japan remain low. Therefore it is important that people understand the necessity of cancer screening.

To address this issue, Ajinomoto Co., Inc. has developed and commercialized AICS™, which screens for the presence of multiple types of cancer with a single 5-ml blood sample; for men, it can evaluate stomach, lung, colorectal, pancreatic, and prostate cancer, and for women, stomach, lung, colorectal, pancreatic, breast, and uterine/ovarian cancer. In order to detect early cancer efficiently, it is important to screen high risk populations. Because AICS™ is based on a different approach than that of conventional cancer screening tests, AICS™ can increase the possibility of detection in combination with other screening tests.

## AminoIndex™ Lifestyle disease Screening (AILS™)

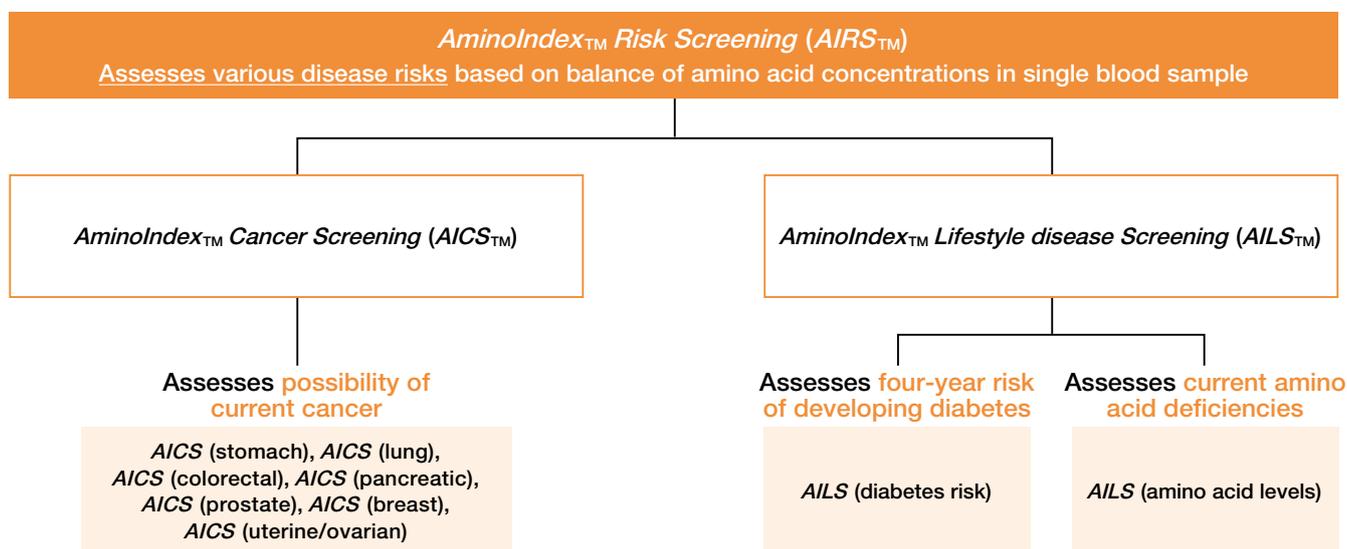
Japan is facing what is known as the “double burden of malnutrition,” the coexistence of overnutrition and undernutrition. Overnutrition with little physical exercise increases the risk of lifestyle-related diseases such as obesity and diabetes. On the other hand, while Westernization has increased the amount of protein and fat in Japanese diets, the elderly are struggling to obtain nutrition due to impaired eating abilities. In addition, misinformation about losing weight may lead to insufficient protein intake. To prevent lifestyle-related diseases, it is important to become aware of the risks early on, and change one’s lifestyles prior to onset of disease.

To address these issues, Ajinomoto Co., Inc. has developed AILS™ for assessing four-year risk of developing diabetes and detecting low levels of essential and semi-essential amino acids in blood. AminoIndex™ Risk Screening (AIRS™), which combines AILS™ with AICS™, has been supplied across Japan since November 2017, allowing patients to screen simultaneously for current possibility of cancer and future risk of diabetes.

Reference

Information about AminoIndex™ (Japanese)  
<https://www.ajinomoto.co.jp/products/aminoindex.html>

## Features of AminoIndex™ Risk Screening (AIRS™)



## Contributions to healthy life

The ability of “AminoIndex Technology” for various current and future disease risks simultaneous screening is expected to contribute to the detection of pre-disease conditions. In May 2018, AminoIndex™ received its certification from Kanagawa Prefecture as a “ME-BYO Brand<sup>[1]</sup>.” AIRS™, which is a screening test for multiple risks with a single 5-ml blood sample, is expected not only to increase awareness of cancer screening, but also encourage behavioral changes, such as improving lifestyle for prevention of diabetes.

By applying “AminoIndex Technology” to development of new tests that support prevention and early detection of various diseases, including cancer and lifestyle-related diseases, Ajinomoto Co., Inc. will support customers in their pursuit of long, healthy lives.

[1] “ME-BYO” or pre-disease, refers to a sequence between health and illness. Kanagawa Prefecture’s ME-BYO Brand program approves outstanding products and services that support detection of pre-diseases and outcomes of pre-diseases.

# Consumer Issues and Community

## Safety of Products and Services

### Ajinomoto Group's approach

Since its founding, the Ajinomoto Group constantly strives to put the customer first by its commitment to product safety. In addition to strengthening a system to ensure the safety and quality of products and services, the Group listens carefully to customer feedback and actively communicates adequate information to customers.

Importantly, the Group places a top priority on food safety in its materiality matrix, and will continue its efforts to live up to customer expectations and improve people's lives worldwide.



### Ajinomoto Group Policies

#### Basic Principles

##### 2. Provision of Safe, High-Quality Products and Services

- 2.1 We constantly aim to put the customer first and, through advanced technology and creativity, develop and provide safe, high-quality products and services.
- 2.2 We provide accurate and helpful information about our products and services in order to earn and maintain the trust of our customers, to meet their expectations, and to ensure their satisfaction.
- 2.3 We ensure that all of our marketing and advertising is done interactively with our customers and in a responsible manner, especially when directed at children.

#### Group Shared Policies

- Group Shared Policy on Quality
- Group Shared Policy on Food Safety
- Group Shared Policy on Package Description
- Group Shared Policy on Marketing Communications

[Learn more about suppliers](#)

Fair Operating Practices > Management approach P87

#### Relevant materiality and scope of impact on business activity

Materiality	Supply chain	Suppliers	The Ajinomoto Group (development, production, logistics)	Distributors, users, consumers
● Food Safety		○	○	○
● Sustainable procurement of agricultural, livestock, and fishery products		○	○	
● Promotion of suppliers' CSR		○	○	
Responsible marketing			○	○

Reference →  
Ajinomoto Group Materiality P9

# Quality management

## ■ Ajinomoto System of Quality Assurance (ASQUA)

The Ajinomoto Group applies its own quality assurance system, ASQUA, both in Japan and overseas. Its core content is based on ISO 9001, the international quality management system standard, and supplemented by manufacturing management standards such as Hazard Analysis and Critical Control Points (HACCP)<sup>[1]</sup>, Good Manufacturing Practices (GMPs)<sup>[2]</sup>, and the Group’s own rules and requirements. The system is composed of the Group Shared Policy on Quality and Group Shared Policy on Food Safety, and their associated quality assurance rules, regulations and standards, as well as other rules established by each internal organization (see ASQUA components below). The quality standards, which comprise 28 different standards ranging from product development to customer communications, are frequently reviewed to keep in line with internal and external trends.

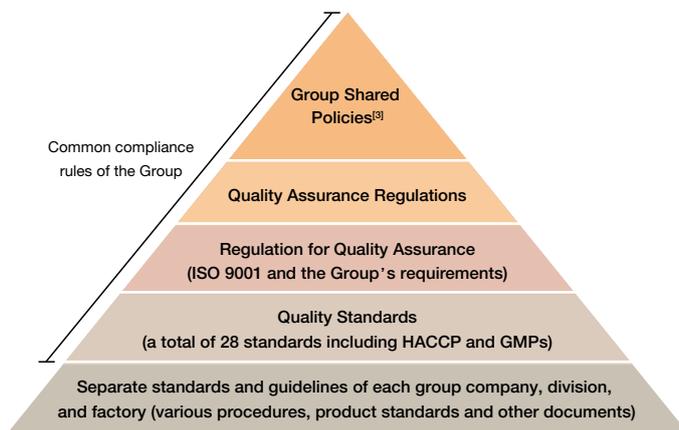
With ASQUA, more than 100 group companies now carry out thorough quality assurance activities. Customer requests and expectations are also promptly reflected to improve products, services, and business operations.

[1] Management standards for manufacturing foods in a safe and sanitary manner  
 [2] Standards relating to manufacturing management  
 [3] Group Shared Policy on Quality, Group Shared Policy on Food Safety  
 [4] Measures to prevent deliberate tampering with products. Monitoring is carried out at every stage from raw material procurement to product sales.  
 [5] Halal means permissible and legitimate in Arabic. The word indicates things and actions that are allowed to use and handle under Islamic law. Halal also refers to foods that followers of Islam are permitted to eat.  
 [6] Kosher means fitting or appropriate in Hebrew, or foods that followers of the Jewish faith are permitted to eat under Judaism.

### I ASQUA framework



### I ASQUA components



### I Quality Standards

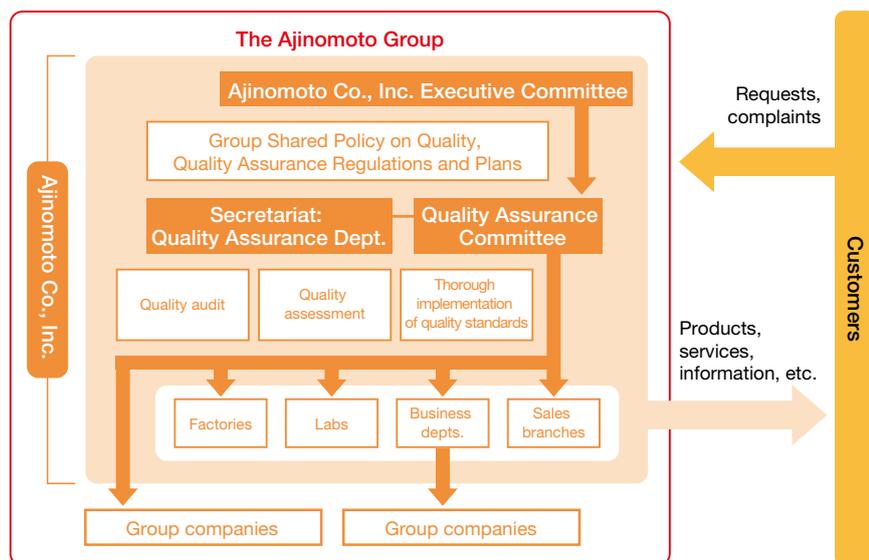
- |  |  |  |
|--|--|--|
| <p><b>1. Document Control (1)</b></p>  | <p><b>6. Manufacturing (10)</b></p> <ul style="list-style-type: none"> <li>• Food GMP*</li> <li>• GMP for Food Additives*</li> <li>• GMP for Personal Care Ingredients*</li> <li>• GMP for Active Pharmaceutical Ingredients*</li> <li>• GMP for Pharmaceutical Drug Products*</li> <li>• GMP for Feed Use Amino Acids*</li> <li>• HACCP</li> <li>• Food Defense<sup>[4]</sup></li> <li>• Product Labeling</li> <li>• Safety and Sanitation of Food Packaging Materials</li> </ul> | <p><b>8. Quality Information (2)</b></p> <ul style="list-style-type: none"> <li>• Quality Information Management</li> <li>• Traceability</li> </ul>  |
| <p><b>2. Educational Training (1)</b></p>  | <p><b>7. Preservation and Transportation (2)</b></p> <ul style="list-style-type: none"> <li>• Preservation and Transportation of Products</li> <li>• Management of Warehouse</li> </ul>  | <p><b>9. Handling of "Voice of Customer" (4)</b></p> <ul style="list-style-type: none"> <li>• Responding to Complaint</li> <li>• Determination of Responding to Quality Emergencies</li> <li>• Handling of "Voice of Customer"</li> <li>• Effective Reflection of "Voice of Customer"</li> </ul> |
| <p><b>3. Establishing Specifications, Examination (3)</b></p> <ul style="list-style-type: none"> <li>• Establishing Quality Specifications</li> <li>• Establishing Packaging Material Specification</li> <li>• Establishing Examination Frequency</li> </ul> | <p><b>10. Accommodating Religious Beliefs (2)</b></p> <ul style="list-style-type: none"> <li>• Halal<sup>[5]</sup> Control</li> <li>• Kosher<sup>[6]</sup> Control</li> </ul>  |  |
| <p><b>4. Quality Assessment (1)</b></p>  |  |  |
| <p><b>5. Purchasing (2)</b></p> <ul style="list-style-type: none"> <li>• Quality Control of Ingredients</li> <li>• Quality Control of Subcontracted and Procured Products</li> </ul>   |  |  |

\*Adapted to suit specific products

## ASQUA promotion framework

The Quality Assurance Committee pursues quality assurance as the highest body under the Executive Committee. The Quality Assurance Committee drafts basic policies and plans based on customer feedback, and promotes their group-wide implementation once approved by the Executive Committee. The status is reviewed by the Quality Assurance Committee every six months.

### Promotion framework for ASQUA



#### Scope of the ASQUA

**109** group companies  
(as of March, 2018)

Major companies acquired by the Ajinomoto Group that began building ASQUA-based quality assurance systems from FY2017:

- GeneDesign, Inc. (Japan, nucleic acid pharmaceutical products)
- AJINOMOTO FROZEN FOODS FRANCE S.A.S.
- Cambrooke Therapeutics (USA, medical foods)

## Initiatives for third-party certification

The Ajinomoto Group encourages the acquisition and maintenance of third-party certification of ISO 9001, which forms the foundation of ASQUA. Many of the group companies not yet certified are newly acquired or established companies. The Group is working to build quality assurance systems at these companies to acquire ISO 9001 certification.

In response to customer requests, the Group is also getting certification of other standards such as FSSC 22000 approved by the Global Food Safety Initiative (GFSI) for products manufactured at multiple sites inside and outside Japan.

The Group is also seeking Halal and Kosher certification for certain foods so that customers that follow Islamic and Jewish with specific dietary requirements can use the products with peace of mind. The Group considers initiatives that seek to deliver delicious tastes that respect and understand religious food-related requirements as an important quality assurance activity.

The Group will continue efforts to obtain GFSI certification in response to customer requests and to comply with religious standards, in addition to obtaining and maintaining ISO 9001 certification.

#### Acquired ISO 9001 at

**67** group companies,  
or  
**77%** of target companies  
(as of March 2018)

## FY2017-2019 Ajinomoto Group Medium-Term Plan for Quality Assurance

Guidelines	Key targets
Keep faith with customers	Reduce product quality claims and problems, and work harder to prevent them
Fulfill customers' expectations	Secure attractive quality improvements and gain customer trust through interactive communication with customers
Aim for adequate management	Pursue through ASQUA-based quality assurance activities
	Develop human resources to improve quality levels

### Customer service contact

In ASQUA, the Ajinomoto Group has set up a policy to clearly define channels for communicating with customers and to encourage efforts to incorporate this communication into business activities, products and services.

Customer service teams established at each group company listens directly to customer opinions and requests. These teams share customer feedback to incorporate this feedback into business activities, products and services, and risk monitoring.



#### Group companies which have Customer Service Center and other call centers

Japan	Ajinomoto Co., Inc.; Ajinomoto Frozen Foods Co., Inc.; Ajinomoto AGF, Inc.; J-OIL MILLS, INC.; and YAMAKI Co., Ltd.
Overseas	AJINOMOTO DO BRASIL IND. E COM. DE ALIMENTOS LTDA.; AJINOMOTO CO., (THAILAND) LTD.; PT AJINOMOTO INDONESIA; AJINOMOTO VIETNAM CO., LTD.; Ajinomoto Foods North America, Inc.; AJINOMOTO DEL PERÚ S.A. and others



Customer Service Center, Ajinomoto Co., Inc.

Note: Group companies that do not have a dedicated call center handle customer service inquiries directly by phone and online.

## Quality assurance across the supply chain

The Ajinomoto Group practices strict quality assurance by globally applying the Ajinomoto System of Quality Assurance (ASQUA) at each step from product development to customer communication. These efforts are guided by the Group Shared Policy on Quality and the Group Shared Policy on Food Safety.



### Development

#### ■ Quality assessment in product development

To deliver safe, high-quality products, the Ajinomoto Group strictly implements quality assessments in each phase of the product development process in accordance with the ASQUA Standard for Quality Assessment. Only products that pass all of these assessments reach customers.

### Raw material procurement

The Ajinomoto Group selects suppliers according to the ASQUA Standard for Quality Control of Ingredients. The quality of raw materials purchased from suppliers is strictly controlled through lot-by-lot inspections.

#### ■ Quality assurance and social responsibility with suppliers

A collaborative relationship with suppliers is vital to ensuring the rigorous quality assurance. The Ajinomoto Group therefore applies the quality control standards and quality requirements of ASQUA in dealing with suppliers. In addition to regular assessments and quality audits, the Group also partners with suppliers to reduce quality risks, improve quality levels at suppliers and achieve other objectives. Furthermore, the Group requests suppliers to practice legal compliance and promote social responsibility toward such issues as the environment, human rights, and occupational safety, as stated in the Group Shared Policy for Suppliers and related guidelines. The Group also surveys suppliers to promote mutual understanding. In fiscal 2017, the Group surveyed suppliers' use of Japan's Technical Intern Training Program (497 companies surveyed, 85% response rate). Interviews with certain suppliers will be held based on the results.

##### Reference

- Group Shared Policy for Suppliers
- Guidelines for Group Shared Policy for Suppliers

## Supplier information sessions

The Group periodically holds information sessions to deepen communication with suppliers of raw, packaging, and indirect materials. In a February 2018 session, 594 people from 369 suppliers (raw materials 247, packaging 115, indirect 7) attended and were requested to support the Group's approach and initiatives in sustainable procurement.



Supplier information session

## Rigorous raw material supplier audits

In fiscal 2017, the Ajinomoto Group performed scheduled quality audits as well as food defense audits<sup>[1]</sup> (continued from fiscal 2016) of suppliers in Japan.

For overseas suppliers, the Group is developing and using a system for carrying out mutually cooperative quality audits between overseas group companies. To expand this system for continued improvement in suppliers' quality levels, in fiscal 2018 the Group will begin increasing the number of quality auditors in China, among other activities.

[1] Audits specifically intended to prevent intentional contamination of products. One of the measures to reinforce food-safety systems stated below.

## Supplier audits in fiscal 2017

Conductor of audit	Audited items	Number of audits	Remarks
Ajinomoto Co., Inc. (Group Procurement Center)	Raw materials	236	Food Products: 185 AminoScience: 51
	Packaging materials	20	
Ajinomoto Frozen Foods Co., Inc.	Raw materials	194	
Ajinomoto AGF, Inc.	Raw materials	18	Includes 13 cooperative audits with Ajinomoto Co., Inc.
	Packaging materials	8	Cooperative audits with Ajinomoto Co., Inc.
	Subcontracted products	16	

## Production

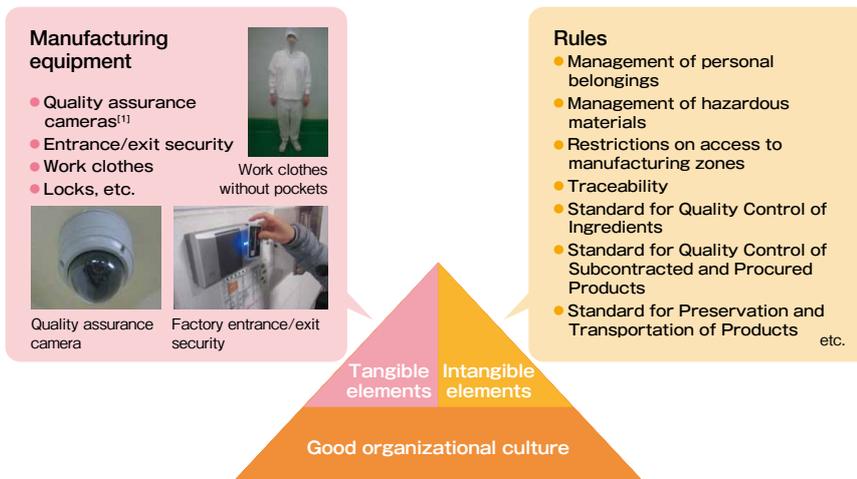
To provide safe and high-quality products to customers, the Ajinomoto Group conducts rigorous quality assurance by creating proper work environments, enforcing work rules and etiquette, and performing inspections and checks throughout the manufacturing process, from acceptance and infusion of raw materials, to packaging. These activities follow a suite of ASQUA standards on HACCP, GMPs, food defense, and other topics.

## Structural enhancement to guarantee food safety

The Ajinomoto Group has been working to reinforce its food-safety systems and minimize the risk of intentional product tampering across the supply chain in response to the incident occurred at another manufacturer that frozen food products were laced with pesticides in 2013. Measures include fostering a good organizational culture based on trusting relationships with employees, and revising and strengthening tangible elements such as manufacturing equipment and intangible elements such as quality standards and guidelines.

The implementation of these measures at factories worldwide was largely completed by the end of fiscal 2017. Going forward, the Group will seek to strengthen and ensure the implementation of its food-safety systems by reviewing these efforts periodically and solving issues identified.

## I Diagram of food safety assurance concept



[1] Cameras used not for employee supervision but for ensuring there are no accidents or work mistakes in the factory.

## ■ Measures to prevent manipulation of quality-related data

As a measure for preventing manipulation of data related to product quality, the Ajinomoto Group is working to improve its workplace culture to foster employee compliance and awareness of quality assurance from the customer's perspective.

The validity of data related to development, production, and the functional features of food products is evaluated and judged objectively and fairly at quality assessment meetings held based on the ASQUA Standard for Quality Assessment and by committees of internal experts. To ensure the proper operation of these systems, they are continually verified by means of internal quality audits and third-party certification audits. Separately, systems that can store analysis data on manufactured pharmaceuticals and active pharmaceutical ingredients without manipulation are required as a global standard; the Group is strengthening management based on such standards and applying them to its other businesses.

## ■ Initiatives to reduce quality-related claims and incidents

The Ajinomoto Group carefully investigates each quality-related claim and incident to identify the cause and prevent recurrence.

Human error, such as a best before date misprint, accounted for about half of all quality-related incidents in fiscal 2017. To prevent similar incidents, information on the incidents and preventive measures were thoroughly shared across the Group. At the Ajinomoto Management and Technical Conference on Quality, a quality assurance education program in Japan, organizations and companies shared activity information and exchanged ideas on the topic of "preventing human error," which served to enhance individual employee awareness and improve workplace conditions.

In fiscal 2017, the Group issued four product recalls and collections from distributors (one in Japan, three overseas) due to misprint, etc. To prevent similar incidents going forward, the Group will strengthen the aforementioned initiatives.

## Distribution

Product quality, which includes factors such as freshness, temperature, and moisture, is strictly controlled during storage and transportation from factories until they reach customers. These activities follow ASQUA standards (in Japan only) on the management of storage, transportation, warehouses, and other operations.

## Sales

### Quality-related information sharing

The Ajinomoto Group shares helpful information on its packaging, websites, and other places so customers can purchase and use its products with greater peace of mind.

#### (1) Product packages

The packages of retail products marketed by the major group companies in Japan indicate not only all legally required information but also the following kinds of quality-related information (except when space is limited, etc.).

- Method of storage (once opened)
- Product usage warnings
- Explanations of raw materials that may be unfamiliar to customers and prompt a large number of inquiries
- Easy-to-identify list of allergens (both mandatory and recommended)
- Easy-to-identify labeling of packaging materials
- Customer service contact

#### (2) Websites

Group company websites strive to tailor information to their local customers, from product information and recipes, to FAQs and the company's quality assurance efforts.

Websites of Ajinomoto Co., Inc., Ajinomoto Frozen Foods Co., Inc., and Ajinomoto AGF, Inc. provide information on their respective quality assurance systems for the entire supply chain intended to assure the quality and safety of products.

The Ajinomoto Group corporate website<sup>[1]</sup> has added Portuguese to its list of language options (Japanese, English, Thai, Vietnamese, and Indonesian) for pages related to the Group's quality assurance activities. In fiscal 2018, the Group will add more languages to these pages and improve website content in response to customer requests.

[1] Ajinomoto Co., Inc. manages two sites: a corporate website, which focuses on Ajinomoto Group activities, and a product website, which presents information on the company's products.

#### Reference

**Ajinomoto Group corporate website:**  
<https://www.ajinomoto.com/en/activity/quality/>

**Ajinomoto Co., Inc. product website: (Japanese)**  
<https://www.ajinomoto.co.jp/products/anzen/>

**Ajinomoto Frozen Foods Co., Inc. website: (Japanese)**  
<https://www.ffa.ajinomoto.com/quality>

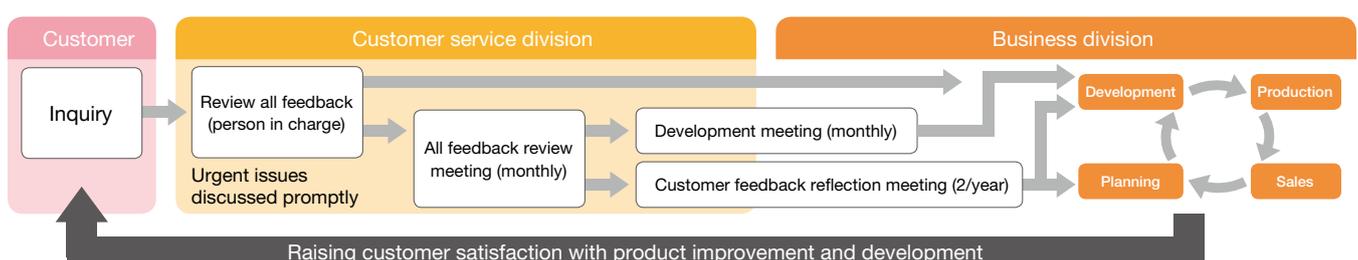
**Ajinomoto AGF, Inc. website: (Japanese)**  
<http://www.agf.co.jp/csr/product/>

## Customer feedback

### Global initiatives to reflect customer feedback

The Ajinomoto Group reflects feedback from customers to create more attractive products and services in line with ASQUA standards for handling and reflecting customer feedback. In addition to the group companies in Japan, overseas group companies in Thailand, Brazil, Vietnam and Indonesia have introduced similar operations in accordance with the above standards.

### Product development system reflecting Voice of Customer (VOC) at Ajinomoto Co., Inc.



## ■ Key initiatives of customer service divisions in Japan

The customer service divisions of Ajinomoto Co., Inc., Ajinomoto Frozen Foods Co., Inc., and Ajinomoto AGF, Inc. value communication with each customer and operate under the slogan “precise, prompt, polite.” They record every question and comment and share them the next day with all employees. After analyzing customers’ needs and lifestyle changes, they also advise relevant divisions on ways to improve products and services. In this way, customer service divisions strive to maximize customer satisfaction.

### I Key initiatives in fiscal 2017

Key initiatives	Details
Call center representative education program	<ul style="list-style-type: none"> <li>Evaluated performance based on group-wide indicators, and held performance improvement and listening trainings</li> </ul>
Training on customer satisfaction	<ul style="list-style-type: none"> <li>Held training for new employees</li> <li>Held training for sharing VOC with manufacturing divisions</li> <li>Held training for handling quality claims for sales divisions</li> </ul>
Improving customer satisfaction with handling of product/service quality-related claims	<ul style="list-style-type: none"> <li>Made continued improvement of quality-related claim survey report and shared examples of improvement</li> <li>Held training for employees in charge of manufacturing survey report</li> </ul>
Internal efforts to utilize VOC	<ul style="list-style-type: none"> <li>Shared VOC the next day with all employees</li> <li>Held various meetings to utilize VOC</li> <li>Shared examples of improvements reflecting VOC</li> </ul>

## VOICE

### Quality control education using VOC as the starting point

To enhance quality improvement efforts, we shared with employees at six factories some of the quality-related claims and words of praise received by our customer in the second half of fiscal 2017. Participants listened intently to each case, showing varied expressions of dismay or delight, before having a forward-looking discussion on how to do better. We held similar meetings with five raw material suppliers. One participant commented, “I realized how even impurities from the raw material, such as vegetable or seafood, can cause great concern when they reach the customer,” thus highlighting the importance of routine quality control.

We plan to continue this program, as it is an effective way of empathizing with the customer experience toward improvement.



**Satoshi Ito**

General Manager, Customer Affairs, Quality Assurance Center, Ajinomoto Frozen Foods Co., Inc.

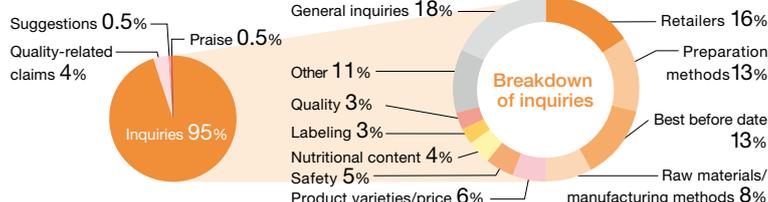
## ■ Efforts to improve customer satisfaction

Five food product companies in Japan regularly conduct a survey to confirm and improve customers’ satisfaction with the quality of responses to their quality-related claims. The investigation, business, and customer service divisions work continually to share and improve the results of the survey, which asks key questions as: “Was your issue handled appropriately?” “Did you receive an explanation you could understand?” and “Do you feel reassured about purchasing the product again?” The fiscal 2017 survey by Ajinomoto Co., Inc. indicated that 97% of customers were satisfied with the response to issues they raised, 85% were satisfied with the survey report, and 94% will continue to use the Company’s products.

### I Breakdown of VOC in fiscal 2017

VOC received by Ajinomoto Co., Inc.:  
32,400 (95% of the total in fiscal 2016)  
VOC received by five Ajinomoto Group food product companies in Japan:  
62,600 (91% of the total in fiscal 2016)

Breakdown (Ajinomoto Co., Inc.)



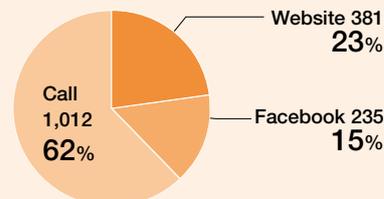
Column

# Products improved based on customer input VOC reflection at AJINOMOTO CO., (THAILAND) LTD.

## 1. Introduction of the Consumer Information Center (C.I.C.)

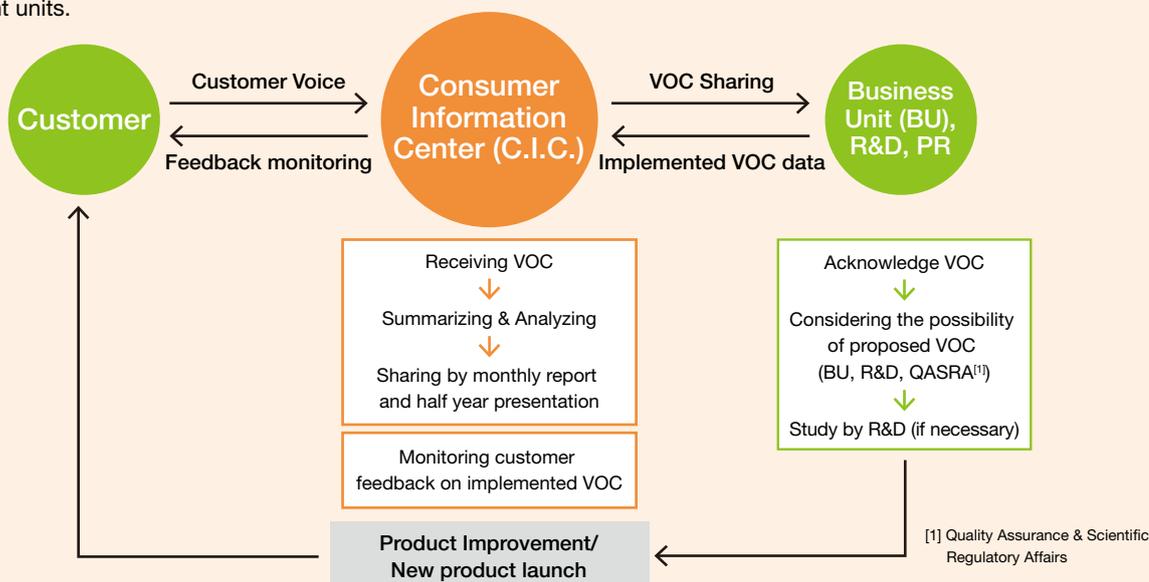
At AJINOMOTO CO., (THAILAND) LTD., customer feedback is received by the C.I.C., established in 1999. Of the roughly 1,600 cases of feedback it received from customers in fiscal 2017, around 60% were by phone, 20% by e-mail, and 15% by Facebook, a new communication channel opened in 2017.

## Customer feedback in fiscal 2017



## 2. VOC reflection process

The process of VOC reflection for product improvement begins with its receipt by the C.I.C. VOC data analyzed at the C.I.C. is shared through monthly reports and semiannual meetings with relevant units, such as business units, public relations and R&D, which then devise and implement improvements. The C.I.C. then monitors VOC concerning the improvements and shares the results with the relevant units.



## 3. Example of VOC reflection



### AJI-NO-MOTO® 85 g bottle type: Implemented December 2016

Customers noted that the hinge connecting the cap's lid and bottom portions broke easily during use. A new cap was developed with an improved, thicker hinge. The C.I.C. has been monitoring customer inquiries regarding cap breakage and as of May 2018 has received no new complaints.

## 4. Product information on company website

In January 2017, the C.I.C. began disclosing product information on the company website as a new customer communication channel. Currently, the website provides allergen and nutritional information, a common topic of customer inquiries.

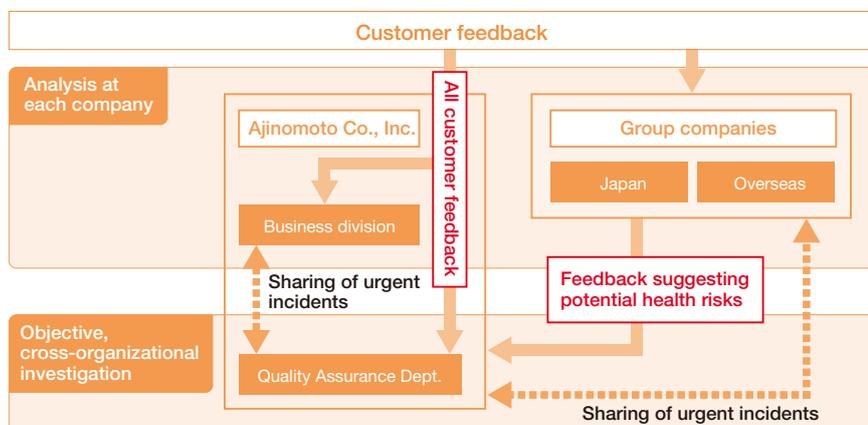
Reference →  
AJINOMOTO CO., (THAILAND) LTD.  
<http://www.ajinomoto.co.th/en>

## Enhanced monitoring of customer feedback to prevent health damage

In 2013, a cosmetics manufacturer in Japan was responsible for health damage caused by a skin brightening product. To prevent similar serious incidents and regulatory violations, the Ajinomoto Group is strengthening its monitoring system to ensure that customer feedback is never overlooked. While each group company regularly investigates customer input, the Quality Assurance Dept. of Ajinomoto Co., Inc. also rapidly confirms objectively in a cross-organizational manner the voice of any customer with actual or potential health damage. For incidents deemed emergent, there is a system to immediately share the feedback with relevant departments.

Following the establishment of this system in group companies in Japan, Thailand, Brazil, Indonesia, and Vietnam, the system was also introduced in subsidiaries in the Philippines and Peru in fiscal 2017. The Group will continue to further enhance the monitoring system and extend it to other group companies.

### Customer feedback monitoring system for preventing health damage



## Human resources development to raise quality assurance levels

The Ajinomoto Group is focused on human resources development to further improve quality assurance levels. Each year, the Group reviews its quality training plan, and implements systematic programs to meet the needs of individual organizations and group companies.

In fiscal 2017, the Quality Assurance Dept. of Ajinomoto Co., Inc. conducted training for group employees in Japan on ISO 9001, quality audit, trends in government initiatives in food products, customer satisfaction, and others. The Company held its 38th Ajinomoto Management and Technical Conference on Quality, in which approximately 400 group officers and employees shared information on quality assurance activities. In addition, the Company began a quality education program which utilizes IT, and transformed the ISO 9001 internal auditor education program for Japan’s food product business operations—which had been held more than ten times a year—into an e-learning experience.

For overseas group employees, the Company held ASQUA School<sup>[1]</sup> in Thailand, Vietnam and Nigeria, and hosted the Regional Quality Assurance Management (RQM) Training Course for manager candidates of quality assurance division in regional headquarters, etc. This year, four participants from Thailand and Brazil joined in the week-long program, and broadened their knowledge by gaining an understanding of the fundamentals considered necessary in quality assurance supervision. Ajinomoto SEA Regional Headquarters Co., Ltd. held the ASEAN Quality Assurance Seminar, welcoming 23 quality assurance managers from 10 countries.

Each group company conducts individual study sessions around the world. In fiscal 2017, Ajinomoto Frozen Food Co., Inc. held study sessions on ISO 9001/2015, and conducted Agrischool, a program consists of training and lectures on farm and pesticide management. Training was also conducted on HACCP at AJINOMOTO VIETNAM CO., LTD., on quality audit at AJINOMOTO CO., (THAILAND) LTD. and on food defense at WAN THAI FOODS INDUSTRY CO., LTD.

Through the implementation of even more enriching quality education programs, the Group will continue to pursue an ever higher level of quality in the future.



Ajinomoto Management and Technical Conference on Quality (poster session)



Graduates of the RQM training course

[1] Training that seeks to improve knowledge by sharing the Ajinomoto Group’s pool of quality assurance experience based primarily on its ASQUA system of quality assurance.

### I Quality assurance education system and program examples in fiscal 2017

Programs for Group employees		Programs for employees of Ajinomoto Co., Inc.
<ul style="list-style-type: none"> <li>● Ajinomoto Management and Technical Conference on Quality</li> <li>● RQM Training Course</li> <li>● ASQUA School</li> <li>● Top management study session on quality</li> <li>● Training on customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>● ISO 9001 internal auditor education</li> <li>● Quality audit training session</li> <li>● Study session on food product labeling</li> <li>● Briefing on trends in government initiatives on food products</li> </ul>	<ul style="list-style-type: none"> <li>● Training for staff posted overseas</li> <li>● New employee training</li> <li>● Compliance training</li> <li>● Quality assessment study session</li> <li>● Religious diversity study session</li> </ul>

## Consumer Issues and Community

# Collaboration with Community

## Collaboration through foundation

Through foundations in four countries, the Ajinomoto Group supports various activities in the fields of food and nutrition based on local needs.

### Japan

#### ■ The Ajinomoto Foundation (Established in Japan in 2016)

The Ajinomoto Foundation was established by Ajinomoto Co., Inc. in August 2016. Following its certification as a public interest foundation on April 1, 2017, the foundation took over the Company's social businesses and activities to contribute to improving nutrition through eating well. The Ajinomoto Foundation aims to contribute to the sustainable autonomy of communities and the resolution of social issues through four businesses related to food and nutrition, a cornerstone of healthy living.

#### Web

The Ajinomoto Foundation  
<http://www.theajinomotofoundation.org>

#### Reference

Consumer Issues and Community P25

Initiatives to improve nutrition

#### Main activities

- **AIN program (food and nutrition support)**  
Offers financial assistance to NPOs working to improve health and quality of life for people in developing countries or local community members.
- **Ghana Nutrition Improvement Project**  
Partners with various stakeholders in solving malnutrition problems among children in their weaning years through the development of self-sustaining activities.
- **Vietnam Nutrition System Establishment Project (VINEP)**  
Supports the training of dieticians and the creation of systems for promoting hygiene and health in Vietnam.
- **Disaster reconstruction support**  
Cooperates with local authorities, social welfare councils, and NPOs to support health and nutrition seminars using mobile kitchen counters, tailored to local needs.

#### Column

### VINEP: Multi-stakeholder partnerships supporting nutritional education for improved national health and hygiene

In 2011, the Vietnam National Institute of Nutrition (NIN) and Ajinomoto Co., Inc. launched the VINEP to train human resources with correct nutritional knowledge and teaching skills who can help counter the country's deepening and increasingly complex nutritional challenges. As a result, in 2012, the Ministry of Education and Training approved the creation of four-year undergraduate nutrition programs, and in the following year a nutrition course opened at Hanoi Medical University. In 2017, the country's first dieticians, a class of 43, graduated. In April 2017, VINEP was transferred to The Ajinomoto Foundation, where it continues its work to establish systems to promote correct nutritional knowledge.



Column

## AIN program

The AIN program aims to support people in developing countries who face critical challenges related to food, nutrition, and health. It provides financial assistance and sustainable business know-how to NPOs and other groups with inspiring ideas and a capacity to provide real assistance or solve problems.

Since 1999, the AIN program has supported community projects carried out by more than 80 organizations in 14 countries, providing a combined 300 million yen to 150,000 beneficiaries.



Web

What is AIN Program?

<http://www.theajinomotofoundation.org/about/>

### Examples of assistance projects

#### Cambodia

Life skills training program to encourage behavioral changes for better health and nutrition

Organization: International NGO Kamonohashi Project

Assistance period: 2017-2019



#### Nepal

YouMe Khaja Project: Enriching the diet in Khotang District, a vast unexplored region of Nepal located 2000 meters above sea level

Organization: YouMe Nepal

Assistance period: 2017-2019



#### India

Nutrition improvement project of poor village through school lunch

Organization: Team Peace Challenger

Assistance period: 2016-2018



#### Bangladesh

Adolescent nutrition and lifelong health promotion project

Organization: Asia Arsenic Network

Assistance period: 2017-2019



#### Cambodia

Nutrition improvement for families and community development by empowering mothers in the poor areas of Phnom Penh City

Organization: Japan Lay Missionary Movement

Assistance period: 2015-2017



## ■ Ajinomoto Foundation for Dietary Culture (Established in Japan in 1989)

### Main activities

- **Operates the Dietary Culture Library and Exhibition Room**
  - Renovated in July 2018, the Dietary Culture Exhibition Room concisely presents Japanese dietary culture through the display of collected works, including woodblock prints and precious books.
- **Holds public symposiums**
  - Held a joint symposium with the National Institutes for the Humanities on everyday foods and life in Edo Japan as explained from period documents (January 19, 2018).
  - Held a dietary culture symposium on “sweetness world” targeting young researchers, students, and others interested in the theme. Held a lively Q&A with experts (August 5, 2017).
- **Plans and runs food culture forums (interdisciplinary panel discussions on food culture)**
  - Based on the annual theme “the age of smell,” discussed the influence of smell on dietary culture from a scientific perspective. Held in three parts: “the functions of flavor,” “flavor and eating,” and “food products and development” (June and September 2017 and March 2018).
- **Publishes and distributes “vesta”, a quarterly magazine on food culture, and other materials**
- **Disseminates information through the internet (redesigned in April 2018)**



Panel discussion at a joint symposium with the National Institutes for the Humanities

Web

Ajinomoto Foundation for Dietary Culture  
<https://www.syokubunka.or.jp/english/>

## ■ Ajinomoto Scholarship Foundation (Established in Japan in 1957)

### Main activities

- **Student scholarships**
  - Awards two-year scholarships every year to five or six graduate-level study-abroad students in Japan
  - Awards scholarships to pre-arrival students from five ASEAN countries and Russia. It offers three-year scholarships to students for study in a master's course (majoring in one of the sciences, including one year as a research student) at the University of Tokyo and other universities.
- **Student loans**
  - Provides student loans to students taking science programs in upper division classes at the undergraduate level or in graduate school in Japan.



A washoku cooking class for scholarship recipients from ASEAN and other countries

Web

Ajinomoto Scholarship Foundation (Japanese)  
<http://ajischolarship.com/>

## Thailand

### ■ Ajinomoto Foundation (Established in Thailand in 1976)

#### Main activities

- **Better Nutrition, Stronger Nation project (donations to rural elementary schools to build canteens, nutritional guidance for teachers, post-guidance monitoring of improvements)**
- **Supports science and engineering students from poor households (scholarship)**
- **Awards outstanding researchers of food products and nutrition**
- **Donates teachers' housing to schools in remote locations**



Assisting in cold areas in the north and northeast of Thailand

Column

# Better Nutrition, Stronger Nation Project

In 2010, the Ajinomoto Foundation in Thailand launched a project to build canteens at 50 schools in five years to mark the 50th anniversary of AJINOMOTO CO., (THAILAND) LTD. The project completed 50 school canteens in 43 provinces by 2014 serving more than 10,000 students. In 2015, the project was extended for five years through a basic agreement reached with Thailand's Ministry of Education to support the construction of 50 more school canteens by the end of fiscal 2019. In 2017, the project was expanded to 20 emergency support

schools. As of June 2018, 90 school canteens were completed in 67 provinces, serving more than 18,000 students.

In addition, nutrition education for teachers and lunch staffs was begun in fiscal 2016 at schools where canteens were built. In fiscal 2017, the curriculum was expanded with support from the Mahidol University Institute of Nutrition and from Rajamangala University of Technology; 284 teachers and lunch staffs from 60 schools have participated in the program.

### Project results (as of June 2018)

90 school canteens completed in 67 provinces, serving more than 18,000 students



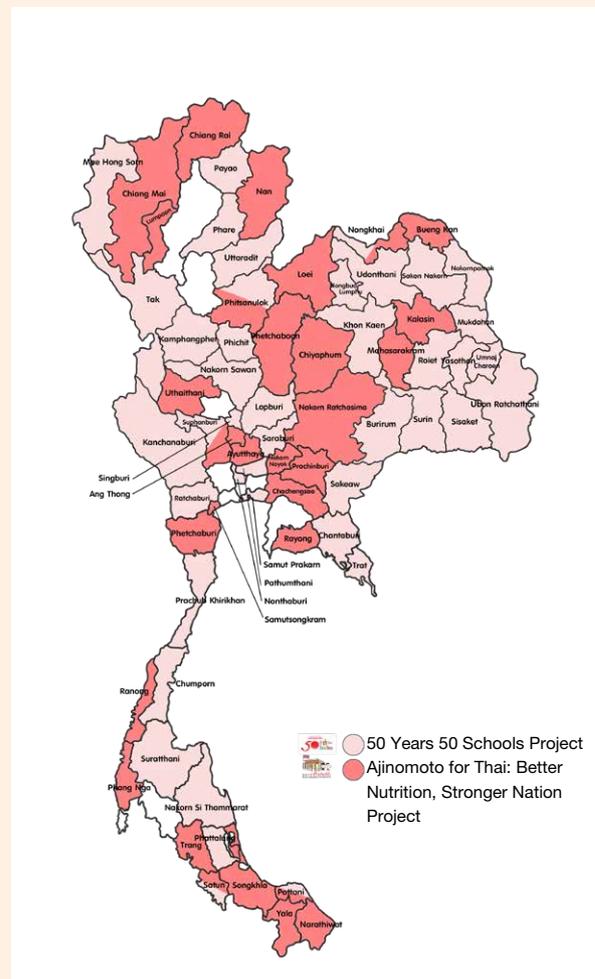
Presentation ceremony of canteen



Nutrition education seminars for teachers



Instructor from Mahidol University



## Peru

### ■ Fundación Ajinomoto para el Desarrollo de la Comunidad (Established in Peru in 2003)

#### Main activities

- Holds workshops on health and nutrition (958 participants in 26 workshops in fiscal 2017)
- Provides economic support (scholarships) for students majoring in dietetics
- Sponsors the Ajinomoto Foundation Prize (a contest to promote bibliographic research among university students)



Award ceremony for the fiscal 2017 Ajinomoto Foundation Prize

## Brazil

### ■ Instituto Ajinomoto (Established in Brazil in 1999)

#### Main activities

- Supports a sports organization for children with disabilities
- Implements activities to contribute to the local community (donates school supplies to elementary schools, etc.)
- Subsidizes research on umami and the five basic tastes through the Ajinomoto Institute Research Award
- Holds nutrition and umami classes for young culinary program students
- Holds employee volunteering programs (743 participants in fiscal 2017)



Donating school supplies to elementary schools

## Support for areas struck by natural disaster

The Ajinomoto Group uses the expertise in food and wellness, gained through its business, to provide support for each area's particular needs.

### Ajinomoto Group's emergency assistance

#### I Disasters in Japan (activities until end of August 2018)

Event	Recipient	Aid amount	Relief goods	Quantity
July 2018 floods	Japan Platform	6 million yen	-	-
	Cash Grant for Japan Floods and Landslides 2018 (Japanese Red Cross Society)	4 million yen	-	-
	Recipients designated by Ehime, Hiroshima, and Okayama prefectures	-	<i>Ajinomoto</i> <i>KK Okayu (shirogayu)</i>	Approx. 31,000 packs
		-	<i>aminoVITAL</i> ® <i>GOLD</i> Jelly drink 135 g	10,000 packs
		-	<i>AQUASOLITA</i> ® oral rehydration solution 500 ml	9,000 bottles
Recipients designated by NPO and social welfare councils in Ehime, Hiroshima and Okayama prefectures	-	<i>Blendy</i> ® bottled coffee 500 ml	23,600 bottles	

### Initiatives for 2011 Tohoku earthquake reconstruction

#### ■ “Joy of Food” project

Called the “Joy of Food” project, since fiscal 2011 Ajinomoto Co., Inc. has been allocating one yen from the sale of each box of *Knorr*® *Cup Soup* (10 varieties) and *HON-DASHI*® (three varieties) to reconstruction efforts in the Tohoku region. Donations are given to organizations in Iwate, Miyagi, and Fukushima prefectures whose activities align with the Company's policy of contributing to the reconstruction through food. In fiscal 2017, the Company, donating to a children's fund administered by the Sanaburi Foundation, supported organizations providing community kitchens for children and learning assistance, including food education, to underprivileged children in Miyagi Prefecture.

食卓からニッポンを元気に



Project logo

#### Reference

“Joy of Food” project (Japanese)  
<https://www.ajinomoto.co.jp/tbtr/>

#### ■ Go Tohoku! Cultivate for Tomorrow Project

Ajinomoto Frozen Foods Co., Inc. has been conducting a project that supports organizations assisting agricultural revitalization in the Tohoku region, including a farm and dairy farm volunteering program for company employees.

東北に元気を!  
 明日を耕すプロジェクト

Project logo

#### ■ AGF *Blendy*® *Utsuwa no Kizuna* Project

Since 2012, Ajinomoto AGF, Inc. has been donating a portion of the proceeds from sales of *Blendy*® stick coffee to assist the pottery industry in Tohoku with needed repairs. In 2014, the project shifted from repairs to rebuilding business. In 2017, it invited designer and special supporter Junko Koshino to hold a workshop for families to paint pictures on vessels made by four potters who were impacted by the disaster.

As another disaster assistance program, the company has been holding “AGF coffee time.” In Tohoku, spaces were provided for local residents to gather for relaxed conversation, and in Kyushu, drink bars were set up at temporary housing complexes to help with creating a comforting space.



Project logo

#### Reference

AGF *Blendy*® *Utsuwa no kizuna* Project (Japanese)  
<https://www.agf.jp/tohoku/>

Column

## Red Apron Project

The Red Apron Project, started by the Ajinomoto Group in October 2011, was transferred to The Ajinomoto Foundation in April 2017. The project, designed around the concept of providing space for residents of temporary housing after 2011 Tohoku earthquake to make and enjoy delicious food together, supports efforts to address the health and nutrition issues, the weakening of human connections in new communities and the tendency of elderly members to feel isolated and become socially withdrawn. Always attentive to local circumstances and needs, the project has held seminars for the general public, as well as cooking classes for men, who are recognized in the temporary housing as increasingly prone to poor eating habits and alcoholism; and hands-on classes for nursery school toddlers on umami-rich delicious broth with less sodium, to support their healthy taste development as people in Tohoku tend to intake more salt.

The Red Apron Project is run in collaboration with local governments, social welfare councils, diet improvement promotion councils, NPOs, universities, neighborhood associations, and others working in disaster recovery.

Now, seven years after the disaster, the network of local organizations that resonate with the project and are voluntarily holding their own events has been gradually growing.



Web →  
 Red Apron Project (Japanese)  
<http://www.theajinomotofoundation.org/akaepu/>



Project logo



Health/nutrition seminars

### Scope of activities

Total participants	<b>46,123</b>
Events conducted	<b>3,088</b>
Places conducted	<b>47 municipalities in 3 prefectures</b>
Partners in the local community Together with	<b>around 300 people</b>
Ajinomoto Group volunteers	<b>2,698</b>

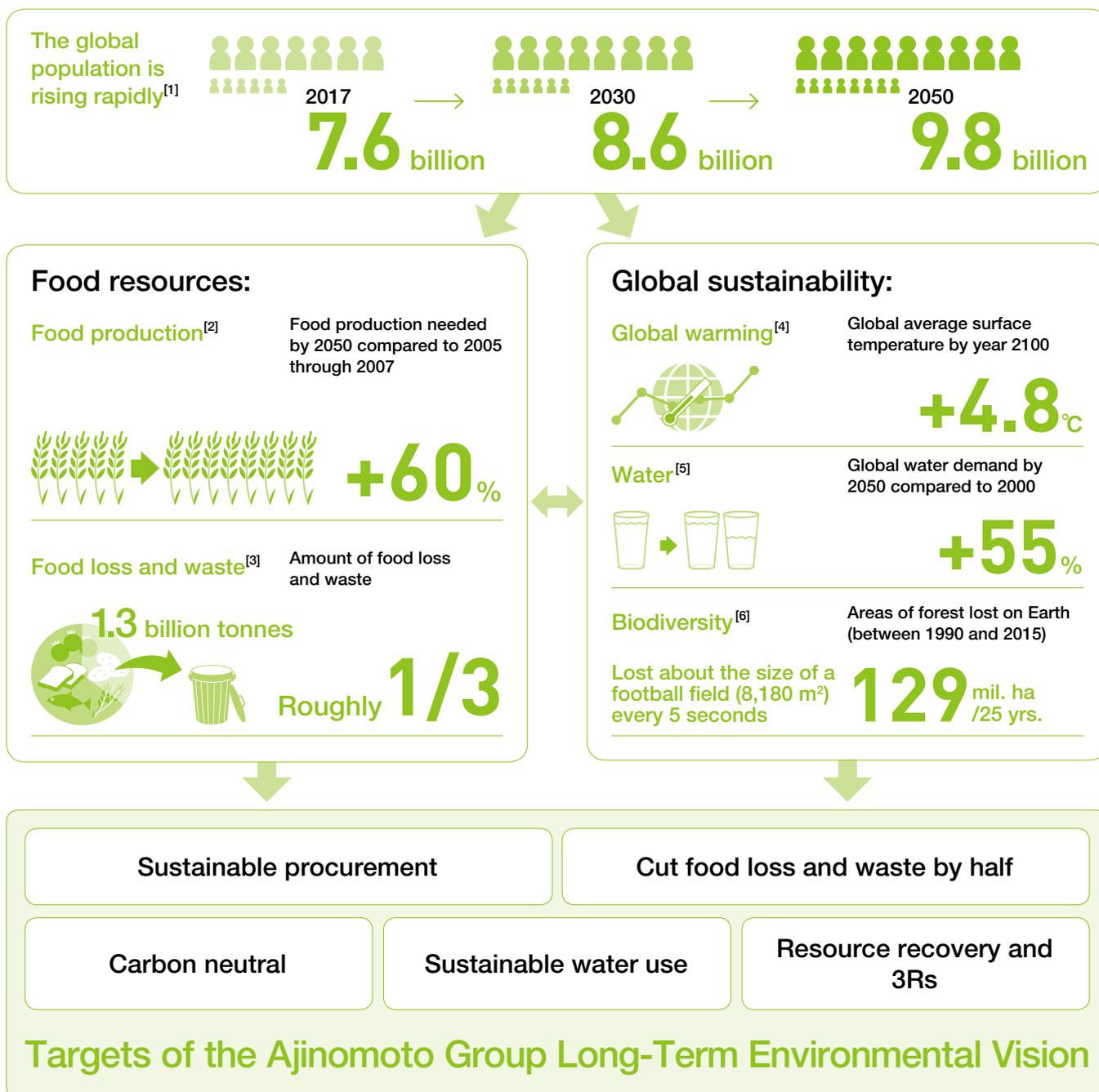
Note: Accumulated total since October 2011 (as of March 31, 2018)

# Food Resources and Global Sustainability

As the demand for human consumption has already exceeded the Earth's production capacity, sustainable production and consumption must be pursued to secure our daily lives and economic activities while keeping the global environment healthy.

Corporate efforts are essential to realize the sustainable production and consumption, however, there is a limit to what one company can do. The Ajinomoto Group sets long-term goals and collaborates with stakeholders in each stage of its supply chain to reduce environmental impact and create new value.

## Ajinomoto Group challenge



[1] United Nations (UN) (2017) [2] UN Food and Agriculture Organization (FAO) (2014) [3] FAO (2012)  
 [4] Intergovernmental Panel on Climate Change (IPCC) (2013) [5] OECD (2012) [6] The Global Forest Resources Assessment (FRA) (2015)

# The Environment

## Ajinomoto Group's approach

The Ajinomoto Group recognizes that its business activities considerably affect the global environment while it is affected by the environment. For this reason, the Group aims to manage business by pursuing sustainable production and consumption to help keep harmony with the Earth.

Environmental problems cannot be solved merely by the efforts of one company. In all activities, from the procurement stage at the upstream part of the supply chain to development, production, logistics and communication with consumers, the Group acts in partnership with stakeholders while sharing common values and goals.



### Circular economy

A new proposition called the circular economy is currently spreading across Europe. This concept encompasses reduction of waste and disposal, recycling, sharing, and more, along with environmental conservation as a strategy for economic growth.

The Ajinomoto Group has been continuously engaged in various initiatives that use energy and food resources without waste, such as bio-cycles. Through these initiatives, the Group takes pride in enriching local agriculture and economic activities in areas where it produces the ingredients required for its business growth.

However, the Group recognizes that there is still room for improvement to make consumer lifestyles more environmentally friendly. Although forming a complete cycle is difficult given the constraints, such as the legal system and organization, the Group aims to be a hub for creating "circulation" for the whole society, in collaboration with every consumer.

## Ajinomoto Group Policies

### Basic Principles

### 3. Contribution to the Global Environment and Sustainability

- 3.1 We work with communities and customers to coexist harmoniously with the earth and to bring about a sustainable "recycling-oriented society."
- 3.2 We encourage all individuals to use resources and energy more efficiently and pursue environmentally responsible lifestyles.

### Group Shared Policies

#### Group Shared Policy on Environment

### ■ Relevant materiality and scope of impact on business activity

Materiality	Supply chain	Suppliers	The Ajinomoto Group (development, production, logistics)	Distributors, users, consumers
● Food shortages		○	○	
● Food loss and waste		○	○	○
● Sustainable procurement of agricultural, livestock, and fishery products		○	○	
● Climate change		○	○	
● Water		○	○	
● Biodiversity		○	○	
● Promotion of suppliers' CSR		○	○	
● Reduction of operational waste			○	
● Reduction of environmental impact from containers and packaging		○	○	○

Reference →  
Ajinomoto Group Materiality P9

## Ajinomoto Group Long-Term Environmental Vision

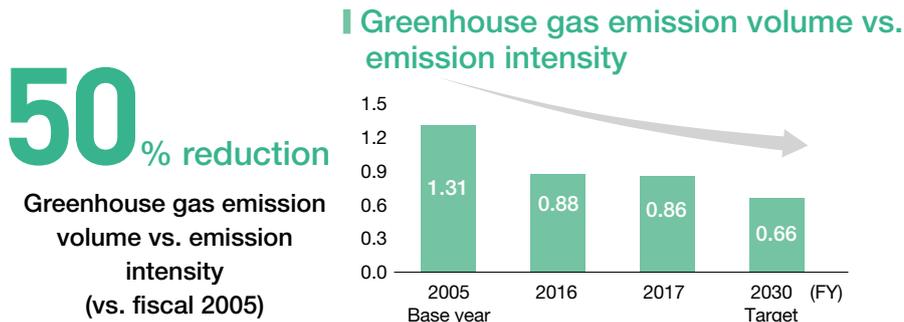
Together with communities and customers, the Ajinomoto Group contributes to the global environment through initiatives that are ahead of international targets, from manufacturing to consumption.



# Ajinomoto Group Long-Term Environmental Vision: Environmental Targets

The Ajinomoto Group's medium and long-term environmental targets encompass the entire product lifecycle, with a major focus on production (factories). They include cutting food loss and waste, improving security of food resources, and conserving the natural environment.

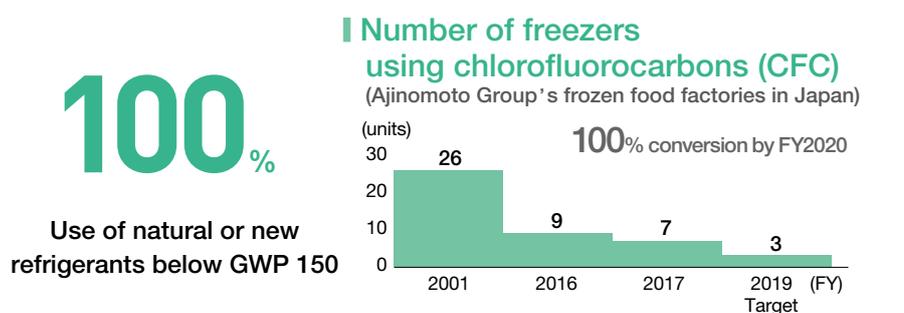
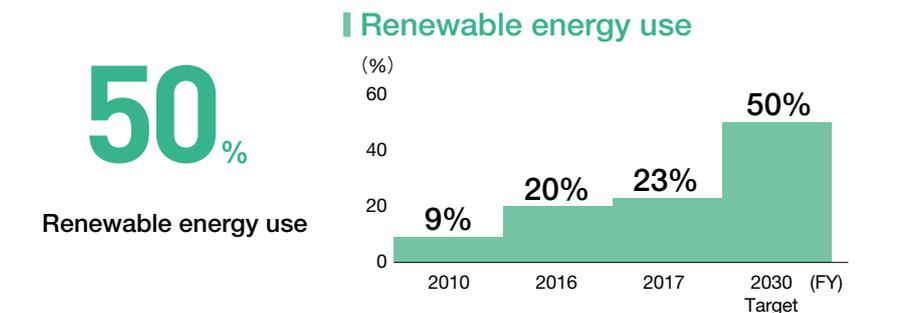
## Overall product lifecycle to become carbon neutral



- Key plans**
- Continuous implementation of energy saving activities that are ongoing for more than 10 years
  - Capacity increase and stable operation of own biomass boilers and cogeneration
  - Promotion of renewable energy use

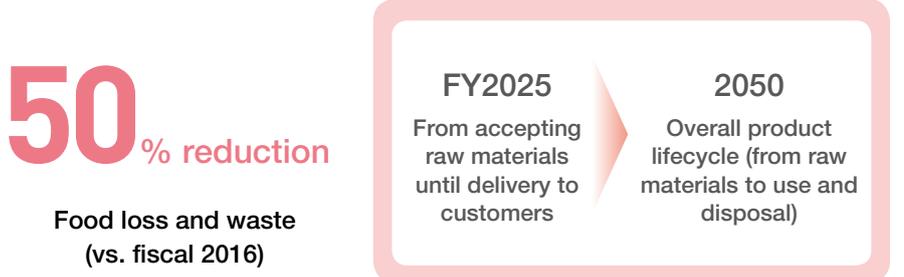


Limeira Plant (Brazil)



- Key plans**
- To minimize hydrofluorocarbons possession by FY2030
- Introduction of natural refrigerants at Ajinomoto Frozen Foods Co., Inc., Knorr Foods Co., Ltd., AJINOMOTO BAKERY CO., LTD. and others
  - Introduction of new refrigerants below GWP 150 at Ajinomoto Co., Inc., PT AJINOMOTO INDONESIA and others

## Cut food loss and waste within lifecycle by half by 2050



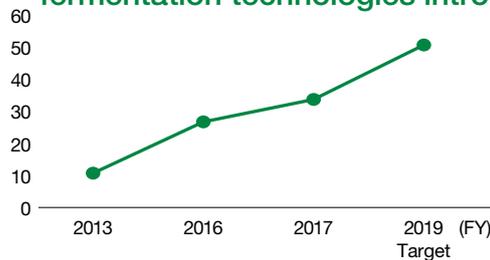
- Key plans**
- Use of raw materials in manufacturing process without waste
  - Reduction of distribution and product returns by extending best-before dates, changing labels to month-year form, and changing delivery rules
  - Reduction of waste during product use by customers
  - Proposal of eco-friendly lifestyles to consumers for enjoying food without leftovers

Secure food resources for the next generation, contribute to conservation of natural environment, including ecosystems and biodiversity, and achieve sustainable procurement



**6.0** billion yen  
Estimated economic benefit

Number of resource-saving fermentation technologies introduced



Key plans

- Introduction of technologies that conserve raw materials and energy
- In-house production of raw materials for fermentation
- Biomass use

**100%**

Sustainable procurement (fiscal 2020)



Key plans

- Establishment of traceability
- Procurement of certified raw materials
- Creation of sustainable procurement standards and framework with suppliers

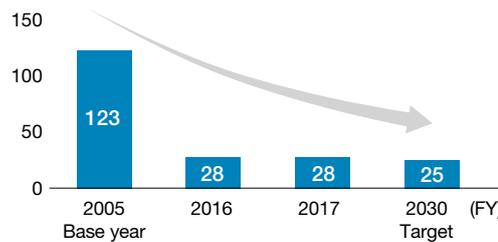
Create an environment where water resources are sustained



**80%** reduction

Water usage vs. production volume unit (vs. fiscal 2005)

Water usage vs. production volume unit



Key plans

- Continuous implementation of activities to cut water use and discharge that are ongoing for more than 10 years
- Setting of quality standards for water discharge (BOD, TN) (direct discharge into public areas)

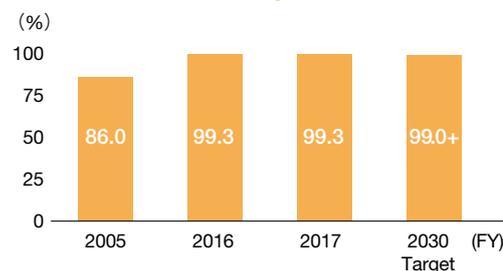
Zero emission of waste materials



Maintain at **99% or more**

Resource recovery ratio

Resource recovery ratio

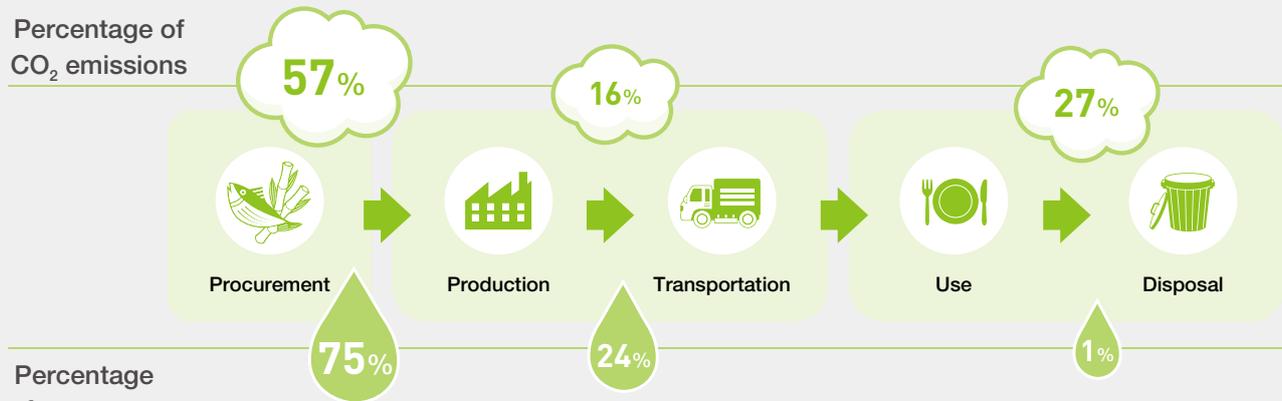


Key plans

- Continuous efforts on reducing environmental impact that are ongoing for more than 10 years
- Resource recovery from waste materials, effective use of by-products

### The Ajinomoto Group's environmental impact by lifecycle assessment

The entire lifecycle assessment shows that raw materials have the highest environmental impact.



The percentage of CO<sub>2</sub> emissions are based on CO<sub>2</sub> emissions of fiscal 2017 input and output balance shown online in the environmental data. The percentage of water use is calculated by Trucost based on primary raw materials, amount used in production, and transportation and storage scenarios.

## Environmental management

### Promotion framework

The Ajinomoto Group advances environmental management through a structure headed by the Executive Committee. This structure decides important environmental policies, prepares plans (medium and long-term targets, annual plan), and conducts activity reviews.

### Ajinomoto Group's environmental management system (EMS)



### Status of ISO 14001 certification

As of March 2018, the Ajinomoto Group has acquired ISO 14001 certification at 60 out of 98 group companies. Those not yet certified are advancing management based on the ISO 14001 approach. Certification reporting has changed from the site-level to the corporation-level.

ISO 14001 certification had been acquired at

**60** group companies,  
or  
**61%** of all target companies  
(As of March 2018)

## ■ Environmental assessments

When the Ajinomoto Group launches new products and businesses, or changes the use of conventional raw materials or production processes, it assesses the environmental impact of business plans before they are conducted, and takes necessary measures to minimize future risks. At Ajinomoto Co., Inc., environmental assessments are performed by departments in charge, and their results are reviewed from a group-level perspective by the Environment, Safety & Plant Management Support Dept. before final approval. Group companies also carry out their own assessments based on company rules and regulations.

Performance evaluations of each division and group company also include an environment category, reflecting its high priority among business activities.

## ■ Environmental audits

The Ajinomoto Group values environmental audits as an indispensable management tool. In addition to external audits for compliance with ISO 14001, audits for sites having issues are also conducted by the Environment, Safety & Plant Management Support Dept. based on the Environmental Audit Outline.

Note that there were no sites subject to environmental audits in fiscal 2017.

## ■ Factory efforts for local community and response to environmental accidents

The Ajinomoto Group promotes open communication with neighborhood residents. The Group values communication with the community by participating in neighborhood association and council meetings, and asking residents to call the factory immediately when they have something to say or when they notice anything unusual in their environment such as a strange odor or noise.

The Group has built a system for quickly addressing any legal violations or accidents related to the environment. In fiscal 2017, there was a violation of the Air Pollution Control Act of Japan, and proper corrective actions and legal measures based on administrative guidance have been performed. In fiscal 2017, there were five accidents that affected the environment outside the worksite (one accident where liquid raw material leaked, two accidents where liquid products leaked, one accident where liquid fuel leaked, and one accident where black smoke was generated by the incomplete combustion of a steam boiler). None of these had serious environmental effects. The accidents were immediately reported to authorities and investigated for their causes to take necessary measures.

The Group will continue to share information group-wide on environmental regulatory violations and accidents, and work to prevent their recurrence.

## I Environmental assessment items

1. Legal compliance	
2. Seven types of typical pollution	Air pollution, water pollution, noise, odor, soil contamination, etc.
3. Global environmental issues	Saving energy, renewable energy use, chlorofluorocarbons, distribution efficiency, etc.
4. Food loss and waste reduction	Extension of best-before dates, MMY labeling, etc.
5. Sustainable procurement	Biodiversity conservation, certified ingredients, certified paper, bioplastics, etc.
6. Water resources	Water use and wastewater reduction
7. Waste disposal	Proper waste disposal, responsibilities of waste generator, etc.
8. Creation of a recycling-oriented society	3Rs, excess packaging, effective use of by-products, waste generation reduction, etc.
9. Management of hazardous substances	New chemical substances, PCB, asbestos, etc.
10. Effects of buildings	Right to sunlight, radio wave disturbance, etc.
11. Consumer awareness of green living	Environmental labeling



Forum with local residents  
Environmental monitor meeting at  
Kawasaki Administration & Coordination Office,  
Ajinomoto Co., Inc.

## Environmental education

### Specialized education

Environmentally responsible business operations require the expertise and skills of employees.

The Ajinomoto Group in Japan provides ongoing education to the environmental officers, managers and members in each organization, as well as environmental assessment training for members of business and research departments developing new businesses and products.

For instance, a total of 112 two-day training courses for internal environmental auditors have been held by March 2018, attended by a total of more than 2,800 participants. The Group also conducts environmental law seminars for EMS staff in Japan to stay up-to-date with the frequent revisions in environmental regulations and ensure compliance.



Group work at an internal environmental auditor lecture

### General education

In Japan, the Environment, Safety & Plant Management Support Dept. collaborates with human resources, general affairs, risk management and other departments to provide ongoing education tailored to each employee grade and ensure everyone understands the Group's environmental management.



Materials for compliance trainings

### Structure of environmental education

	Common in group companies in Japan	Ajinomoto Co., Inc.
Specialized education	<ul style="list-style-type: none"> <li>● Training for environmental officers, managers and staff</li> <li>● Lectures and seminars for internal environmental auditors</li> <li>● Environmental law seminars and study sessions</li> </ul>	<ul style="list-style-type: none"> <li>● Environmental assessment seminars</li> <li>● Seminar on containers and packaging for environmental assessment</li> </ul>
General education	<ul style="list-style-type: none"> <li>● Compliance training</li> </ul>	<ul style="list-style-type: none"> <li>● Training for new managers</li> <li>● Training for new hires</li> <li>● Training for mid-career hires</li> <li>● Training for technology-related staff before posting overseas</li> <li>● Basic technological training for future overseas production engineers</li> </ul>

### Scope of the environmental report

This section of the report covers the environmental initiatives of the companies subject to the Ajinomoto Group Environmental Management as defined in the Company's Environmental Regulations (fully subject to the regulations as of March 2018). These companies include Ajinomoto Co., Inc. and other group companies. Performance statistics are for the 128 major business sites (17 added following site reorganization as well as factory dissolution and new construction), which substantially represent the environmental performance of the entire Ajinomoto Group<sup>[1]</sup> under the consolidated financial accounting system.

[1] The Ajinomoto Group refers to Ajinomoto Co., Inc. and its consolidated subsidiaries and group companies subject to financial reporting under the equity method.

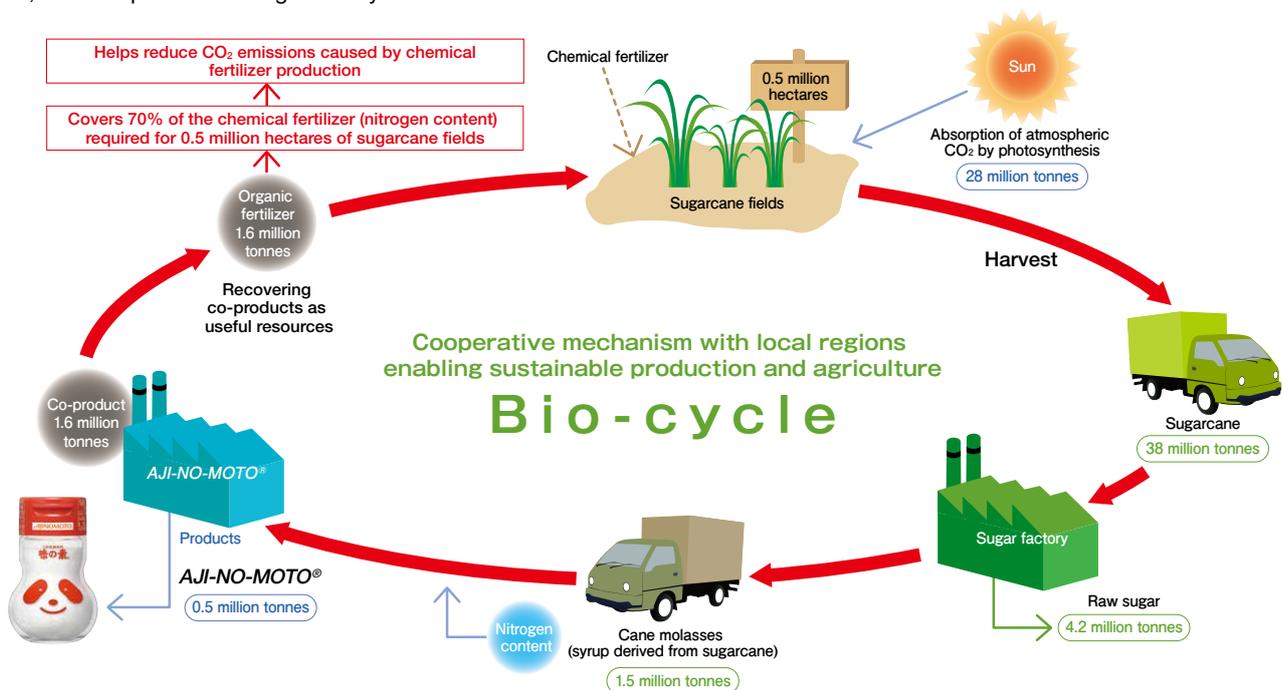
# Food resources and biodiversity

## Bio-cycles: A contribution to sustainable agriculture

The Ajinomoto Group produces the amino acids used in its products through fermentation processes from crops that are easily available in each region. Nearly 100% of the nutritionally rich by-products (co-products) that remain after extracting amino acids in the fermentation process are then used as fertilizer and feed. The Group considers such recycling-based amino acid fermentation processes that procure sustainable agricultural production while enriching regional agriculture as "bio-cycles." These bio-cycles are a means of simultaneously contributing to reliable supplies of food resources and realizing sustainable agriculture. For this reason, the Group is introducing these cycles at its fermentation factories worldwide.



Main raw materials in amino acid production: sugarcane (left), corn (top right), and cassava (bottom right)



The chart assumes worldwide annual production of approximately 0.5 million tonnes of the umami seasoning AJI-NO-MOTO® by the Ajinomoto Group using only sugarcane. The values of sugarcane grown and sugar production are commonly used global figures, and the values of resources used for producing AJI-NO-MOTO® are based on actual statistics from the Group.

### If fermentation were not used to make amino acids...

The Group has been using fermentation process to reserve food resources.

Assuming an annual production of AJI-NO-MOTO® with fermentation by the Group **0.5 million tonnes**

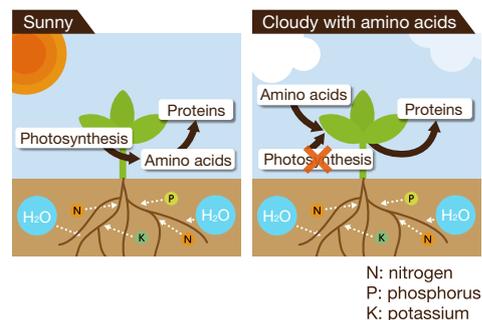
<p>If all were made from kombu kelp...</p> <p><b>25</b> million tonnes in dry weight required = <b>833</b> annual harvests of kelp in Japan<sup>[1]</sup></p>	<p>If all were made from tomatoes...</p> <p><b>200</b> million tonnes required = <b>1.6</b> annual harvests of tomatoes worldwide<sup>[2]</sup></p>
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[1] Calculated based on the average extraction of glutamate of 2.24 grams per 100 grams of kombu kelp  
 [2] Calculated based on the average extraction of glutamate of 0.14 grams per 100 grams of ripe tomatoes

## From amino acid co-products to value-added fertilizer

Plants synthesize amino acids from absorbed nitrogen and sugars gained through photosynthesis, then use amino acids to synthesize proteins necessary for growth. Even under insufficient photosynthesis conditions caused by cloudy weathers or low temperatures, plant growth can be stimulated by supplying amino acids as fertilizer.

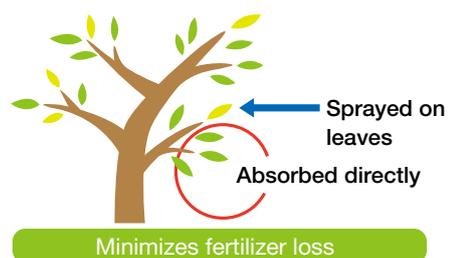
For more than 40 years the Ajinomoto Group has been effectively utilizing the nutrient-rich co-products of amino acid fermentation as organic-type fertilizer. By fortifying these co-products with suitable amounts of phosphoric acid and potassium, for example, the Group has developed fertilizers with higher added value. Continued experiments and researches have been revealing these amino acid enriched fertilizers to have an enhancing effect on root development, plant growth, and harvest yields.



### AJIFOL® foliar fertilizer

Foliar fertilizer formulated with concentrated amino acids and minerals, used to effectively supply nutrition through the leaves in small amounts. First released in Brazil in 1989 and now produced in seven countries worldwide.

Micronutrients are efficiently absorbed in small amounts.



- Benefits of AJIFOL®**
1. Higher yields
  2. Stronger disease resistance
  3. Sweeter fruit (Brix value)

### AJIFOL® manufactured in seven countries

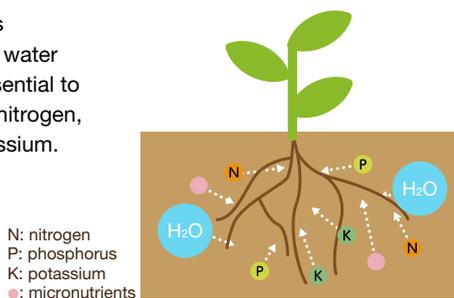


High-bench strawberry cultivation. AJIFOL® was used on strawberries that displayed inhibited growth from root damage, with poor leaf color, blossoming and growth. Plant vitality returned with foliar supplementation of amino acids.

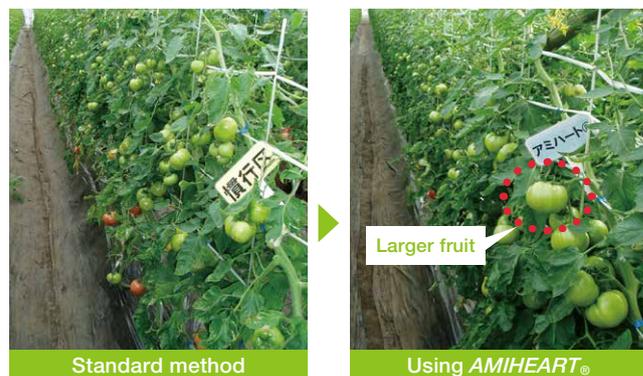
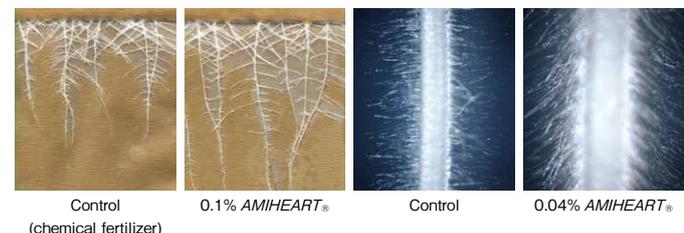
### ROOTMATE® and AMIHEART® for enhanced root development

Rich in root-development-stimulating nucleic acids, these fertilizers promote crop growth by mitigating the effects of inadequate sunlight and heat stress.

Better developed roots increase adsorption of water and micronutrients essential to plant growth, such as nitrogen, phosphorus, and potassium.



#### Effect on tomatoes



Column

## Toward sustainable coffee beans procurement Initiatives at Ajinomoto AGF, Inc.

To address the looming supply shortages facing coffee, Ajinomoto AGF, Inc. has begun strengthening connections with coffee beans producers and creating systems of stable procurement long into the future. Relationships are being developed mainly through providing farming supplies and equipment and outsourcing to farmers the verification testing of co-product *AJIFOL*® and other high value-added fertilizers produced by overseas group companies.



### Coffee beans bio-cycle from partnerships between group companies



#### ■ Brazil

Brazil is the largest coffee producer in the world. Most production is concentrated in the central, east, and southwest regions of the country. At a coffee plantation in the east Cerrado region, where Ajinomoto AGF, Inc. has been testing the enhancing effects of *AJIFOL*® fertilizer produced by AJINOMOTO DO BRASIL IND. E COM. DE ALIMENTOS LTDA. (“AJINOMOTO DO BRASIL”) on coffee bean productivity and quality since September 2016, the fertilizer shows equivalent effect to an existing fertilizer the plantation has been using based on its many years of experience. While further testing is needed—the test will take at least two years—the company plans to continue strengthening relationships with producers with an eye to boosting the value of its coffee products.



At a coffee plantation in Brazil

#### ■ Indonesia

In Indonesia, Ajinomoto AGF, Inc. has been test-spraying *AJIFOL*® and providing equipment and supplies to farms mainly in the Pagar Alam region since September 2017. So far, the company has handed out weeding equipment, tarp tents, insect traps, long-sleeve T-shirts, rubber boots, and work gloves.



Supplies provided in Indonesia

#### ■ Vietnam

At 10 coffee farms in the Krông Năng, Ea H’leo district of Vietnam, Ajinomoto AGF, Inc. supplied 250,000 young coffee trees between May and September 2017 and began testing fertilizer from AJINOMOTO VIETNAM CO., LTD. The company also provided technical guidance to more than 3,000 local farmers on watering methods and the planting of shade trees to protect coffee trees from direct sunlight.



Participants of the technical training session

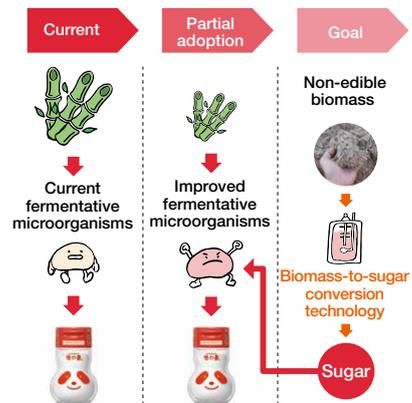
## Production without waste: Resource-saving fermentation technologies

Demand for the crops used in amino acid production is rising as they are important food resources and also used as biofuels and industrial materials. As a leading amino acid producer, the Ajinomoto Group has a social responsibility to developing lower-impact production methods.

Leveraging its advanced proprietary leading-edge bioscience and fine chemical technologies, the Group has been actively working over the years to develop efficient “resource-saving fermentation technologies.”

Two examples of resource-saving fermentation technologies are those that reduce raw materials and energy use by enhancing fermentation productivity, and those that employ rice husks, wood chips, and other unused local biomass as energy sources. These technology developments help secure food resources while reducing water use and carbon emissions in procurement and production. The Group also aims to apply technologies that make use of non-edible biomass such as bagasse (sugarcane fiber) and corn stalks without competing with food resources.

To accelerate R&D and further improve these technologies, the Group is partnering with various entities with cutting-edge technologies in Japan and abroad, including venture companies, universities, and research institutes.



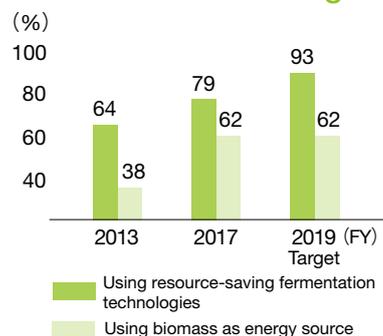
### Technology roadmap

Around 80% of amino acid production factories slated for introduction of resource-saving fermentation technologies have introduced raw materials and energy-reducing technologies as of the end of fiscal 2017. The Group will complete technology introduction at roughly 90% of target factories by fiscal 2019, beyond which it will pursue further technology development and deployment. The Group also aims to realize on-site production of ammonia, a sub raw material, at certain factories by around 2021.

Around 60% of factories use biomass as of the end of fiscal 2017. The Group will continue to shift to cogeneration systems<sup>[1]</sup> and increase this number.

[1] Systems that generate and supply electricity and heat simultaneously

### Ratio of factories using resource-saving fermentation technologies



## Efforts in natural capital valuation

The Ajinomoto Group recognizes the critical importance of accounting for its business impacts on natural capital for realizing sustainable growth. Taking amino acid production as a case study, it compared impacts between current methods and production using non-edible raw materials.

Specifically, the Group compared the value of natural capital, converted to US dollars, in two different scenarios of converting raw materials into umami seasoning *AJI-NO-MOTO*® in Thailand: first, fermenting cassava root as a sugar source, and second, fermenting non-edible biomass.

The results show that using non-edible biomass is more advantageous, as it could save at least several million US dollars in social costs while reducing adverse impacts on natural capital.

## Conservation of ecosystems and biodiversity

### Biodiversity approach

The Ajinomoto Group expresses its approach to ecosystems and biodiversity in the Group Shared Policy on Environment and Ajinomoto Group Long-Term Environmental Vision, and works as a group to achieve its goals based on these vision and policies.

Reference →  
Group Shared Policy on Environment

Reference →  
**The Environment P56**  
Ajinomoto Group Long-Term Environmental Vision

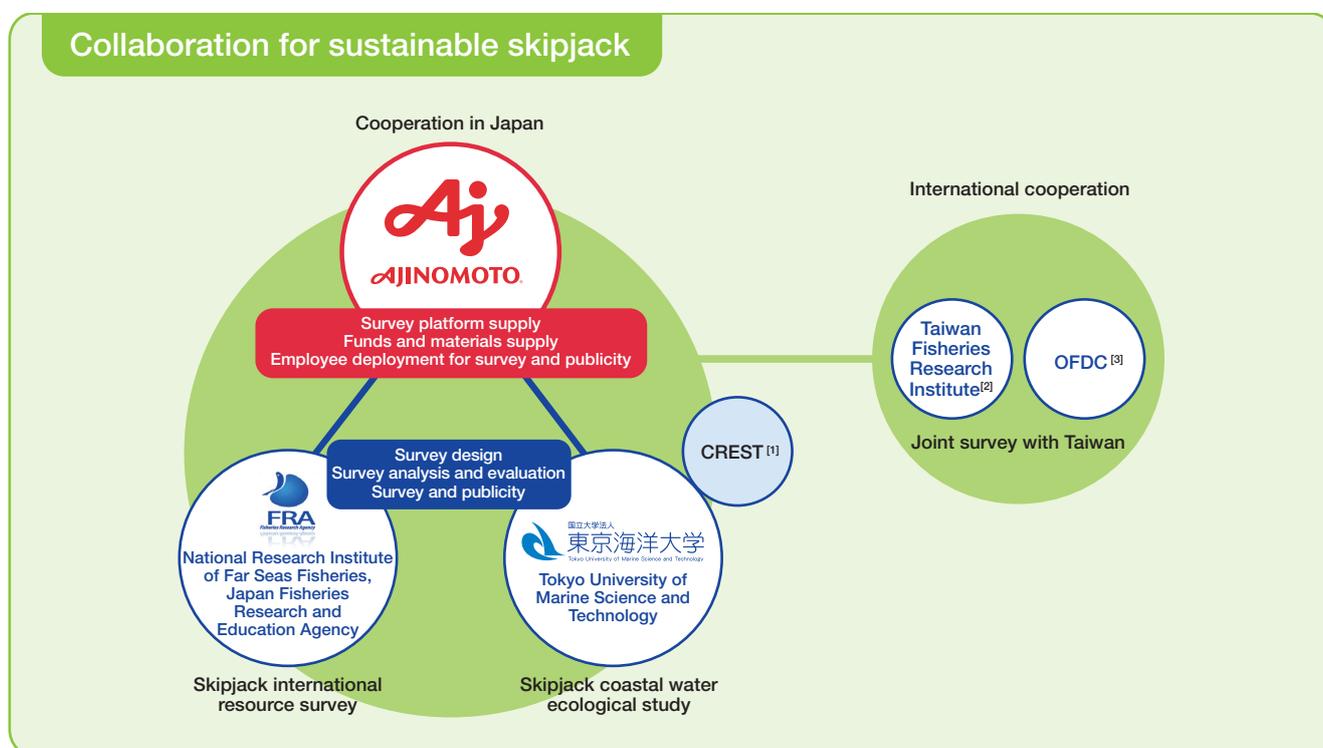
### Fisheries

Ajinomoto Co., Inc. is committed to conserving resources and working toward sustainable use, as a company that uses skipjack as an ingredient in its major flavor seasoning product, *HON-DASHI*®. Since 2009, the Company has conducted the joint skipjack tagging survey with the National Research Institute of Far Seas Fisheries (NRIFSF) in Japan.



In recent years, skipjack catches have fallen significantly in waters around Japan, resulting in difficult times for the domestic skipjack fisheries. Against this backdrop, the company has been actively sharing the knowledge of skipjack ecology gained from surveys with domestic stakeholders, aiming to contribute to sustainable regional development and the domestic skipjack fishing industry which supports Japan’s food culture.

In fiscal 2016, the survey area was expanded upstream of the Kuroshio Current as joint surveys with the Taiwan Fisheries Research Institute started. In April 2018, a consortium was launched from the survey’s parent organization. Moving forward, the Company will encourage more stakeholder involvement and advance the study of skipjack distribution and ecology for better resource management and to establish international resource management rules.



[1] Research team formed by the participation of Hokkaido University, University of Tokyo, Kyoto University, and Tokyo University of Marine Science and Technology in the Japan Science and Technology Agency (JST) Strategic Basic Research Programs

[2] Fisheries Research Institute, Council of Agriculture, Taiwan, Republic of China

[3] Overseas Fisheries Development Council

Column

# Overview and findings of the joint tagging survey of skipjack

Scientific knowledge, such as skipjack ecology, is necessary to establish international resource management rules. However, many things about the skipjack are still unknown, including its ecology and migratory routes to Japan. Accordingly, regular tag-and-release surveys of about 10,000 skipjacks started from 2009; further, use of the latest archival electronic tags started from 2011 to confirm skipjack migration routes along the main stream of the Kuroshio Current, from the Nansei Islands to the Pacific coast in western Japan.



The skipjack is reeled in.



Regular tags: An identification number is attached to indicate the time, place, body length, etc. when the skipjack was released.



Archival electronic tags: The skipjack's daily swimming location and water depth, water temperature and skipjack body temperature can be recorded every 30 seconds throughout the year.



The tagged skipjack is released. Tags are recovered when the skipjacks are caught, and skipjack migration route and other data are analyzed.

## Tag-and-release survey findings

Skipjacks were previously believed to migrate north by traveling on the Kuroshio Current, but the survey findings estimate that there are currently four migratory routes from subtropical regions to the coastal waters of Japan (Figure 1). Moreover, analysis of vertical swimming behavior for 10 days revealed that skipjacks inhabit the deep at daytime and shallow depths at night (Figure 2).

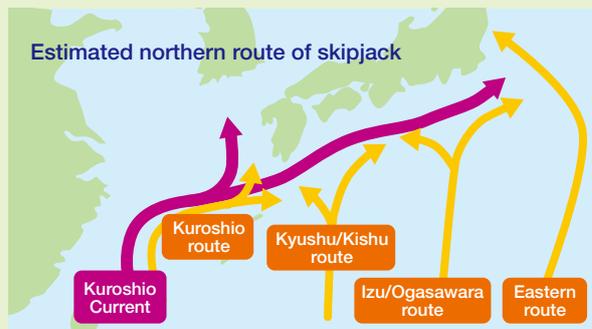
## Use of the latest ultrasonic tags (pingers)

Since 2015, the survey has adopted the latest pingers using ultrasonic transmission of skipjack swimming data in cooperation with the Tokyo University of Marine Science and Technology. In 2016, researchers developed onboard receivers for fishing vessels and successfully conducted an experimental study in the open seas at Yonaguni Island.

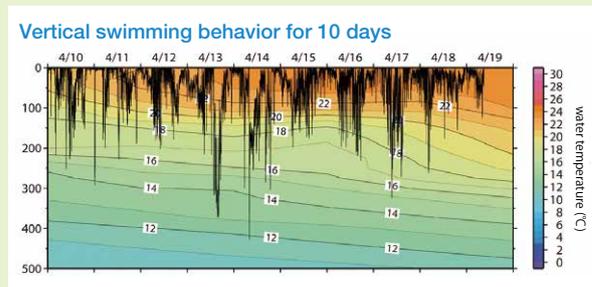
From the data obtained, researchers can watch skipjacks accumulating in areas and then separating and moving away, and also specific movements between fish aggregating devices (FAD) in the region. The system also allows local fishermen and Tokyo researchers to share real-time data for observing fish behavior.

Expanding this pinger-receiver network should yield major progress in understanding the wide-ranging behaviors of highly migratory species including skipjack. The Company is now talking with local stakeholders to expand the receiver network to waters near the Miyako Island and Kochi prefecture in Japan.

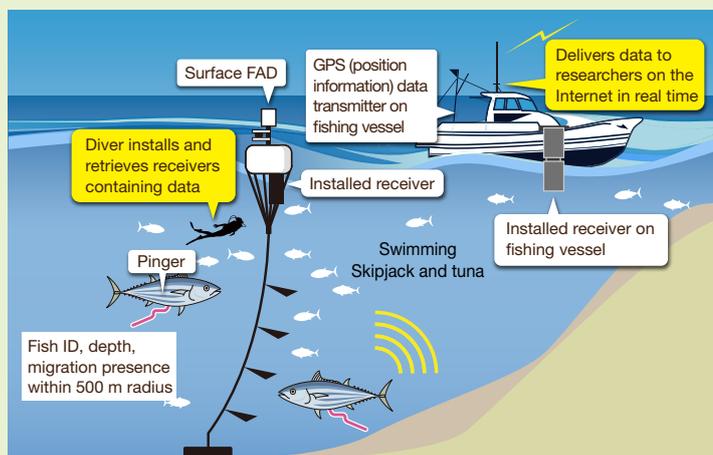
(Figure 1)



(Figure 2)



Pinger ultrasonic tag and receiver  
The receivers can detect signals from tagged fish in a 500-meter radius and provide nearly real-time observation.



Pinger receiver system

## ■ Agriculture and forestry

In its Long-Term Environmental Vision, the Ajinomoto Group has set a goal to achieve procurement with 100% sustainable palm oil and paper (FSC®-certified paper or 100% recycled paper, or paper considered environmentally responsible by the Group) by fiscal 2020.

Refer to the fair operating practices section for details of initiatives.

Reference →

**Fair operating practices P90-92**  
Sustainable procurement of raw materials

## ■ Sustainable land use and local ecosystems

Corporate land used for offices and factories is also a part of the local natural environment, with green spaces, in particular, playing an important role in local ecosystems.

The Tokai Plant of Ajinomoto Co., Inc. is situated in a large industrial complex in Yokkaichi City, Mie Prefecture. The site includes an approximately 5,000-square-meter freshwater pond surrounded by trees. In 2002, the company expanded the area into a 1.27-hectare biodiversity conservation area called the Ajinomoto Bird Sanctuary in Yokkaichi.

The sanctuary is currently home to six species of heron including the intermediate egret, which is designated as an endangered species by Japan and Mie Prefecture. Other rare species include the northern goshawk and common kingfisher, the latter being a species only found in clean water habitats. The sanctuary also serves as a stopping point for migrating birds.

The Company will continue its ecosystem surveys and other initiatives to restore the entire Yokkaichi ecosystem and develop preservation efforts.



Common kingfisher (top left), rare dragonfly (top right), ducks (bottom left), current appearance of the pond (bottom right)

# Carbon neutral

## Reduction of greenhouse gas emissions

### ■ Medium and long-term environmental targets

The Ajinomoto Group aims to reduce greenhouse gas emissions intensity from business activities by 50% by fiscal 2030 compared to fiscal 2005 and achieve 50% renewable energy use by fiscal 2030.

In February 2018, the Group set new annual targets for greenhouse gas emissions intensity of production volume from fiscal 2018 to 2020 and revised the renewable energy use target ratio upward for fiscal 2020.

### I Target for greenhouse gas emission reduction

	Target			
	FY2018	FY2019	FY2020	FY2030
Reduction rate of greenhouse gas emission volume vs. emission intensity (vs. FY2005)	36%	37%	38%	50%
Renewable energy use ratio	24%	26%	28%	50%
CFC elimination				Extremely small volume of HFCs

### ■ Fiscal 2017 performance on greenhouse gas emission reduction

Greenhouse gas emission volume vs. emission intensity in fiscal 2017 was down 35% from the fiscal 2005 baseline, two points better than the previous year, through energy conservation efforts, increased use of energy sources with low carbon emission factor, such as biomass, and full-scale operation of biomass boiler at Limeira Plant, AJINOMOTO DO BRASIL.

To achieve its medium and long-term targets, the Group will continue to develop and adopt energy conservation processes and stable production at each factory, boost biomass boilers and cogeneration, and ensure their stable operation within Group companies.

### I Total greenhouse gas emissions and greenhouse gas emission intensity of production

	Base year		Result						
	FY2005	Ratio	FY2013	FY2014	FY2015	FY2016	FY2017	Ratio	Difference
Total greenhouse gas emissions (million tonnes)	2.36	100%	2.20	2.21	2.23	2.33	2.30	100%	-0.06
Japan	0.58	25%	0.39	0.40	0.45	0.47	0.46	20%	-0.12
Asia/Africa	0.87	37%	0.93	0.97	1.04	1.06	1.07	47%	0.20
Europe	0.33	14%	0.23	0.22	0.17	0.18	0.16	7%	-0.17
North America	0.23	10%	0.35	0.36	0.35	0.43	0.45	20%	0.23
South America	0.20	9%	0.19	0.18	0.14	0.11	0.08	4%	-0.12
China	0.14	6%	0.10	0.09	0.08	0.08	0.07	3%	-0.07
Greenhouse gas emission volume vs. emission intensity (per tonne of product)	1.31	-	0.97	0.94	0.88	0.88	0.86	-	-
Reduction rate	-	-	26%	28%	33%	33%	35%	-	-
Reference value: Total amount of production (million tonnes)	1.80	-	2.26	2.35	2.53	2.66	2.68	-	-

## ■ Shift to renewable energy

Energy input and energy use per tonne of product in fiscal 2017 were largely unchanged from the previous year. In addition, renewable energy use is three points higher than the previous year at 23%. This was made possible by increasing biomass boilers and biomass-derived energy consumption mainly outside Japan.

### I Energy input

	FY2013	FY2014	FY2015	FY2016	FY2017
Energy input (TJ) <sup>[1]</sup>	35,342	36,356	37,362	39,105	39,589
Energy input intensity of production (per tonne of product)	15.6	15.5	14.8	14.7	14.8

[1] TJ: terajoule, T (tera) = 10<sup>12</sup>

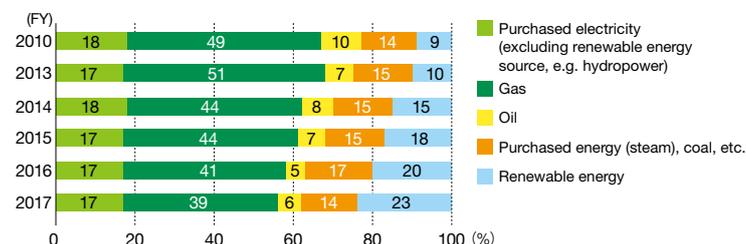


Bien Hoa Factory (Vietnam)



Limeira Plant (Brazil)

### I Energy use at the Ajinomoto Group (thermal equivalent)

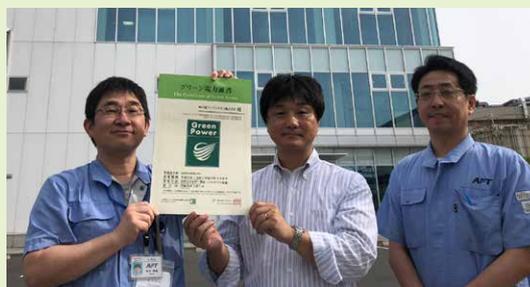


## Column

# Target 50% renewable energy use by fiscal 2030

As of the end of fiscal 2017, the Ajinomoto Group is using steam and electrical energy fueled by non-edible and unused biomass at factories in six countries (Brazil, Thailand, Vietnam, France, China and Japan). The Group encourages biomass use from sugarcane bagasse, rice husks, wood chips, and others in Brazil, Thailand and Vietnam. In March 2017, the Limeira Plant of AJINOMOTO DO BRASIL began full-scale operation of a biomass boiler using wood chips as fuel, resulting in stable operation that reduced annual CO<sub>2</sub> emissions by approximately 51,000 tonnes compared to fiscal 2015 before such operation.

In Japan, where renewable energy use was comparatively low, Ajinomoto Co., Inc. has signed a contract in March 2017 with Japan Natural Energy Co., Ltd. to purchase Green Power Certificate to cover all electricity consumed at its headquarters, domestic sales offices, etc. Under the certificate, all electricity is considered to be generated from sugarcane bagasse biomass from sugar factories in Okinawa. As a result, all electric power consumed in the target bases shifted to green power from fiscal 2017 onwards. In addition, the Group expanded coverage of the Green Power Certificate or Green Heat Certificate from fiscal 2018 to raise the renewable energy use ratio of group companies in Japan.



Ajinomoto Fine-Techno Co., Inc.



Ajinomoto Co., Inc. headquarters, training center and all sales offices in Japan: power  
 Ajinomoto Co., Inc. total for fiscal 2017: 4.26 million kWh  
 (Equivalent to 2,263 tonnes of CO<sub>2</sub> emissions annually)

- Ajinomoto Fine-Techno Co., Inc. headquarters and factory: power
  - Ajinomoto AGF, Inc. headquarters and all sales offices: power
  - Delica Ace Co., Ltd. rice cooking process for *onigiri*: heat
  - Ajinomoto Frozen Foods Co., Inc. headquarters: power
  - AJINOMOTO BAKERY CO., LTD. headquarters: power
- Group company total forecast for fiscal 2018: 8.11 million kWh, converted to electricity  
 (Equivalent to 4,311 tonnes of CO<sub>2</sub> emissions annually)

### Reference

ASV STORIES 2018 P11

## Management of fluorocarbons

Ajinomoto Co., Inc. is a board member of The Consumer Goods Forum (CGF). As such, the Ajinomoto Group aims to fulfill the CGF commitment to switch from using fluorocarbons (HCFCs<sup>[1]</sup>, HFCs<sup>[2]</sup>) as refrigerants in new purchases of chillers and such to using natural refrigerants or refrigerants with low GWP (Global Warming Potential) of less than 150 by fiscal 2025 and minimize ownership of HFCs by fiscal 2030.

Based on the Group's policy to cut fluorocarbon use, Ajinomoto Frozen Foods Co., Inc., Knorr Foods Co., Ltd. and AJINOMOTO BAKERY CO., LTD. introduced natural refrigerants, while the Company and PT AJINOMOTO INDONESIA introduced refrigerants with GWP below 150 in fiscal 2017.

All seven frozen food factories in Japan, including Ajinomoto Frozen Foods Co., Inc., converted to natural refrigerants in 23 units by the end of fiscal 2017, and plan to switch the remaining seven units over to non-fluorocarbon equipment by the end of fiscal 2020.

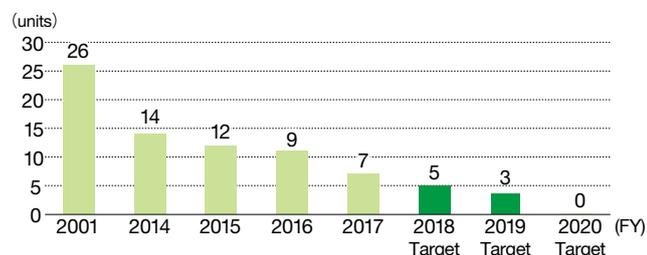
- [1] Hydrochlorofluorocarbons, or "designated fluorocarbons." Manufacture of HCFCs, which are ozone-depleting substances, will be phased out in developed countries by 2020 and in developing countries by 2030 under the Montreal Protocol.  
 [2] Hydrofluorocarbons. HFCs do not destroy the ozone layer but have a GWP thousands of times higher than CO<sub>2</sub>; HFCs is included in the Kyoto Protocol targets for emissions reduction.

### Web

Cooperation with The Consumer Goods Forum

<http://www.theconsumergoodsforum.com>

### Number of freezers using CFCs (frozen food factories in Japan)



## Initiatives in logistics

### Shipper initiatives

Japan's Energy Conservation Act obliges specified consignors to reduce per-unit energy use (crude oil equivalent) from transport and delivery by at least 1% per year on average over five years and report it to the government. This applies individually to Ajinomoto Co., Inc., Ajinomoto Frozen Foods Co., Inc., and Ajinomoto AGF, Inc.

For the three companies combined, per-unit energy use declined 2.8% per year on average in the five years to fiscal 2017, and also declined year-on-year. This reduction was achieved by pursuing modal shifts<sup>[3]</sup> in freight transport, and successfully reducing the number of delivery vehicles by boosting loading efficiency and placing some customers on a regular delivery schedule.

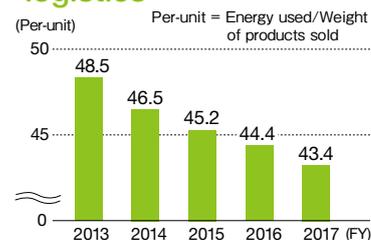
The Group will continue efforts to consistently reduce transport and delivery energy use by the obligatory 1% annual average.

### Modal shifts in the Ajinomoto Group

Modal shift efforts in the Group began in 1995, headed by Ajinomoto Co., Inc. and AJINOMOTO LOGISTICS CORPORATION. Having conducted a fundamental review of their distribution systems, the two companies have been striving to simultaneously enhance their transport capacity and make their logistics more ecofriendly.

In addition to rail transport in Japan, from fiscal 2014 the Group has been increasing the use of sea transport for distances of 500 km or more. Ships are now used to transport products from Kanto to Hokkaido, Kansai to Kyushu and Kawasaki to Kansai. Meanwhile, rail transport has been enhanced by utilizing efficient 31-foot containers. In fiscal 2017, the modal shift percentage of the Company was 83%.

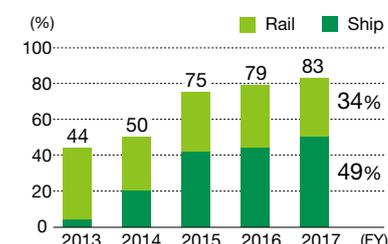
### Per-unit energy use in logistics<sup>[4]</sup>



- [3] Changing to modes of transport with lower environmental impact, including rail and ship transport. Railway container and ship transport produce one-eleventh and one-eighth of the CO<sub>2</sub> emissions of trucking, respectively.

- [4] Combined results of Ajinomoto Co., Inc., Ajinomoto Frozen Foods Co., Inc., and Ajinomoto AGF, Inc.

### Modal shift percentage of Ajinomoto Co., Inc. 500 km or more



Column

## Second stage F-LINE

Food logistics in Japan faces many challenges, including a shortage of truck drivers, rising distribution costs, and environmental issues such as the need to reduce CO<sub>2</sub> emissions. This has prompted players in the food industry to join forces to create sustainable logistics systems.

### F-LINE CORPORATION born from five-food-company cooperation

Ajinomoto Co., Inc. reached an agreement in February 2015 to establish the “F-LINE<sup>®</sup>”<sup>[1]</sup> food company distribution platform (see illustration below) composed of six Japanese food manufacturers. The six manufacturers organized the F-LINE project-based distribution strategy, which created medium-distance trunk line transport between the Kanto and Kansai regions in March 2016, and introduced cooperative distribution and trunk line transport in the Hokkaido area in April 2016. The project is also scheduled to introduce cooperative distribution in the Kyushu area from January 2019.

In an effort to further collaborate on alleviating Japan’s increasingly severe logistical challenges on a nationwide level, five companies (Ajinomoto Co., Inc., Kagome Co., Ltd., Nisshin Foods Inc., the Nisshin OilliO Group, Ltd., and House Foods Group Inc.) have agreed to launch F-LINE CORPORATION in April 2019. This new company will integrate the distribution functions of logistics subsidiaries of Ajinomoto Co., Inc., Kagome Co., Ltd., and House Foods Group Inc. to address nationwide logistics issues more swiftly.

[1] Food Logistics Intelligent Network

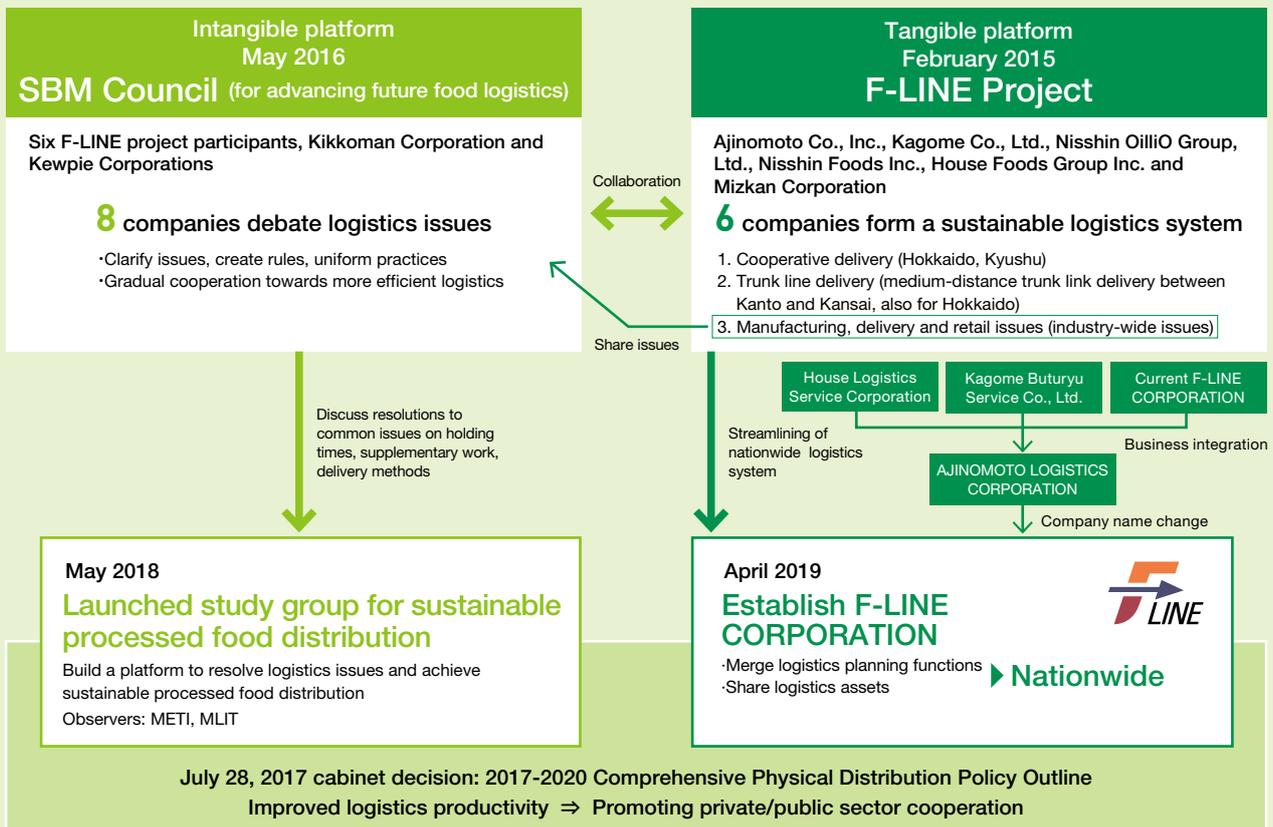
### Collaboration for sharing challenges and standardizing logistics: A new study group for the sustainable distribution of processed food

The SBM Council, a council for advancing the future of food logistics, was established by eight companies, with the addition of Kikkoman Corporation and Kewpie Corporation to the six companies in F-LINE project, to solve the logistical challenges involved in manufacturing, distributing and retailing, and create sustainable logistics for food products. A new study group for the sustainable distribution of processed food was set up in May 2018 with Japan’s Ministry of Economy, Trade and Industry and the Ministry of Land, Infrastructure, Transport and Tourism serving as observer members. The study group will seek to further promote measures to alleviate logistical challenges debated in the SBM Council.



## Overview of initiatives

### Create a platform for sustainable food product distribution

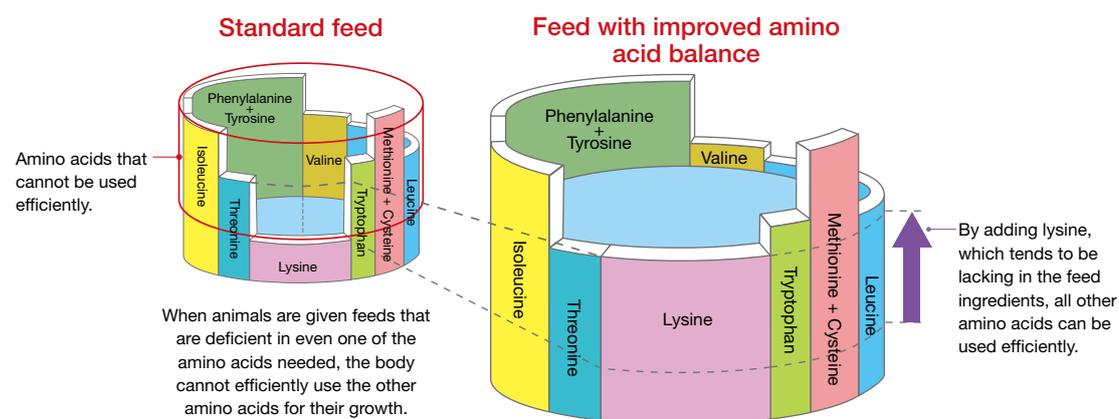


## A solution to animal nutrition and environmental issues: feed-use amino acids

### ■ The power of feed-use amino acids

The demand for meat is expected to increase further as global population rises, particularly in developing countries. Crops such as wheat and corn are used as feeds for livestock while also being used as food for humans.

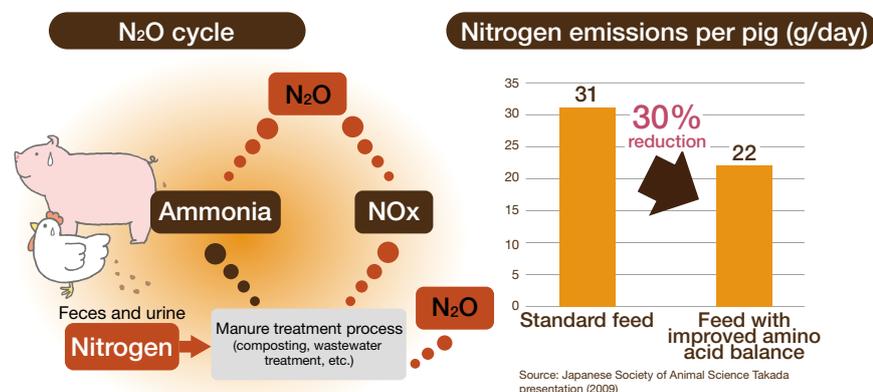
Proteins, indispensable compounds for all animals, consist of approximately 20 different amino acids, several of which cannot be synthesized internally in sufficient quantities. Adding feed-use amino acids to feed mainly consisting of wheat and/or corn, that has an unbalanced ratio of essential amino acids, is effective in improving such ratios, and can improve feed efficiency and promote the growth of livestock, while reducing environmental impact as well.



### ■ Lower environmental impact from livestock waste

Feeds with poor amino acid balance lead to an oversupply of unnecessary amino acids, which are not utilized by the animals and are excreted in large quantities as ammonia and other compounds. During the waste treatment process, they turn into nitrous oxide (N<sub>2</sub>O), which increases environmental impact with approximately 300 times the warming potential of CO<sub>2</sub>. Feed-use amino acids improve the balance of feeds, reduce excretion and reduce excreted nitrogen by about 30%, thereby lowering the impact on soil and water quality.

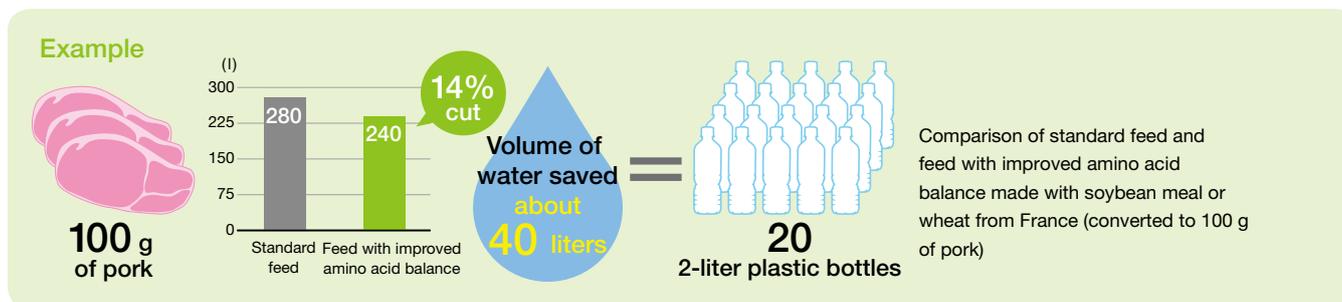
#### I N<sub>2</sub>O cycle



## ■ Visualization of environmental benefits

To show the low environmental impact of feeds with improved amino acid balance, the Ajinomoto Group calculates and compares CO<sub>2</sub> emissions and water consumption (carbon footprint and water footprint<sup>[1]</sup>) of standard feeds and improved feeds over their entire lifecycle. For example, comparing feeds made with soybean meal or wheat from France converted to 100 g of pork, CO<sub>2</sub> emissions can be reduced by 14% and water consumption by about 40 liters. The Group will continue to promote feed-use amino acids together with industry groups and government authorities.

[1] Water footprint is an analogy for the human footprint on the global environment through the use of water resources, and is an indicator obtained by numerically converting the total volume of water used throughout the product lifecycle.



## ■ International Feed Industry Federation (IFIF)<sup>[2]</sup> participation

AJINOMOTO EUROLYSINE S.A.S., which provides nutritional solutions to the feed sector based on its feed-use amino acids, joined the IFIF to contribute to the global development of animal nutrition through innovative science-based activities involving environmental sustainability, regulations and education. The Ajinomoto Group’s contributions translated into concrete projects such as implementation of an education program about animal feed safety in Nigeria and other African countries.

[2] IFIF is an organization representing the global feed industry to address feed supply and global food issues, along with international organizations such as FAO, and key livestock sector stakeholders.

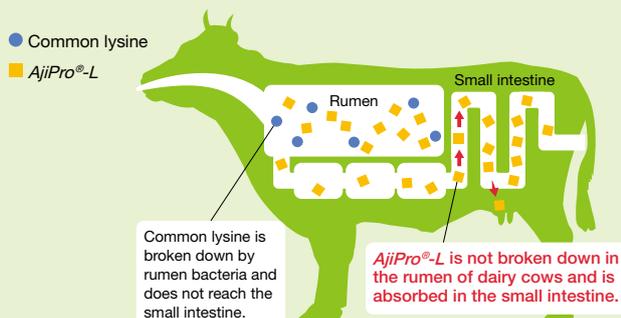
With the appointment of company president Daniel Bercovici as IFIF Chairman in 2017, the Group continues to actively expand its contribution to the animal nutrition sector through providing advanced amino acid-based nutritional solutions.

### Column

## Rumen-protected lysine for dairy cows, *AjiPro*<sup>®</sup>-L

In the case of cattle, with four chambers, even if they are fed necessary amino acids, most of these are broken down by microbes in the rumen and do not reach the small intestine to be absorbed in the body as nutrients. To enhance cattle feed efficiency, the Ajinomoto Group developed a controlled release technology to protect and gradually dissolve nutrients where they are needed, and launched the rumen-protected lysine for dairy cows *AjiPro*<sup>®</sup>-L in 2011. *AjiPro*<sup>®</sup>-L does not

degrade in the cow rumen but is digested and absorbed in the small intestine. This helps resolve the longstanding issue of efficient feed use in ruminants and improves the nutrition and productivity of dairy cows. Its use is expanding widely to allow studies to measure effectiveness of amino acids inside the body of dairy cows, and to reduce the environmental impact of livestock, among others.



Reference →  
Sustainability Data Book 2017 P35-36  
A Solution to Animal Nutrition and Environmental Issues : Feed-use Amino Acids

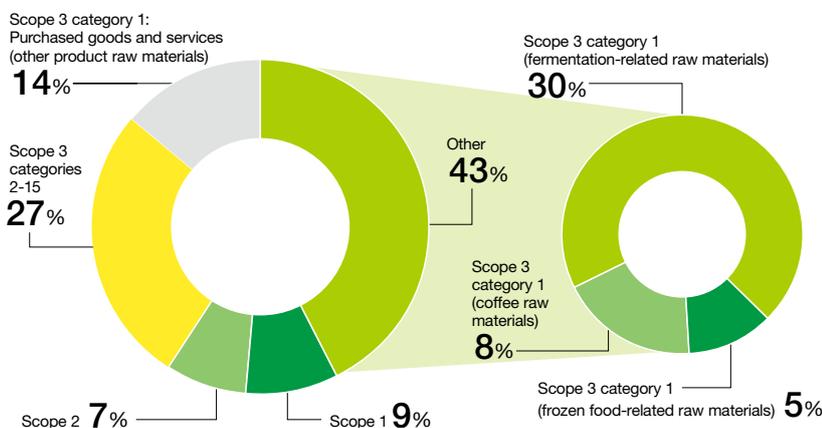
# Fiscal 2017 input and output balance

## Environmental impact assessment (Scope 1, 2, 3)

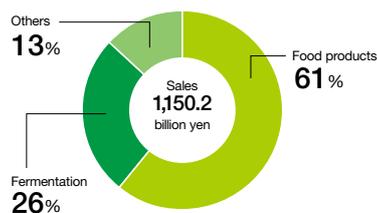
The Ajinomoto Group conducts lifecycle assessments (LCA) to understand the environmental impact of its business. The Group's LCA is based on carbon footprint (CFP) calculations that help ascertain its gross CO<sub>2</sub> emissions across all product processes from raw materials and production through distribution, package disposal, and home use (only products with fixed preparation methods such as cup soups). The Group's LCA covers the environmental impact of energy use in headquarters, branches, research centers, and other back-office sections, as well as business travel. The Group compiles product's CFP results and back-office data to calculate and grasp the Scope 1, 2, and 3 environmental impact of its business.

According to Scope 1, 2, and 3 analysis results, over 50% of Group CO<sub>2</sub> emissions relate to raw materials. Agriculture, livestock, and fishery products constitute a large proportion of its raw materials, including plants used for amino acid fermentation and fish and meat used in extracts for seasonings. They require large amounts of water, fuel for tractors and fishing boats, and animal feed. While producing these raw materials impacts the environment, they are also at risk from climate change. The Group uses LCA to reduce the volume of raw materials used not only in production, but also in R&D stage. For disposal, the Group started conducting green packaging assessments in 1991 to help reduce the environmental impact of packaging within the product lifecycle.

### I Ajinomoto Group CO<sub>2</sub> Emissions (Scope 1, 2, 3)



### I Consolidated sales (reference)



Note: The Ajinomoto Group's business segments are categorized according to the characteristics of the environmental impact incurred by the various manufacturing methods, excluding cooperative ventures, such as edible oils. These categories are different from the business segments based on consolidated financial accounting. Their scope of reporting is different from the scope applied to the input and output balance.

#### Scope 1

Direct greenhouse gas emissions from sources that are owned or controlled by the organization (burning fuel, industrial processes, vehicle use, etc.)

#### Scope 2

Indirect emissions from the generation of purchased electricity, heat, or steam consumed by the company

#### Scope 3

Other indirect emissions (product use, disposal and transport, employee commuting and business travel, investment, etc.)

#### Data calculation

##### • Scope of reporting :

126 major business sites that have a significant overall environmental impact within the Ajinomoto Group as defined in the consolidated financial accounting system

##### • Reporting period :

April 1, 2017 to March 31, 2018



##### Raw materials

CO<sub>2</sub> emissions from resource extraction through manufacture of all products purchased by the Ajinomoto Group



##### Production

CO<sub>2</sub> emissions from use of fuels and electricity in Ajinomoto Group production processes



##### Transport

CO<sub>2</sub> emissions relating to the distribution of all products purchased and manufactured



##### Use

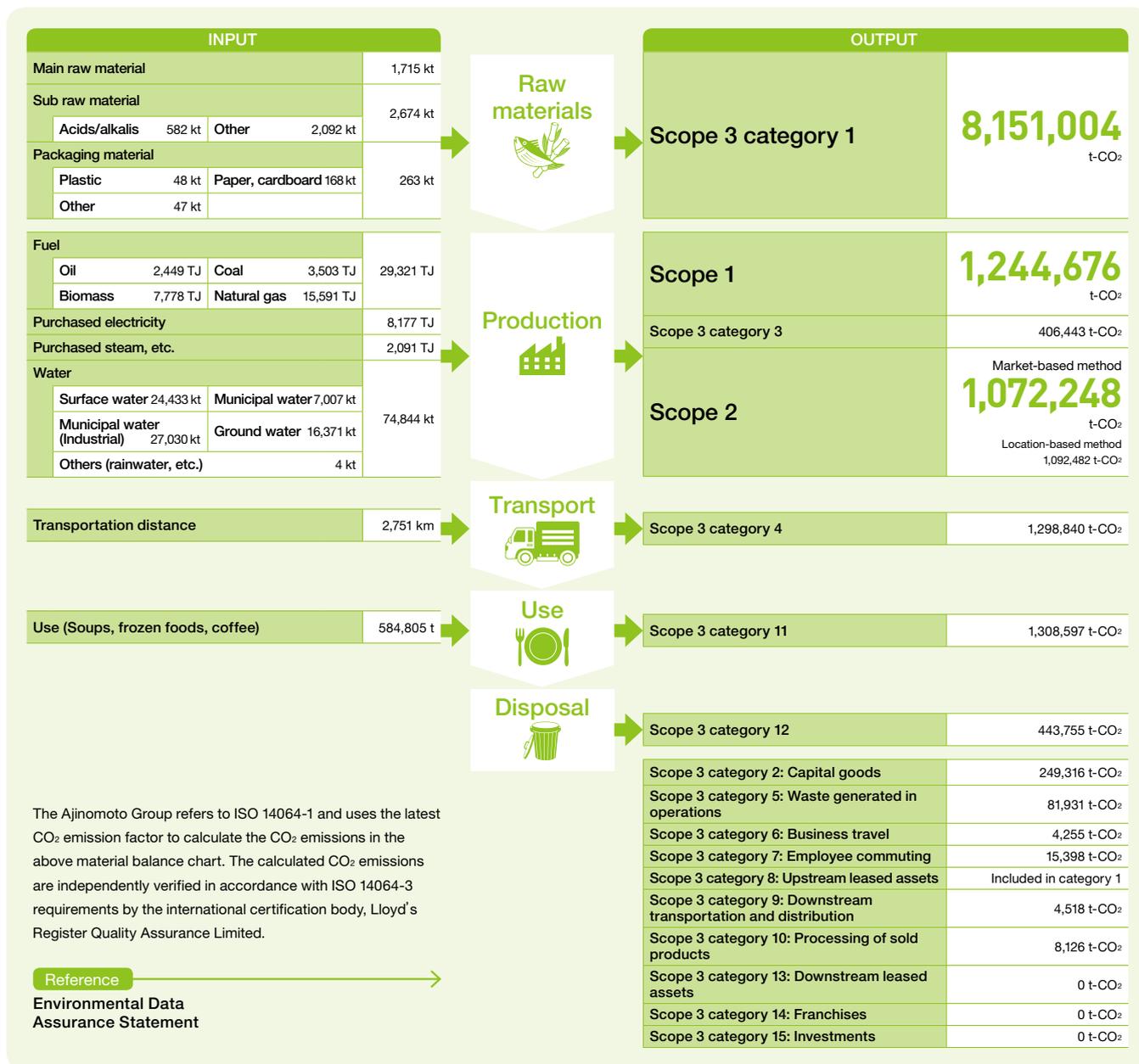
CO<sub>2</sub> emissions required to prepare cup soup, instant coffee, and frozen foods



##### Disposal

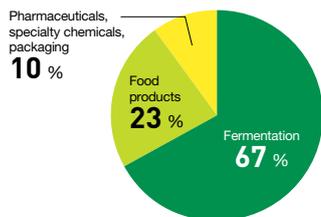
CO<sub>2</sub> emissions from the disposal of Ajinomoto Group product packaging

### FY2017 material balance across the business lifecycle



### Water withdrawal

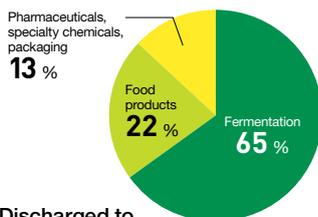
**74,844 kt**



Surface water	24,433 kt
Municipal water (Industrial)	27,030 kt
Ground water	16,371 kt
Municipal water	7,007 kt
Others (rainwater, etc.)	4 kt

### Discharged water

**60,464 kt**

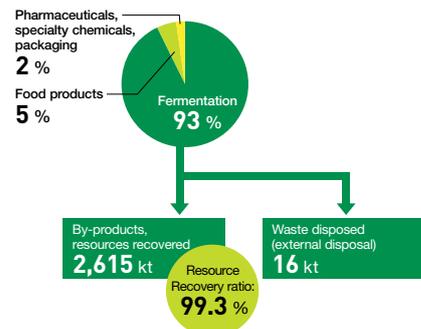


**Discharged to**

Public waterways (indirect cooling water, etc.)	20,824 kt
Public waterways (discharged after treatment, etc.)	28,341 kt
Public sewerage	9,827 kt
Water for irrigation use	1,472 kt
BOD	189 t
Nitrogen	340 t

### Waste, by-products emissions

**2,631 kt**



NO <sub>x</sub>	3,850 t
SO <sub>x</sub>	2,541 t
Soot and dust	2,914 t
CFCs, HCFCs, HFCs	10 t

# Conservation of water resources

## ■ Medium and long-term environmental targets

The Ajinomoto Group aims to reduce its water use vs. production volume unit by 80% by fiscal 2030, using fiscal 2005 as the baseline. Having reached 75% in fiscal 2015, the Group is targeting a roughly 1% reduction in the three years from fiscal 2018 to 2020 to manage progress toward the fiscal 2030 target.

## I Target for conservation of water resources

	FY2018	FY2019	FY2020	FY2030
Reduction rate of water usage vs. production volume unit (vs. FY2005)	78%	78%	78%	80%

## ■ Water usage vs. production volume unit in fiscal 2017

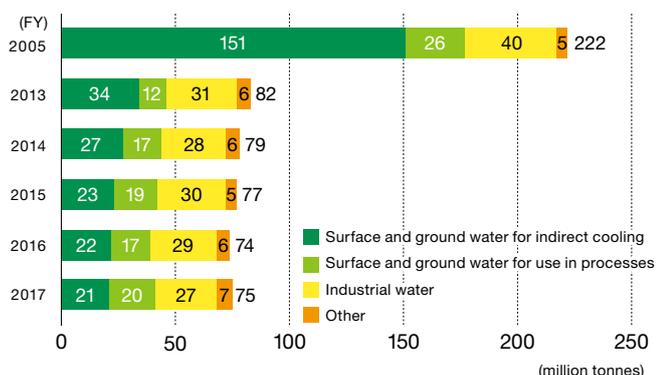
In fiscal 2017 the Ajinomoto Group reduced water use and discharge by about 140 million tonnes each, and water usage vs. production volume unit by about 77%, compared to the fiscal 2005 baseline, thus achieving its target. Further reductions in water use were made from the previous year by saving water during facility cleaning and recirculating water on-site.

The Group will continue efforts to save water and improve manufacturing processes at business sites in its aim to achieve the (above) medium and long-term targets.

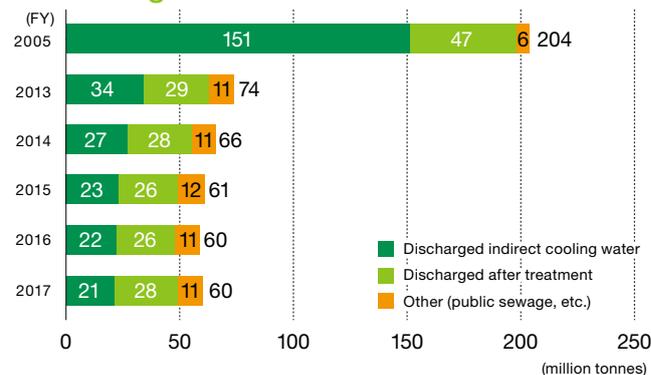
## I Water use

	Base year		Result						
	FY2005	Ratio	FY2013	FY2014	FY2015	FY2016	FY2017	Ratio	Difference
Water use (million tonnes)	222	100%	82	79	77	74	75	100%	-147
Japan	83	38%	34	30	32	27	25	34%	-58
Asia/Africa	82	37%	22	23	21	23	23	31%	-58
Europe	29	13%	13	11	11	12	12	15%	-18
North America	3	2%	5	5	5	6	8	10%	4
South America	18	8%	7	7	6	6	6	8%	-12
China	6	3%	1	1	1	1	1	1%	-5
Water usage vs. production volume unit (per tonne of product)	123	-	36	34	30	28	28	-	-
Reduction rate	-	-	71%	73%	75%	77%	77%	-	-
Reference value: Production volume (million tonnes)	1.80	-	2.26	2.35	2.53	2.66	2.68	-	-

## I Water use



## I Discharged water



Column

# Forest of Blendy®: Conservation of forests and the water

## Ajinomoto AGF, Inc., AGF Suzuka, Inc., AGF Kanto, Inc.

Water is an indispensable ingredient in the bottled and instant coffee products made by Ajinomoto AGF, Inc. The company's production bases, AGF Suzuka, Inc. and AGF Kanto, Inc., withdraw water from the Suzuka River and Arato River (a tributary of the Tone River), whose sources trace back to forests located in the foothills of the Suzuka Mountains and the south foothills of Mount Akagi, respectively. Forest of Blendy® is an initiative aimed at conserving these forests for future generations by actively managing a portion of them and learning the importance of sustaining wildlife and clean water.

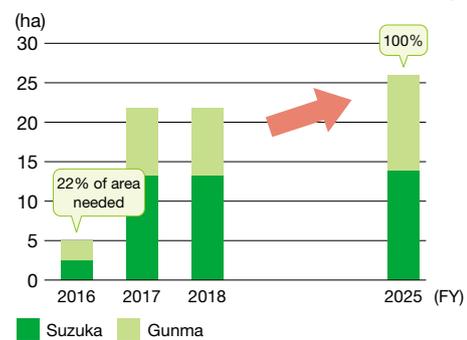


### Forest area to expand approx. five-fold by FY2025

As of March 2017, groundwater (recharge<sup>[1]</sup> volume) from the Forest of Blendy® accounted for about 20% of the water used in Blendy® bottled coffee produced at two factories. Ajinomoto AGF, Inc. aims to expand the area to five times compared to the size as of March 2017 by fiscal 2025 to cover all of the water used in the product with groundwater (recharge volume) supplied by Forest of Blendy®. As of March 2018, the contract area was expanded to 21.8 ha in sum, which is about 4.2 times.

[1] The downward movement of rainwater and surface water to groundwater. Recharge volume (groundwater) increases the larger the forest area.

#### Planned expansion of Forest of Blendy®



#### ■ Sign installed at Forest of Blendy® Gunma

Following the installment of the Forest of Blendy® Suzuka sign in May 2017, a new sign in the Forest of Blendy® Gunma site was installed in May 2018.



Unveiling ceremony

#### ■ Customers invited to the forest Gunma

Since beginning activities in 2015, Forest of Blendy® Gunma has been providing footpaths and other facilities alongside forest conservation work, and has grown into a forest that can now host guests. In May 2018, nearby residents were invited to a Forest of Blendy® nature workshop and AGF Kanto factory tour, held jointly with local retailers.



Nature experience



#### ■ Water source improvement starts in greater area Suzuka Gunma

About 2,430 people in total, including the Ajinomoto Group employees, have participated in 36 events at the two Forests of Blendy® as of June 2018. So far, activities have mainly been tree thinning and forest trail maintenance in Suzuka, and installing nets to protect young cedar saplings from wild animals and clearing undergrowth around growing saplings in Gunma. Since 2017, the range of activities has expanded to include the improvement of water source and waterside surroundings in the newly added greater area.



Improvement of water source surroundings, Forest of Blendy® Gunma

#### Reference

Forest of Blendy®: Conservation of forests and the water (Japanese)  
<http://www.agf.co.jp/csr/environment/forest.html>

# Zero waste and the 3Rs

## ■ Medium and long-term environmental targets

The Ajinomoto Group is working to minimize waste to ensure optimal use of all resources. The Group is also committed to effectively utilizing waste and by-products, with the aim of recovering 99% of it as resources. In amino acid production, the Group seeks to improve production efficiency by recovering by-products as resources and introducing new technologies. In food production, it is also making a range of efforts, such as improving the precision of sales forecasts and conducting fine-tuned procurement, to minimize wasted raw materials and the amount of packaging materials used.

## I Targets for 3Rs (Reduce, Reuse and Recycle) of waste

	FY2018	FY2019	FY2020	FY2025	FY2030
Reduction of waste generated via business activities/ recycle ratio	Maintain 99% or higher				

## ■ Waste performance in fiscal 2017

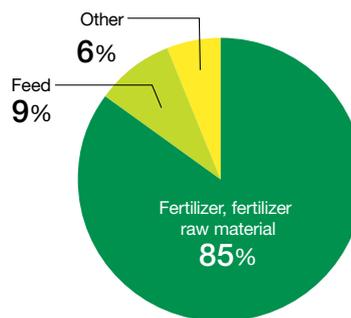
Waste generation in fiscal 2017 was unchanged from the previous year, while by-products increased with rising amino acid production. A recycling ratio of 99% or higher was maintained, and the annual target achieved, by promoting the utilization of these by-products as fertilizer and feed and the effective use of boiler residue.

To continue controlling waste generation, the Group will promote efforts in each division to appropriately manage production and sales activities. It will also work to maintain a recovery ratio of 99% or higher by recovering resources properly in accordance with local laws.

## I Volume of waste and by-products and resource recovery ratio



## I Applications of recovered by-products (FY2017)



## Implementation of environmentally friendly design of containers and packaging

### ■ Initiatives by the Ajinomoto Group

In designing optimal containers and packaging for each product, the Group strives to advance the 3Rs, such as by minimizing the amount of packaging material used without detracting from its original functions and implementing ways to easily separate and sort by material for recycling. The Group also believes that containers and packaging should play a certain role in issues such as CO<sub>2</sub> emissions, food loss, resource depletion, energy and ocean dumping. Moving forward, the Group plans to continue promoting the 3Rs together with innovations in a wide range of fields—extend best-before dates by better maintaining product freshness, cut food loss by reducing food residue in packaging, introduction of plastic packaging with easy-to-recycle materials, and cut energy use with package design for more efficient distribution.

### ■ Inter-Group efforts toward environmentally friendly containers and packaging

The products of the Ajinomoto Group require many different kinds of containers and packaging. To let each group company in Japan share their efforts to create environmentally friendly containers and packaging and receive feedbacks, the Group holds events like the Ajinomoto Group Food Conference and the Packaging Designers' Liaison Meeting. The Group will continue to leverage its comprehensive strengths to make further improvements toward environmentally friendly, easy-to-understand packaging design.



Packaging Designers' Liaison Meeting

### ■ Cooperation with outside organizations

The Ajinomoto Group cooperates with recycling councils and public organizations in Japan to advance container and packaging recycling and encourage consumer awareness of the 3Rs.

For example, the Group cooperated with the Ministry of Agriculture, Forestry and Fisheries (MAFF) to publish the second edition collection of case studies of containers and packaging functionally enhanced to reduce food loss in October 2017, featuring *Ajinomoto* KK *Okayu (shirogayu)*, retort pouch rice porridge, and *Cook Do*® (two-serving series).

#### Examples

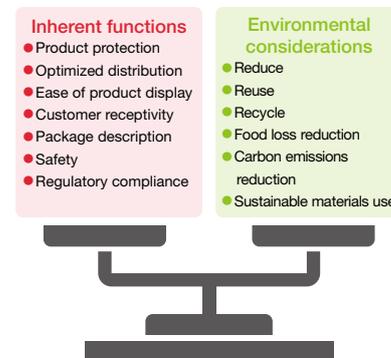
- Eco-Products Exhibition
- Collection of case studies of containers and packaging functionally enhanced to reduce food loss, MAFF
- Containers and Packaging Reduction Declaration in Nine Municipalities
- Presentation of 3R best practices to Plastic Packaging Recycling Council
- Presentation of 3R best practices to Paper Packaging Recycling Council

## Environmentally friendly design and environmental assessment

The Ajinomoto Group is working to advance the eco-friendly design of containers and packaging in accordance with the ISO 18600 series standardized internationally in 2013 and JIS Z 0130 standardized by the Ministry of Economy, Trade and Industry in Japan in 2015.

The design of containers and packaging should fulfill their original functions, such as maintaining quality, product protection, optimized distribution and ease of product displays, as well as meet environmental considerations such as the 3Rs, reduction of food loss and CO<sub>2</sub> emissions and sustainable materials use. Balancing functionality and environmental considerations (Figure 1) is important to prevent waste from damage or product quality deterioration due to excessive reduction of packaging material. Before releasing new or revised products, the Group conducts an environmental assessment based on a checklist to confirm compliance with product-specific regulations and compatibility with group environmental objectives (Table 1). In addition, Ajinomoto Co., Inc. assesses the content of revisions using the points-based Eco-Index for Containers and Packaging (Table 2).

Figure 1: Environmentally friendly design of containers and packaging



## Amount of used household product containers and packaging and recycling fees

To comply with the Containers and Packaging Recycling Law in Japan, the recycling of containers and packaging waste from households is consigned to the Japan Containers and Packaging Recycling Association. In fiscal 2016, the three group companies in Japan<sup>[1]</sup> used 37,300 tonnes of containers and packaging subject to recycling requirements, down to 98.5% of the previous year. Based on this usage, recycling fee payment for fiscal 2018 was 494 million yen, up to 109.9% of the previous year (Figure 2).

The recycling fee increased despite lower container and packaging use because the recycling unit cost for plastics rose by 109% from the previous year due to changes in the national bidding system of recycling companies, while the recycling unit cost for PET bottles rose by 460% from the previous year due to China's waste import restrictions.

[1] Total amount for three group companies in Japan (Ajinomoto Co., Inc., Ajinomoto Frozen Foods Co., Inc., Ajinomoto AGF, Inc.)

Figure 2: Amount of used household product containers and packaging and recycling fees

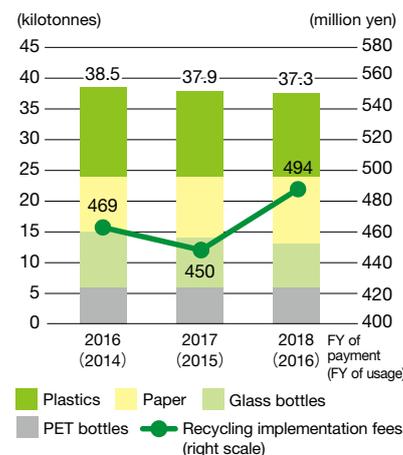


Table 1: Environmental assessment checklist

Objective	Check item
Compliance	Waste 3Rs: Compliance with environmental laws and regulations
	Food loss reduction: Prevention of product degradation and damage
	Risk: Prevention of usage of potentially hazardous materials
Compatibility with group environmental objectives	Waste 3Rs: Usage of material(s) compatible with 3Rs
	Sustainable procurement: Usage of sustainable material(s)
	Food loss reduction: Usage of material(s) that help reduce food loss
	Greenhouse gas emissions reduction: Improvement of loading efficiency in transport
Consumer awareness of green living: Display of environmental labels	

Table 2: Eco-Index for Containers and Packaging

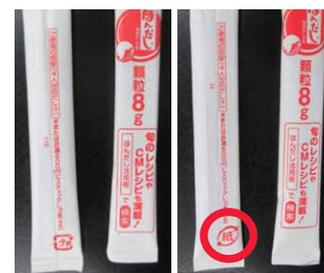
Objective	Assessment item (example)	Assessment standard (example)	Points
Waste 3Rs	Plastic container/packaging weight reduction	At least 450 kg reduced per year	+2
	Space per packaging volume	<15%	+1
	Compatibility with recycling systems	Easily recyclable materials used throughout	+1
Greenhouse gas emissions reduction	LC-CO <sub>2</sub> emissions reduction	Reduced over conventional product	+1
Sustainable procurement	Usage of eco-friendly materials	Usage of forest-certified paper	+1
Consumer awareness of green living	Environmental labeling	Display of the <i>Aji-na Eco</i> mark	+1
Food loss reduction	Food loss reduction	Extension of shelf life	+1
		Adoption of single-serve packaging	+1
Greenhouse gas emissions reduction	Transport efficiency	Loading efficiency ≥ 80%	+1

## Examples of environmentally friendly design

The Ajinomoto Group advances eco-friendly design by selecting and developing containers and packaging best suited to the different characteristics and states of various products. These include everything from plastic pouches, trays and bottles, glass and PET bottles, to paper boxes and transport containers (cardboard). Below are examples of leading container and packaging initiatives by environmental issue.

### Example 1 Less plastic use in stick packs, such as in *HON-DASHI*®

The amount of plastic used in stick packs, such as in *HON-DASHI*®, *Marudori Gara Soup* and *Ajinomoto KK Chuka Aji*, was reduced in fiscal 2017. This modification is expected to cut annual plastic use by about 11 tonnes and CO<sub>2</sub> emissions by 26 tonnes. The weight composition also changed with the modification, altering the recycling mark set by the recycling law from recyclable plastic to paper.



Before

After

### Example 2 More products using FSC®<sup>[1]</sup>-certified paper

With the adoption of FSC®-certified packaging materials for gift set boxes in fiscal 2016, the Ajinomoto Group phased in the use of FSC®-certified paper for individual boxes of major products for home use such as Ajinomoto Co., Inc.'s *HON-DASHI*® and *Cook Do*®, and for inner boxes and transport (cardboard) containers of other products in fiscal 2017. The Group aims to raise FSC®-certified paper use ratio in containers and packaging to 80% in group companies in Japan by fiscal 2020 (71% in fiscal 2017).

The products are labeled with the FSC® certification mark and their own respective ecomarks, *Aji-na Eco* and *Hotto-suru Eco*, to let consumers know that these products use paper from responsibly managed forests.



[1] Forest Stewardship Council®

## Promotion of products with original labeling

Product packages are small and thin, so it is often difficult for consumers to recognize the changes made in package weight, thickness, and size and materials used.

To respond to consumers' needs to purchase environmentally friendly products and to know whether a product is eco-friendly at a glance, the Ajinomoto Group has labeled products with their original *Aji-na Eco* and *Hotto-suru Eco* marks since 2010.

Reference

**Aji-na Eco mark (Japanese)**  
<http://www.ajinomoto.com/jp/activity/environment/eco/life.html>

**Hotto-suru Eco mark (Japanese)**  
<http://www.agf.co.jp/csr/eco/>

<p><b>味なエコ</b></p>  <p>logo</p> <p><b>What is Aji-na Eco?</b></p> <p><i>Aji-na Eco</i> is a term describing the smart and ecological products or information provided by the Group, and the logo mark expresses the image of our Earth green, the pleasure of eating, and a global environment made even better through food.</p> <div style="border: 1px solid black; border-radius: 50%; width: 60px; height: 60px; display: flex; align-items: center; justify-content: center; margin: 10px auto;"> <p>Number of <i>Aji-na Eco</i> mark products <b>204</b></p> </div> <p>As of July 2018</p>	<p><b>ほっとするエコ</b></p>  <p>logo</p> <p><b>What is Hotto-suru Eco?</b></p> <p><i>Hotto-suru Eco</i> indicates Ajinomoto AGF, Inc. products with environmental features. The logo mark expresses the comfort felt when drinking one's favorite beverage, colored in Earth green. The <i>Hotto-suru Eco</i> label was introduced in 2015.</p> <div style="border: 1px solid black; border-radius: 50%; width: 60px; height: 60px; display: flex; align-items: center; justify-content: center; margin: 10px auto;"> <p>Number of <i>Hotto-suru Eco</i> mark products <b>156</b></p> </div> <p>As of August, 2018</p>
<p><b>Plant-based plastic</b></p> <p>Products with PET film on the packaging surface made of 20% or more plant-derived plastic</p> 	<p><b>Recycled plastic</b></p> <p>The packaging material of these products contains recycled plastic. Using recycled plastic helps reduce fossil fuel use and CO<sub>2</sub> emissions.</p> <p>PET film made of 80% or more recycled resin is used on the outer surface of roasted and ground coffee products.</p> 
<p><b>Sustainable timber</b></p> <p>The packaging material of these products contains paper certified by the FSC®, indicating that it was produced from responsibly managed forests.</p> <p>Ajinomoto Co., Inc. : FSC®N002688          Ajinomoto AGF, Inc. : FSC®N002418</p>  	<p><b>Recycled paper</b></p> <p>These products use recycled paper containing more than 80% recycled pulp.</p> 
<p><b>Reduced packaging</b></p> <p>These products use less packaging material than conventional products.</p>  	<p><b>Refillable</b></p> <p>Using glass containers for a long time by refilling the contents from packets can reduce overall environmental impact.</p>  
<p><b>No tray</b></p> <p>These frozen food products are packaged in a large bag without a tray inside. It reduces the amount of waste, thereby lowering CO<sub>2</sub> emissions by about 20% to 50%.</p> 	<p><b>Easy recycling and disposal</b></p> <p>The packaging materials are designed for easy recycling and disposal.</p>  <p>Labels can be peeled off easily.</p>

# Food loss and waste reduction

## Food loss and waste reduction

### ■ Long-term environmental vision and targets

The Ajinomoto Group focuses on collaborating with various stakeholders to achieve its long-term vision of cutting food loss and waste in fiscal 2016 over the entire product lifecycle, from raw materials to customers use and disposal, by half by 2050.

The Group also aims to cut food loss and waste in fiscal 2016 generated by the Group, from accepting raw materials until delivery to customers, by half by fiscal 2025. In February 2018, the Group additionally set new targets for each fiscal year until 2020.

### I Target for food loss and waste reduction

	Result	Target			
	FY2017	FY2018	FY2019	FY2020	FY2025
Reduction rate of food loss from receipt of ingredients through to customer delivery (vs. FY2016)	2% increase	10%	15%	20%	50%

The major food losses and wastes generated by the Ajinomoto Group are as follows:

1. Raw materials and materials in process: Disposal due to product revisions, production item changes, expired use-by dates, etc.
2. Production: (1) Waste regularly generated by standard operations, such as line cleaning for product switching and sampling inspection  
(2) Waste caused by production incidents
3. Products: Inventory caused by expiration due to product revisions or production/sales management errors, product returns due to erroneous shipment, damaged goods at warehouse or at time of delivery, disposal of sample items

In fiscal 2017, the Group posted a 2% increase to 24 kilotonnes against the 5% reduction target.

### ■ Food loss and waste reduction through manufacturing, distribution and sales collaboration: Implementing month-year best-before date labels (Japan)

Food loss and waste in Japan is about 6.46 million tonnes annually (MAFF estimate for fiscal 2015), which is around twice the amount of global food aid of about 3.2 million tonnes (2014 United Nations World Food Programme survey). Both public and private sectors in Japan are working together to address this national issue and improve efficiency of the overall supply chain.

Since 2011, Ajinomoto Co., Inc. has been a member of the Japanese government's council and working group to study changing the best-before date label to month-year, extending best-before dates, and optimizing delivery dates. From February 2017, best-before date labels of major products for home use were incrementally changed from day-month-year to month-year form; also, best-before dates were extended, with turnover of products with best-before periods of one year or more completed in August 2018. Ajinomoto AGF, Inc. also completed the turnover of products for home use with best-before periods of over nine months or more.

The Ajinomoto Group will continue to collaborate with government agencies and all manufacturing, distribution and sales sectors to further reduce food loss and waste throughout the supply chain.

#### Advantages of changing the best-before date label to month-year for the entire supply chain

- Reduction of number of lots to be managed
- Minimization of storage space
- Simplification of warehouse and store operations

## Unique technology to address food loss and waste through products

Food loss and waste from the food service industry and retail stores is turning into a major concern as eating out and home meal replacements (meals prepared outside the home and purchased for home consumption) become more commonplace.

Using enzyme technology and proprietary formula, Ajinomoto Co., Inc. offers the food service and home meal replacement industries *Okome Fukkura Choriryo*, which retains the texture of freshly cooked rice for a long period of time, and *Kara-Age/Oniku Juicy Choriryo*, which retains the flavor of deepfried chicken and other meat dishes even after cooling. The Company will continue to help reduce food loss and waste through its products.



Okome Fukkura Choriryo



Kara-Age/Oniku Juicy Choriryo

## Green living together with consumers

### Eco-friendly lifestyle that begins at the dining table (eco-friendly eating)

In Japan, food loss and waste from households accounts for around half of all food losses at about 2.89 million tonnes annually (Ministry of Agriculture, Forestry and Fisheries estimate for fiscal 2015). The Ajinomoto Group is working to reduce household food loss and waste by promoting the practice of eco-friendly eating (choosing eco-friendly products and enjoying food without wasting ingredients) through everyday dishes and meals.

#### Raising awareness through unique labeling

To help consumers to instantly recognize and select eco-friendly products whenever possible, the Group introduced its unique eco marks (*Aji-na Eco* and *Hotto-suru Eco* marks) in 2010.

#### Eco-Uma Recipe® tips

Everyday cooking is actually a chance to start eco-friendly life from today. This is why Ajinomoto Co., Inc. launched activities to spread eco-friendly, delicious and smart *Eco-Uma* ideas and recipes for everyday cooking in 2009.



Logo of Aji-na Eco



Logo of Hotto-suru Eco

Reference

### The Environment P83

Promotion of products with original labeling

Reference

*Eco-Uma Recipe*® (Japanese)  
<https://www.ajinomoto.com/jp/activity/environment/eco/ecouma/>

\* The Japanese terms for *Aji-na Eco* mark, *Eco-Uma* and *Eco-Uma Recipe* are registered trademarks of Ajinomoto Co., Inc.



Logo of Eco-Uma Recipe®



Eco-Uma Recipe® site



## Support for children's eco-friendly diets

### Support through the "Ajinomoto Eco-Friendly Eating KIDs Prize"

Since fiscal 2010, Ajinomoto Co., Inc. has awarded the "Ajinomoto Eco-Friendly Eating KIDs Prize" to children whose entry in the "Green Lane" environmental diary contest<sup>[1]</sup> features fun, outstanding environmental activities relating to food. In the eighth contest, held in fiscal 2017, the prize was awarded to nine children for their activities.

Excerpts from the diaries of "Ajinomoto Eco-Friendly Eating KIDs Prize" winners are presented in the brochure, *ECO Life Book with Eco-Friendly Eating KIDs*, and the Company website. In fiscal 2017, around 15,000 copies were distributed at Eco-Products exhibitions and at Green Lane-participating schools requesting for it.

The Company will continue to support the contest as a way to encourage children, the leaders of tomorrow, to practice eco-friendly food lifestyles at home.



Fiscal 2017 award ceremony

[1] As part of the contest conducted by Green Cross Japan, approximately 100,000 elementary school students receive guidebooks on ways to address environmental problems and 12-week journals for keeping environmental diaries.



Special brochure, *ECO Life Book with Eco-Friendly Eating KIDs* (left) and webpage of Ajinomoto Co., Inc. (right)

#### Reference

Eco-Friendly Eating KIDs initiatives (Japanese)  
<http://www.ajinomoto.com/jp/activity/environment/eco/>

### Sustainability education with companies, government, NPOs, NGOs and educational institutions

In 2011, Ajinomoto Co., Inc., together with Kao Corporation and E-Square Inc., launched the Society for Sustainable Food and Life Styles, which researches approaches to help people achieve fulfilling and sustainable lifestyles that are both environmentally responsible and spiritually satisfying. Based on theories and conditional factors of behavioral modification derived from its activities, the Society has partnered with Kawasaki City, where both Kao Corporation and Ajinomoto Co., Inc. have manufacturing factories, to conduct the "Summer Challenge: Exploring the Earth's Future through Food and Daily Living" program for the city's fifth graders and their parent since fiscal 2016.

The program consists of a three-day immersion program, which allows participants to experience daily-life environmental problems in the city and the world via realistic tailored factory facilities tours and an environmental game that fosters understanding of resource recycling (links), and a daily environmental journal, in which participants are asked to record what they have done at home with their family and the findings over one month.

The children expressed greater appreciation of environmentally friendly lifestyles, with comments such as: "An eco-friendly lifestyle is made up of the small efforts in everyday life," "I have become more proactive in creating my own eco-friendly lifestyle," "I'm more aware of the connections and feel happier with an eco-friendly lifestyle." The Summer Challenge will be held again in fiscal 2018.



Closing ceremony on the final day

#### Web

Summer Challenge activity report (Japanese)  
<http://begoodcafe.com/news/challenge2018>

### Communication at the Eco-Products 2017 exhibition

Five Ajinomoto group companies set up a joint booth at the Eco-Products 2017, the largest environmental expo in Japan held in December 2017. Employees showcased the Group's environmentally responsible business activities and products, as well as shared ideas for an eco-friendly lifestyle that begins at the dining table.

Visiting children were shown the amount of food loss and waste per person per day in Japan through a hamburger (about 134 g).



Explaining food loss and waste using hamburgers

# Fair Operating Practices

## Ajinomoto Group's approach

The Ajinomoto Group provides products and services that utilize nature's bounty and various resources from around the world. Along with reducing its impact on the global environment, the Group thus has a responsibility to address social issues such as human rights, occupational safety, and environmental issues across raw material-producing regions and its supply chain.

While complying with laws and regulations, the Group is committed to working closely with supply chain stakeholders to secure sustainable, stable procurement now and in the future.



## Ajinomoto Group Policies

### ■ Basic Principles

#### 4. Fair and Transparent Transactions

- 4.1 We are dedicated to fairness and transparency in all of our transactions and maintain fair business practices, recognizing our valuable business partners.
- 4.2 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.
- 4.3 When selecting subcontractors and suppliers, we make decisions by fairly comparing and evaluating terms such as price, quality and service. We do not engage in conduct that results in any disadvantage to our business partners by abusing our dominant position.
- 4.4 We involve our subcontractors and suppliers in our efforts to fulfill our social responsibilities, including environmental preservation and protection of human rights.
- 4.5 In dealing with our customers and business partners, we act with good judgment and do not engage in inappropriate conduct such as offering improper gifts, entertainment, or money.
- 4.6 We do not provide gifts, entertainment, money or other benefits as bribes to domestic or foreign public officials or persons equivalent to them, regardless of the means. We maintain sound and normal relations with governments and officials.

### └ Group Shared Policies and Guidelines

#### Group Shared Policy on Procurement

- Guidelines for Procurement of Environmentally Responsible Paper
- Palm Oil Procurement Guidelines

#### Group Shared Policy for Suppliers

- Guidelines for Group Shared Policy for Suppliers

#### Group Shared Policy on Bribery Prevention

#### Group Shared Policy on Political Activities and Political Contributions

## ■ Relevant materiality and scope of impact on business activity

Supply chain	Suppliers	The Ajinomoto Group (development, production, logistics)	Distributors, users, consumers
Materiality			
● Sustainable procurement of agricultural, livestock, and fishery products	○	○	
● Promotion of suppliers' CSR	○	○	

Reference

[Ajinomoto Group Materiality P9](#)

## FY2017-2019 Ajinomoto Group's plan for sustainable procurement

Key targets	Measures
Secure human rights and social sustainability of the supply chain	Using Sedex <sup>[1]</sup> , request suppliers to disclose information on compliance, the environment, human rights and occupational safety
Utilize the Group's co-products for sustainable coffee bean procurement	Support farm yield improvements by Ajinomoto AGF, Inc.
Procure critical raw materials sustainably 1. Palm oil Achieve 100% procurement of sustainable palm oil by fiscal 2020 2. Paper Achieve 100% procurement of sustainable paper by fiscal 2020 3. Others	<ul style="list-style-type: none"> <li>Expand certified sustainable palm oil (CSPO) procurement in Japan</li> <li>Begin CSPO procurement in Vietnam and other countries</li> <li>Expand use of sustainable packaging paper in Japan</li> <li>Begin survey of unit boxes overseas and draw up roadmap</li> <li>Procure 4C<sup>[2]</sup>-certified coffee beans and draw up roadmap</li> <li>Continue risk survey of shrimp supply chain and draw up roadmap</li> <li>Begin survey of soy certification scheme in North and South America</li> </ul>
Take global procurement to next level	<ul style="list-style-type: none"> <li>Implement procurement process check of overseas group companies</li> <li>Ascertain status and issues, and use support tools according to each company's procurement level</li> <li>Hold the Ajinomoto Group global procurement conference annually</li> </ul>

[1] The Supplier Ethical Data Exchange, is a collaborative platform for sharing responsible sourcing data on supply chains. Suppliers share data with buyers by answering a questionnaire on laws, regulations, and codes that require compliance. A single, comprehensive questionnaire form is used to collect data from all suppliers and eases the burden of supplier auditing. The Ajinomoto Group joined Sedex in May 2018.

[2] 4C Verification (Common Code for the Coffee Community) supports coffee farmers to help them meet standards for the vital first step towards sustainable production practices.

## Fair operating practice management

### ■ Promotion framework

The Manufacturing Strategy Dept. of the Global Corporate Division draws up the procurement policy for the whole Group. The Group Procurement Center and group companies worldwide then create plans and strategies and implement them based on that policy.

#### Column

### The Ajinomoto Group Global Procurement Conference

The Ajinomoto Group has held the Global Procurement Conference every year since 2011 as a place to share group policies and discuss best practices on procurement. In 2017 the conference was held in October in Tokyo, where executives and general managers from 11 countries discussed how to achieve sustainable procurement.



### ■ Supplier hotline

The Ajinomoto Group established a supplier hotline in June 2018. The hotline complements those for group executives and employees and will be 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.

Reference

→ **Organizational Governance P135**  
Expansion of the whistleblower hotline

Reference

→ **Supplier hotline**  
<https://i365.helpline.jp/ajinomoto/s-hotline?lang=en>

# Sustainable procurement of raw materials

## ■ Identification of critical raw materials

The Ajinomoto Group identifies critical raw materials, materials derived from agriculture, forestry, and fishing that require more focused action. The identification process involves compiling a list of all raw materials used in operations, which are then analyzed by internal divisions and external advisors (e.g., experts, NGOs) based on several factors, including share of all materials used, existence of alternatives, and relevance to global environmental sustainability. Although critical raw materials are reviewed annually to reflect changes in business, the global environment, and other factors, there have been no major changes in the last year.

Nonetheless, the Group is intensifying efforts to achieve zero net deforestation<sup>[1]</sup> for agricultural and forest resources (palm oil, paper), given the urgency arising from deforestation's close links to climate change, biodiversity loss, and human rights issues.

### Reference

- Group Shared Policy on Procurement
- Guidelines for Procurement of Environmentally Responsible Paper
- Palm Oil Procurement Guidelines

[1] As a board member company of international industry group The Consumer Goods Forum (CGF), Ajinomoto Co., Inc. supports zero net deforestation of palm oil and paper-producing regions in connection with its procurement activities.

## I Raw materials critical to the Ajinomoto Group

Agriculture and forestry resources	<ul style="list-style-type: none"> <li>• Sugar crops, used in fermentation process of amino acids</li> <li>• Coffee beans</li> <li>• Paper, used as office paper and in containers and packaging for processed consumer foods</li> <li>• Palm oil, an ingredient in processed foods and specialty chemicals</li> </ul>
Fisheries resources	<ul style="list-style-type: none"> <li>• Skipjack, an ingredient in <i>HON-DASHI</i>® and in bonito flakes</li> <li>• Shrimp, an ingredient in frozen foods, etc.</li> </ul>

## Zero net deforestation

Preventing deforestation is critical to global environmental sustainability.

Deforestation is a driver of ecosystem degradation, biodiversity loss, and climate change. For people whose livelihoods rely on the forest, it is also directly tied to human rights issues. And since forestry and agricultural development are also causes of deforestation, corporate procurement of raw materials from such activities means potential complicity.

The development of plantations for pulp and palm oil production has, in some cases, been linked to illegal logging. The Ajinomoto Group formulated the Guidelines for Procurement of Environmentally Responsible Paper in 2012 and the Palm Oil Procurement Guidelines in July 2018. Following these guidelines, the Group will continue working to procure certified raw materials, verify the sustainability of materials through partnership with various initiatives. Since supplies of certified raw materials are limited, the Group is also establishing and monitoring its own traceability systems to better ensure the sustainability of raw materials it procures.

## Sustainable paper

### Internal efforts

In accordance with the Guidelines for Procurement of Environmentally Responsible Paper, the Ajinomoto Group makes efforts appropriate for each country and region to procure sustainable sources for all office, container, and packaging paper it uses.

For office paper, the Group has maintained policy compliance by procuring only products that comply with the above-mentioned guidelines through its indirect materials purchasing system.

For container and packaging paper, the Group has been scaling up adoption of FSC®-certified paper since fiscal 2015. In fiscal 2016, the Group actively introduced FSC®-certified paper for gift packaging in Japan, shifting some 70% of the paper used in such products to certified sources. In fiscal 2017, FSC®-certified paper was also adopted and the certification mark indicated, along with the *Aji-na Eco* mark, on packages of *HON-DASHI*®, *Cook Do*®, *Kyo-no Ohzara*®, and other core household products of Ajinomoto Co., Inc.

In fiscal 2018, the Group began a quantitative survey of paper procurement at overseas group companies and is now drawing up a roadmap to fiscal 2020 as it continues to actively adopt sustainable paper across the Group.



FSC®-certification mark on major products for home use

Reference →

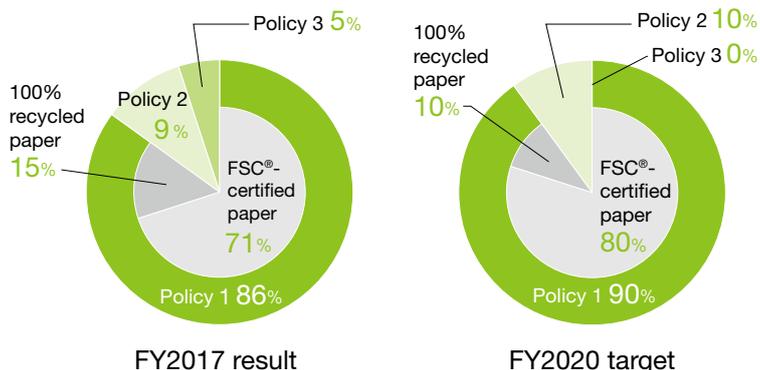
**The Environment P80**  
Implementation of environmentally friendly design of containers and packaging

### Specific policies of the Guidelines for Procurement of Environmentally Responsible Paper

Policy 1
Preferentially procure FSC®-certified paper and 100% recycled paper
Policy 2
Procure paper considered environmentally responsible by the Ajinomoto Group <sup>[1]</sup>
Policy 3
Do not procure paper products without assurance that appropriate procedures have been followed with regard to logging of timber raw material, in keeping with forest regulations governing the area where timber is sourced

[1] Paper derived from FSC® Controlled Wood

### Container and packaging paper (Japan)



### Stakeholder partnerships

Since 2013, Ajinomoto Co., Inc. has been a member of the Consortium for Sustainable Paper Use (CSPU), which promotes environmentally and socially responsible paper use across all sectors. Through these efforts, the Group strives to mainstream sustainable paper in Japan while expanding its own sustainable procurement.



## Sustainable palm oil

### Internal efforts

The Ajinomoto Group has set a target to procure 100% sustainable palm oil by fiscal 2020. 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 Group is also drawing a roadmap to fiscal 2030 for each business and country or region.

The Group used around 34,200 tonnes of palm oil in fiscal 2017, with certified palm oil accounting for 14%. Regional differences in the percentage of certified palm oil were observed, due to differences in the type of palm oil used or availability of certified palm oil in regions. For example, whereas only 1% of palm oil used in Thailand, the largest user of palm oil in the Group, was certified due to the low availability, that rate was 32% and 68%, respectively, in Japan and Europe.

In fiscal 2018, the Group is working to expand certified palm oil use in Japan and to begin procuring certified palm oil in Vietnam.

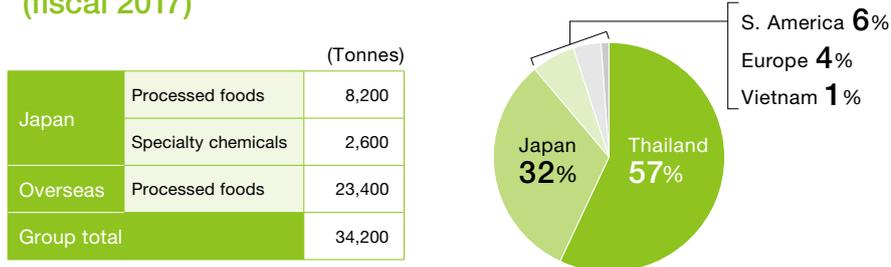
**Web**

**Annual Communications of Progress (ACOP) to the RSPO**

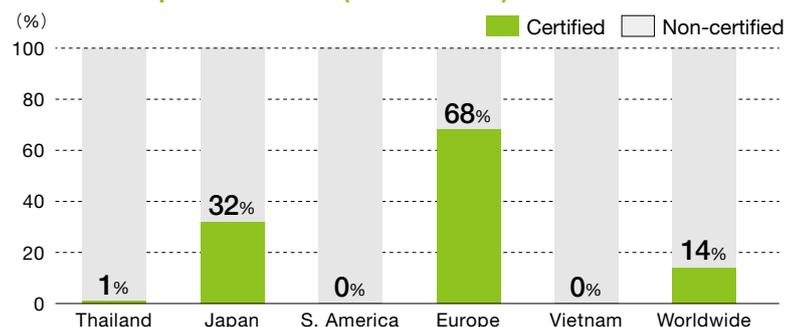
<https://rspo.org/file/acop2017/submissions/ajinomoto%20co.%20inc.-ACOP2017.pdf>

\*Report detailing the Ajinomoto Group's plans and progress

### Palm oil (including kernel oil) used by the Ajinomoto Group (fiscal 2017)



### Certified palm oil use (fiscal 2017)



### Stakeholder partnerships

Since joining the Roundtable on Sustainable Palm Oil (RSPO) in 2012, Ajinomoto Co., Inc. has been partnering with other companies and Japanese stakeholders associated with palm oil to promote its sustainable procurement and use. In fiscal 2017, the Company served as vice chair of the executive committee of the Japan Sustainable Palm Oil Conference (JaSPOC), and also participated in the palm oil working group of the CGF's Japan Sustainability Local Group (JSLG). Through these initiatives, the Company will contribute to sustainable palm oil procurement across the industry.

## Sustainable skipjack fisheries and resource use

The skipjack tuna catch has risen sharply in tropical areas of the western and central Pacific Ocean in recent years, while declining markedly in Japanese coastal waters since the late 2000s, raising concerns over the sustainability of skipjack resource and the Japanese skipjack fishing industry.

To establish rules for managing this international resource and put local fisheries on a path toward sustainability, Ajinomoto Co., Inc. has been conducting a skipjack tagging survey in cooperation with a Japanese research institute since 2009.

Reference

**The Environment P66-67**  
Conservation of ecosystems and biodiversity

## Sustainable procurement of coffee beans

Coffee beans are grown in areas of the world rich in biodiversity, often by small farms. The Ajinomoto Group has endorsed 4C Verification<sup>[1]</sup>, a standard aimed at improving environmental conditions at coffee farms and bettering the lives of farm workers while encouraging sustainability in production and distribution, and is striving to procure coffee beans produced at farms that adhere to set standards.



[1] 4C, or "Common Code for the Coffee Community," is a verification system that supports coffee farmers in complying with important baseline standards for sustainable coffee production.

### Column

## Toward marketing Japan-grown coffee products Coffee production support project launched in Tokunoshima

In June 2017, Ajinomoto AGF, Inc. joined a local producers association, municipality, and trading company in launching a project to support coffee bean production on the island of Tokunoshima in Kagoshima, Japan.

Tokunoshima, situated on the northern limit of the "bean belt," is one of a small number of coffee producing areas in Japan. To scale production, the island needs more coffee seedlings, protection against typhoons, and more equipment, such as sorting machines used after harvest. By resolving these issues with farmers and supporting coffee production, the company aims to market products using Tokunoshima's signature coffee beans.

Ajinomoto AGF, Inc. employees also help to plant seeds, tend plants, and harvest beans four times a year as part of the company's employee education program. The company plans to increase the number of employees participating in this hands-on experience in coffee production.



徳之島コーヒー  
徳之島コーヒー生産支援プロジェクト  
Project logo



Ceremony held at planting of 100 young coffee trees

Reference

**Tokunoshima Coffee Production Support Project**  
<http://www.agf.co.jp/csr/tokunoshima.html> (Japanese)

## Fair competition

### Basic policy

Through the Ajinomoto Group Policies (AGP), the Group strives to ensure fair and transparent business transactions by requiring officers and employees to fully understand and comply with antitrust laws and other laws and regulations concerning competition in all countries and regions in which it operates. The Group has also developed guidelines for antitrust/competition laws of Japan, the United States and Europe. For procurement, the Group requests suppliers as business partners in the same supply chain for understanding on the purpose of the Group Shared Policy on Procurement and Group Shared Policy for Suppliers, and not to engage in behavior that hinders fair, transparent and open competition.

#### Reference

- Group Shared Policy on Procurement
- Guidelines for Procurement of Environmentally Responsible Paper
- Palm Oil Procurement Guidelines
- Group Shared Policy for Suppliers
- Guidelines for Group Shared Policy for Suppliers

### Education for employees

The Group regularly holds trainings on antitrust law for officers, managers and other employees involved in line management of group companies in Japan, with 467 participants in fiscal 2017. Major overseas group companies also hold antitrust law trainings by local lawyers; 126 officers and managers of group companies<sup>[1]</sup> participated in fiscal 2017. While antitrust laws prescribe various rules applicable to the business transactions of a company, in these trainings, the Group highlights the prohibition on cartels, which has an especially large impact on fair competition.

Also in fiscal 2017, training on the Act against Unjustifiable Premiums and Misleading Representations was held for group companies in Japan.

### Antitrust law trainings

Ajinomoto Co., Inc.	Group companies in Japan (incl. the Company)	Overseas group companies
<ul style="list-style-type: none"> <li>• Training for new hires</li> <li>• Training for mid-career hires</li> <li>• Training for sales personnel</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance training</li> </ul>	<ul style="list-style-type: none"> <li>• Legal training</li> </ul>

\*Antitrust law program held in all trainings

[1] Group companies in India, Singapore, Vietnam and the Philippines.

## Prevention of corruption

### Basic policy

The AGP prescribes that healthy relationships should be maintained with politicians and government officials, and that giving favors to public officials or similar persons 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 implemented in 2016 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.

### Education for employees

The Group regularly holds training for officers, managers 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 467 participants in fiscal 2017. Also in fiscal 2017, 272 officers and managers, etc. of overseas group companies<sup>[2]</sup> participated in bribery prevention training by local lawyers.

#### Reference

- Group Shared Policy on Bribery Prevention
- Group Shared Policy on Political Activities and Political Contributions

[2] Group companies in India, Singapore, the Philippines, Thailand, Cambodia and Vietnam.

# Protection and proper use of intellectual property

## IP initiatives

The Ajinomoto Group established the Group Shared Policy on Intellectual Property in July 2018, which promotes the following initiatives to establish competitive advantage, generate profit, and grow globally.

- (1) Strategic and efficient acquisition of intellectual property rights including know-how for technologies that form the core of businesses
- (2) Proactive incorporation of external technologies and cooperation, including through open innovation
- (3) Utilization and exercise of rights to the Group’s proprietary technologies through means including licensing of in-house technologies and litigation
- (4) Protection of products and improvement of brand value using the trademark system and other means
- (5) Minimization of infringement risk through respect for third-party intellectual property rights and thorough surveys and clearance
- (6) Provision of survey and analytical data to group business units and R&D departments
- (7) Cultivation of intellectual property human resources and utilization of internal and external networks

Reference →

Group Shared Policy on Intellectual Property

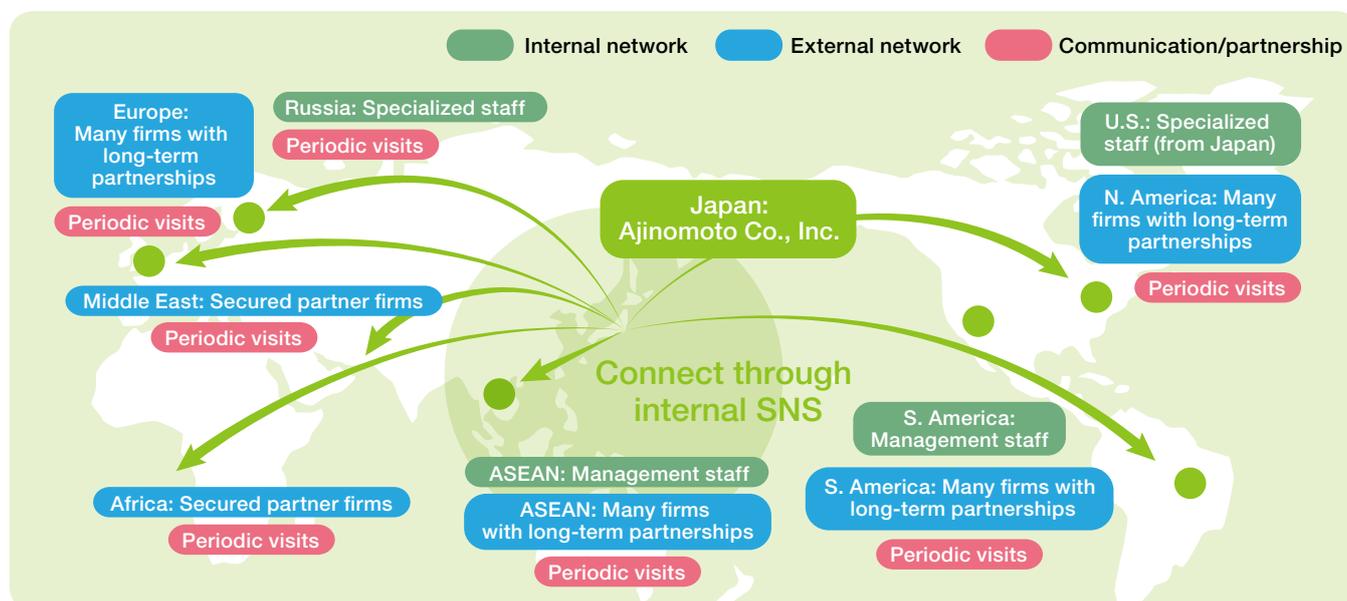
Reference →

Intellectual Property Information Disclosure  
<https://www.ajinomoto.com/en/ir/library/intell.html>

## IP management organization

Ajinomoto Co., Inc. supervises IP (patents, designs, trademarks, etc.) for the entire Ajinomoto Group in line with “Instructions Regarding Licensing and Administration of Intellectual Property.” An affiliated Intellectual Property Expert Co., Ltd., provides specialized services in the form of surveys, maintenance, and management of IP rights. The Group also has resident staff in the United States, specialized staff in Russia, and key persons designated at companies in ASEAN and South America, and works with patent law firms with whom they have long-term partnerships. The three bases in Japan, the United States, and Russia cooperate to secure strong patent rights, particularly in biotechnology.

## IP management system



## ■ Impact of Ajinomoto Co. Inc.'s patents on other companies' patents

Patent Result Co., Ltd. (based in Tokyo) compiled the number of patents in each industry that were cited as reasons for rejection of another company's patent in the process of its patent examinations in 2017, and announced its 2017 ranking of capability to prevent other food industry companies from obtaining patent rights (right chart). Companies with a large number of patents cited are advanced companies with extensive prior art that blocks other companies from obtaining rights. Ajinomoto Co., Inc. tops these rankings.

The Company takes a firm stance toward companies that infringe on its IP rights, by providing warnings and filing infringement lawsuits, for example.

## ■ Trademark education

The Ajinomoto Group regularly conducts trademark seminars at group companies to give employees basic knowledge on trademarks and the rules for displaying trademarks such as *AJI-NO-MOTO*<sup>®</sup>. They serve both to enhance employee appreciation of trademarks and to prevent the *AJI-NO-MOTO*<sup>®</sup> trademark from being used as a generic term. A total of 130 employees attended the seminar in fiscal 2017.

## ■ Rewards program for inventions

Ajinomoto Co., Inc. strives to protect and effectively utilize IP rights, including original technologies, content, and brands, with its basic stance in taking on our work "Create New Value" and "Pioneer Spirit." The Company also actively encourages invention by employees, and has established a rewards program for inventions in compliance with the patent law as an incentive.

The Company pays monetary reward for employee inventions that are filed as a patent application or registered as know-how, and again when registered as a patent. It also pays monetary reward when inventions are implemented by the Company, and a special reward linked to company profits when their business contribution is particularly great. Most group companies have implemented similar programs.

## ■ Initiatives to protect trade secrets

The Ajinomoto Group used to have a committee to conduct an assessment by an external organization, identify issues, set up an organizational and human management base and build a model to prevent trade secret leaks physically and technologically. Since the efforts of Ajinomoto Co., Inc. and its major group companies worldwide had borne fruit, the committee was dissolved at the end of fiscal 2017. Since then, the Information Systems Planning Dept. and Intellectual Property Dept. plan and execute defensive measures to protect trade secrets and, in collaboration with the Internal Auditing Dept., carry out governance activities related to trade secret management and protection for the whole Group.

## ■ 2017 ranking of capability to prevent other companies from obtaining patent rights in the food industry

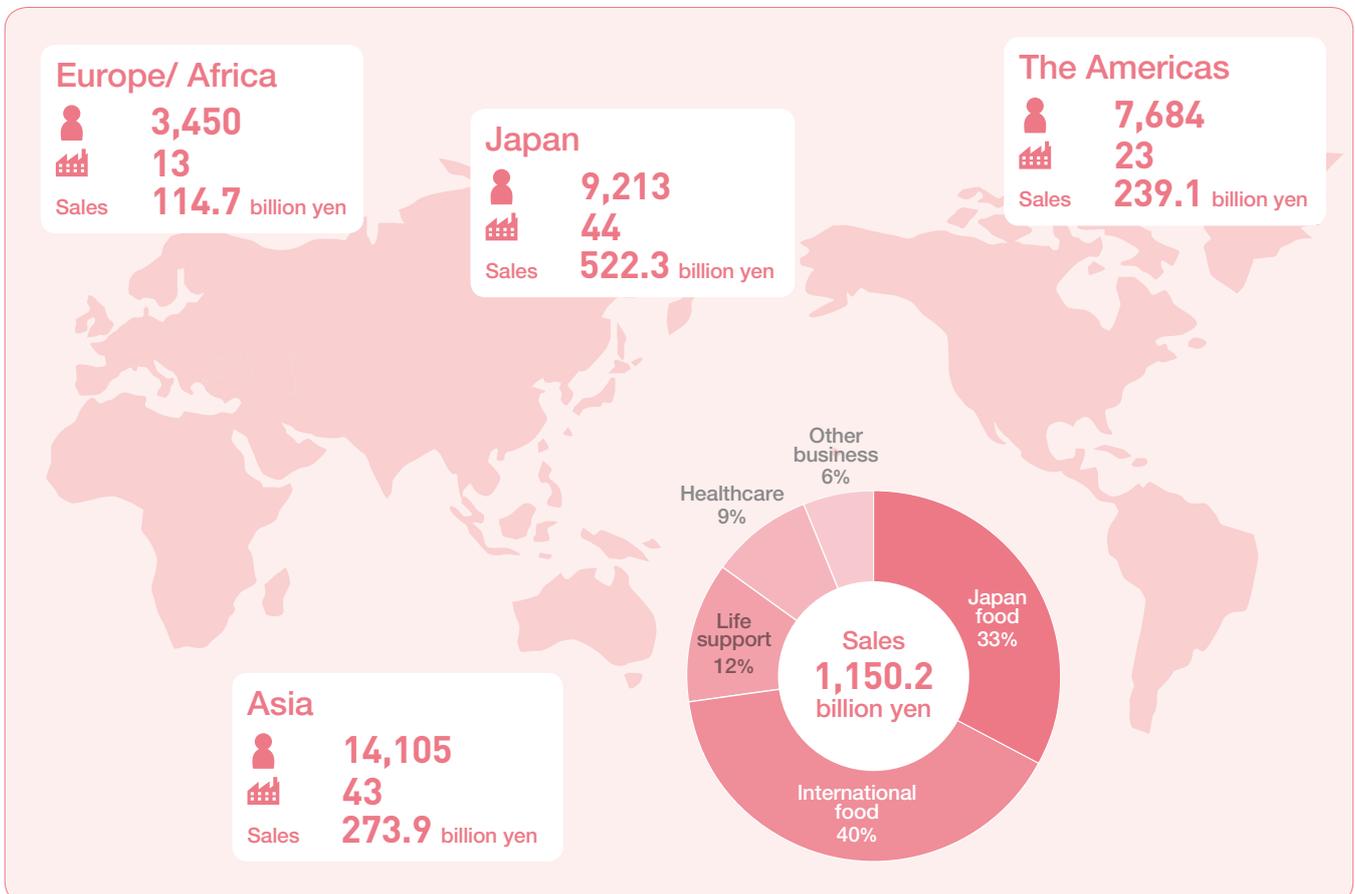
Rank	Company name	Number of patents cited
1	Ajinomoto Co., Inc.	332
2	Kirin Holdings Company Limited	287
3	Meiji Holdings Co., Ltd.	189
4	Japan Tobacco Inc.	165
5	Suntory Holdings Limited	162
6	Asahi Group Holdings, Ltd.	155
7	FUJI OIL HOLDINGS INC.	134
8	HOUSE FOODS GROUP INC.	126
9	The Nisshin OillIO Group, Ltd.	117
10	Nisshin Seifun Group Inc.	116

# Business Foundation

To contribute to resolving social issues through business activities and achieve sustainable growth, the Ajinomoto Group will need to evolve into an organization with strong global governance systems, acquire and develop diverse human resources for innovation, and provide workstyles that bring out the potential of employees. These are the key drivers toward becoming a “Genuine Global Specialty Company.”

The Group will continue to transform in order to create an environment where employees and the business grow in sync with sustained competitiveness.

## Ajinomoto Group operations



Number of locations: as of April 1, 2018 Number of employees: as of March 31, 2018 Sales: fiscal year ended March 31, 2018

# Labor Practices

## Human Resources

### Ajinomoto Group’s approach

The Ajinomoto Group believes that its employees are the most important resource for contributing to the world’s food and wellness, and to better lives for the future. With about 34,000 diverse employees, developing their capabilities through “the right person for the right position” leads to social value creation and company growth.

A workforce with different experiences and values, as well as gender, age and nationality, is essential. The Group is working to promote diversity to create a workplace that sparks innovation.



## Ajinomoto Group Policies

### Basic Principles

#### 6. Human Resources Training and Ensuring Safety

- 6.1 We do our best to provide meaningful employment opportunities that allow our employees to develop and exercise their skills and abilities in a manner that respects their diversity, character and individuality.
- 6.2 We take a global perspective on our work, emphasize teamwork, exercise creativity, and value a pioneering spirit, striving to contribute to the development of the Ajinomoto Group.
- 6.3 We support employees’ efforts to enjoy fulfilling lives and contribute to the prosperity of society through the continuous development of the Ajinomoto Group. To this end, we constantly strive to improve ourselves through new initiatives and programs.
- 6.4 We aim for a workplace climate that improves our job satisfaction and promotes high productivity.
- 6.5 We respect the laws and culture of each country and region where we do business. We prohibit discrimination against anyone on the basis of race, ethnic group, nationality, religion, belief, birthplace, gender, age, disability, LGBT identity, etc.
- 6.6 We build and maintain positive workplaces, based on open communication, that are free from discrimination and harassment, where people respect one another’s human dignity.
- 6.7 We respect each person and place occupational safety and health as one of the most important components of corporate activities.

### Group Shared Policies

Group Shared Policy on Human Resources

Group Shared Policy on Occupational Safety and Health

### Relevant materiality and scope of impact on business activity

Materiality	Supply chain		
	Suppliers	The Ajinomoto Group (development, production, logistics)	Distributors, users, consumers
◆ Employee diversity		○	
◆ Employee capacity development		○	

Reference →  
Ajinomoto Group Materiality P9

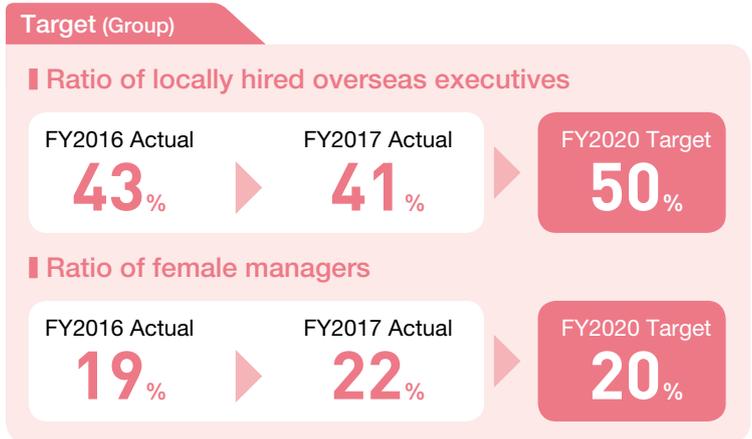
## Fiscal 2020 targets for talent and work styles



### Creating large and diverse talent pool

Creation of a company with engaged employees who respect each other regardless of gender, age, nationality or experience

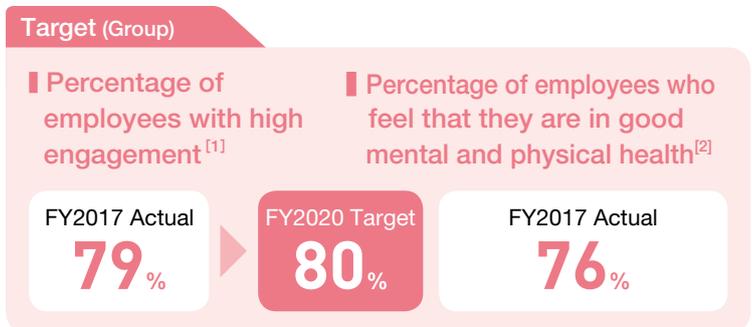
- Development of 300 next-generation global managers and highly specialized talents
- Increase in internal promotion and proactive hiring of mid-career female managers through updating HR policies, etc.
- Proactive hiring of mid-career specialists



### Raising employee engagement

Measurement through engagement survey with all group employees

- Study and implementation of action plans to address issues revealed by the survey
- Improvement of employees' health and well-being



[1] Percentage of employees that support the goals and targets of the company and feel engaged as they work toward the sustainable growth of the company  
 [2] Percentage of employees that feel the company is considering their health and feel highly motivated to work in the company with good work-life balance

### Work-style innovations (Japan)

Flexible work style with the global standard of 7 work hours/day for diverse lifestyles



# Human resource management

## Promotion framework

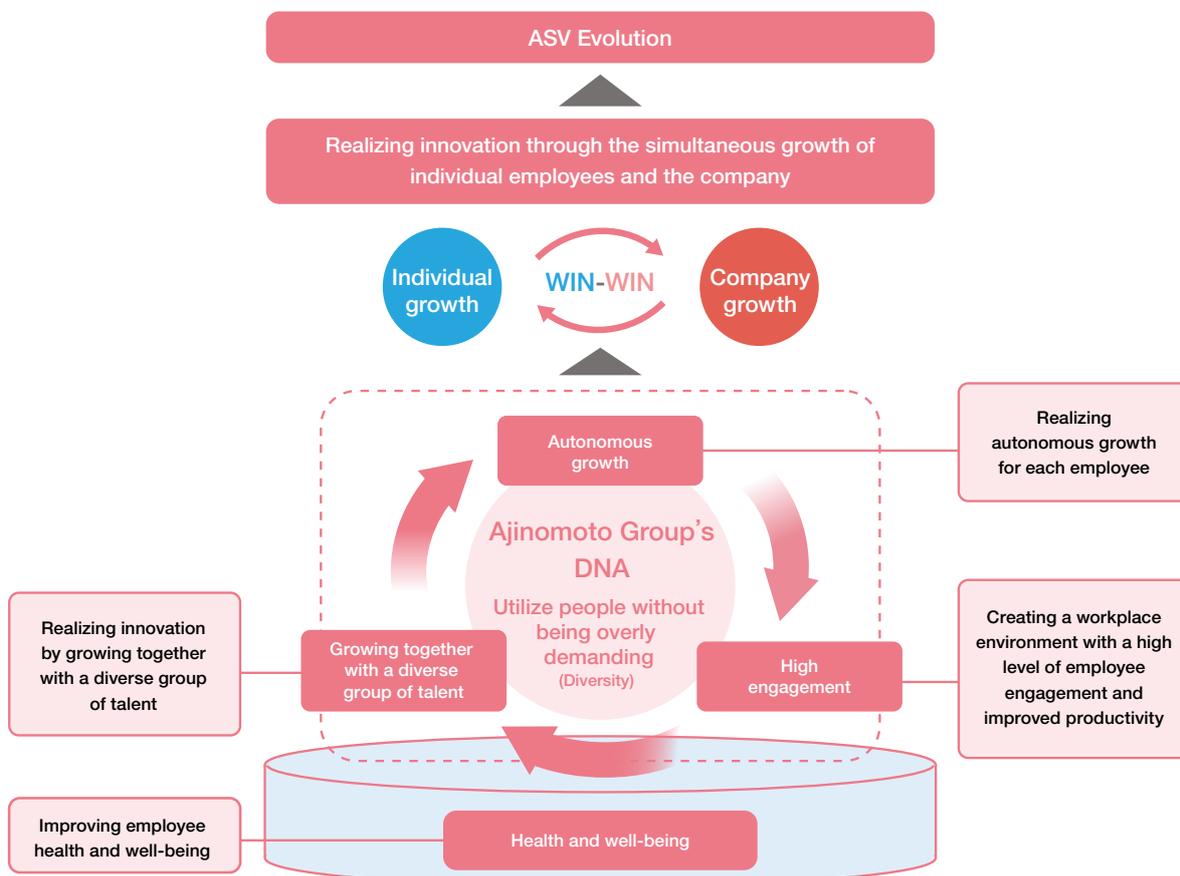
The HR Committee is established under the Executive Committee with the aim of promoting matters related to human resource development to support the sound growth of the Ajinomoto Group. In principle, the Committee meets once every quarter.

[1] General managers of business divisions, HR and financial dept., and top executives at group companies worldwide



## Basic policy on global human resource management

The Group believes that it is a source of promoting ASV that all employees, with their diverse strengths, can feel engaged in their work and fully reach their potential, achieving the simultaneous growth of individual employees and the company.



## ■ Global HR system for realizing “Right Person for Right Position”

The Ajinomoto Group’s global human resource management system is a common platform used by group companies to develop and promote a diverse workforce and achieve “Right Person for Right Position.” This system is composed of position management and talent management to clarify key positions and talents.

The Group will accelerate development of the next generation business leaders and advanced specialists by applying this system. The Group will create a pool of diverse talents of whom will be essential for functioning as a global specialty company.

### I Global human resource management system

#### Position management (right position)

Clarifies and determines roles and responsibilities required in the organization to execute future business strategy.

Job Grade	Apply job-based grading
Appraisal	Apply behavior evaluation based on Ajinomoto Group Way <sup>[1]</sup> and individual performance appraisal
Compensation	Set up global compensation policies <ol style="list-style-type: none"> <li>1. Abide by relevant regulations in each country and region</li> <li>2. Apply “pay for job” and “pay for performance”</li> <li>3. Apply competitive compensation level based on local market level</li> </ol>

#### Talent management (right person)

Assigns the right person to the right position based on the above positions and their requirements to promote talent development. Appoint excellent talent at early stages.

HR committees	Organize HR committees on local and regional levels
Talent portfolio	Apply past year’s individual performance and future leadership competencies Identify future leadership competencies based on the local and regional goals
Succession plan	Identify key positions and candidates on local and regional levels
Development plan	Define each talent’s development plan

[1] Shared values among group employees; basic approach and stance in taking on work (create new value, pioneering spirit, social contribution, and value people)

## ■ Expansion of the whistleblower hotline

The Ajinomoto Group has established the hotline as a whistleblower system that enables executive officers and employees, including part-time and temporary workers, to make reports or seek advice by phone, e-mail, fax, letter, or other means.

Using the guidelines to institute an internal reporting system based on the Whistleblower Protection Act, published by the Consumer Affairs Agency of Japan in December 2016, and actual usage of the current hotline, the Group developed its services and multiplied reporting channels starting from May 2018.

Reference →  
**Organizational Governance P135**  
 Expansion of the whistleblower hotline

#### Scope of the personnel and labor-related data

The personnel and labor-related data of this section covers Ajinomoto Co., Inc. and its consolidated subsidiaries (35 in Japan, 64 overseas) as of March 31 2018.

Reference →  
**Personnel and labor-related data**  
 Definitions of terms

## Advancing diversity forward

### Promoting diversity: Nurturing an inclusive organizational culture

#### ■ Training and assignment of global talents

The Ajinomoto Group strives to promote diversity through realization of “Right Person for Right Position” across countries and regions. By the end of fiscal 2017, global key positions in major group companies were identified and their job requirements were clarified as part of the position management.

A new educational system “the Ajinomoto Group Academy” was also established to develop global leaders and key talents as a main component of the talent management. The Group aims to create a large and diverse talent pool to reach its target of boosting the ratio of locally hired overseas executives to 50% by fiscal 2020.

#### I Ratio of locally hired overseas executives

	(persons)		
	FY2016 Actual	FY2017 Actual	FY2020 Target
Total overseas executives	180	178	—
Local executives	79	73	—
Local executive ratio	44%	41%	50%

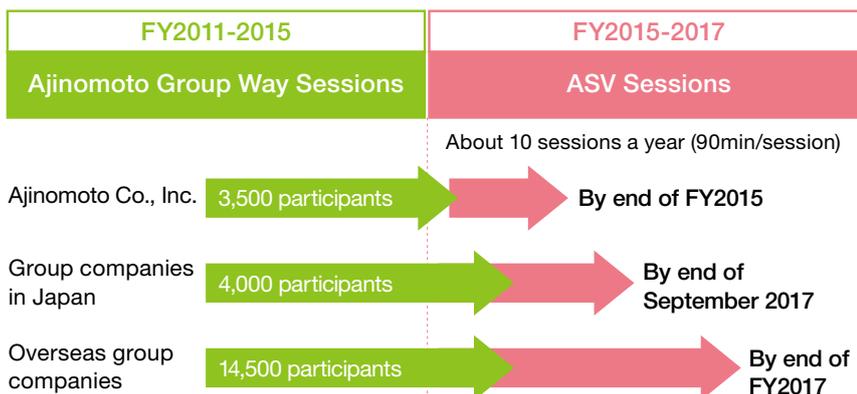
Reference

→ **Labor Practice P115-118**  
Personnel and labor-related data

#### ■ Understanding shared value of the Ajinomoto Group

“Ajinomoto Group Way session” and “ASV session” were conducted from fiscal 2011 to 2015 and from fiscal 2015 to 2017, respectively in order to ensure that its shared values penetrate every level of organization. All employees of the Group have taken both sessions.

Future training, such as courses for new members of the Group, will be conducted using new tools for deep understanding with ASV.



The Group launched the ASV Awards Program in fiscal 2016 with the aim of acknowledging ASV initiatives that are innovative.

Reference

→ **ASV STORIES 2018**

Reference

→ **What the Ajinomoto Group Aims for**  
<https://www.ajinomoto.com/en/aboutus/vision/>

## ■ Ajinomoto Group Academy: Global talent development program

The Group launched the Ajinomoto Group Academy in fiscal 2018 as a program to systematically develop the next generation business leaders, and advanced specialists, as well as potential specific department leaders, who are the future global growth drivers.

Programs for the next generation business leaders provide training for them to prepare for the next step in their careers, and are designed based on job grades. Each training program strengthens global leadership by focusing on “strengthening insights about the future,” “reflecting and enhancing self-leadership,” “ensuring business literacy” and “facilitating the Ajinomoto Group Vision.”

The programs for advanced specialists and potential leaders of individual departments plan to offer trainings to further develop expertise, which will be rolled out from fiscal 2019 (onward) in response to the needs of each department and group companies.

### I Major programs of the Ajinomoto Group Academy

Training	Objectives	Participants	Schedule	Contents
Global Leaders Seminar (GLS)	Enhance further individual authentic leadership based on the Ajinomoto Group Vision through insight of the future with wider perspectives	General Managers who are current or future head of company or organizational unit Approx. 25 people	8 days/year	Learnings on leading edge, internal case study, panel discussion with top management, action learning (presentation to top management)
Future Leaders Seminar (FLS)	Establish authentic leadership and enhance own leadership influence to take the initiatives of the future direction	Managers who are expected to be future general managers Approx. 25 people	10 days/year	Learnings on leading edge, internal case study, developing self-awareness through coaching
Leadership & Literacy Seminar (LLS)	Develop high self-awareness and build backbone of self-development as a leader	Newly promoted managers or team leaders Approx. 20 people	10 days/year	Enhancement of leadership and self-awareness, career planning, deepening of understanding on ASV through internal and guest lectures, business literacy

## Organizational culture innovation to promote diversity

Aiming to create a society and company where all employees are engaged and respect each other regardless of gender, generation, nationality or background, the Ajinomoto Group provides a system to support individual careers (work style diversity) and bring out the best in employees (career diversity), and encourages the growth of an inclusive organizational culture. The Group is advancing more substantial diversity initiatives in Japan, where diversity efforts are lagging behind other countries and regions.

### ■ Unconscious bias workshop

Unconscious biases are ideas or ways of thinking that arise from personal backgrounds, media information, and corporate culture and customs without the awareness of the individual, which hinder diversity efforts. Ajinomoto Co., Inc. held an unconscious bias workshop for Executive Committee members in March 2018. Feedback and commitments from the workshop were shared with group employees through the Company newsletter and video messages.

All employees of the Company will be involved in the training from fiscal 2018 to create an innovative environment where every employee is capable of accepting views from a variety of perspectives.



Executive Committee members during the workshop

## ■ Diversity News

From May 2018, the Diversity News will be delivered for about two years to share diversity initiatives across the Ajinomoto Group. The Group strives to create an inclusive organizational culture by sharing efforts to promote diversity in Japan and overseas and introducing the people behind them.



The Group created a company diversity logo. The logo adopts the six rainbow colors used as a symbol by LGBT Allies (supporters) and expresses employees who are empowered and growing together in an environment of universal acceptance.

## Inclusive workplaces where everyone can be inspired

### ■ Women's empowerment at the Ajinomoto Group

Among diversity initiatives, the promotion of women is a particularly pressing issue in Japan. Aiming to be Japan's top company for promoting the active participation of women, where both women and men can achieve their full potential by 2022, the Group is creating a work environment where all employees can build their careers by making the most of their diverse perspectives and strengths.

Reference

**Labor Practice P115-118**  
Personnel and labor-related data

### I Number and ratio of the Ajinomoto Group's female managers

	FY2016		FY2017		FY2020 (target)
	Number	Ratio	Number	Ratio	Ratio
Japan	160	7%	165	7%	—
Ajinomoto Group total	862	19%	1,060	22%	20%

### ■ HR development committee for women

Ajinomoto Co., Inc. established an HR development committee for women in October 2017, in the belief that concrete support measures on career development and advancement plan for women are essential to raise the relatively low ratio of female managers in Japan within the Ajinomoto Group.

In collaboration with relevant departments, the committee will assess the potential of female employees against human resource requirements and their individual expertise and special skills (experiences, languages, qualifications), to systematically train and steadily promote women over the long-term.

The Company also introduced a mentoring system, using mentors other than their direct supervisor, as a training program to fully develop employees.



### ■ External feedback on women's empowerment

#### 1. Ajinomoto Co., Inc.

Ajinomoto Co., Inc. was selected as a Nadeshiko Brand<sup>[1]</sup> in fiscal 2017. Among companies in the same industry, the Company topped the assessment for companywide environment and rule provision for its initiatives such as the Anywhere Office and unconditional flextime.

[1] A joint project of Japan's Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange (TSE), which annually selects outstanding TSE-listed companies that encourage women's empowerment in the workplace as attractive stocks to investors who emphasize improving corporate value in the medium- and long-term, thereby promoting company investment and its efforts.



## 2. Ajinomoto AGF, Inc.

Ajinomoto AGF, Inc. obtained the *Eruboshi* (Level 3)<sup>[1]</sup> certification in April 2017 and the Platinum *Kurumin*<sup>[2]</sup> certification in December 2017, becoming the first food company in Japan to receive both the top-level Platinum *Kurumin* and the highest level of *Eruboshi*.



(from left) Logo marks of Kurumin, Platinum Kurumin and Eruboshi

[1] The *Eruboshi* is given by the Minister of Health, Labour and Welfare in Japan to companies who have submitted action plans under the Act on Promotion of Women's Participation and Advancement in the Workplace and have met certain standards in implementing women's empowerment initiatives. The highest level 3 certifies that all five standard criteria for evaluation have been met.

[2] The *Kurumin* is given by the Minister of Health, Labour and Welfare in Japan to companies with childcare support who have achieved the objectives included in their general employer action plans formulated under the Act on Advancement of Measures to Support Raising Next-Generation Children and have met certain standards. To encourage continuous efforts, the Platinum *Kurumin* is granted to companies who went on to adopt more substantial work-life balance programs and implement initiatives at higher levels.

### Reference

Ajinomoto AGF, Inc. news release (Japanese)  
<http://www.agf.co.jp/company/news/2018-01-24-853.html>

## ■ In-house training and seminars

### 1. Work-life balance seminar

Ajinomoto Co., Inc. holds work-life balance seminars for employees and their partners who have children or wish to have children. The seminar teaches the importance of working together at home on parenting and housework and offers the opportunity to think together on how to manage work and life as a family.



### 2. Sales department diversity training

The Company began diversity training for its sales department in December 2017. Because the nature of their work outside the office tends to make it difficult to balance work with life events such as child care, all sales department employees, regardless of whether they work inside or outside the office, are scheduled to receive training to create a workplace where both men and women can healthily engage with their work. The training will be completed by the end of fiscal 2018.



## ■ In-house nursery school AjiPanda® KIDS

On March 1, 2018, Ajinomoto Co., Inc. opened its first in-house nursery school, AjiPanda® KIDS, in Kawasaki Administration & Coordination Office with the aim of creating a workplace where employees who are working parents can confidently pursue careers as they balance work and family responsibilities.

Under a concept of food and health, the small-scale facility with a capacity of 19 children has a fully equipped kitchen where nutritionists cook lunch and snacks within the premises. A large window was installed, so that the kitchen interior can be seen from the nursery room and helps draw the children's interest to food and health.



## ■ Area application system and work-life balance (WLB) leave

Ajinomoto Co., Inc. has introduced a more open and fair area application system, allowing employees to declare their desired work location so that they can continue working while providing child or nursing care or despite spouse relocation.

Aside from the usual child care and nursing care leave system, leaves for accompanying spouse relocation and infertility treatment were introduced to enable employees to continue their career while balancing life events. All these leave systems are integrated into the WLB temporary retirement and short-time work system.

## ■ Support for LGBT

In March 2018, the Group Shared Policy on Marketing Communications and Group Shared Policy on Human Resources were revised to expressly prohibit LGBT-related discrimination. In addition, at Ajinomoto Co., Inc., the gender section of job application forms for fiscal 2018 new graduate recruitment was changed to allow choices other than male or female, and the matter was included for special consideration in the recruitment guide for interviewers.

In Japan, where the issue is still not well recognized, LGBT training is planned for all group employees in fiscal 2018.

## ■ Reemployment system for retirees

Ajinomoto Co., Inc. has been providing a reemployment system for all staff and managers at the mandatory retirement age of 60 since 2006. In fiscal 2017, approximately 45% of retiring employees made use of the system. The Company also established a system, which went into operation in fiscal 2014, to foster career autonomy and help diversify career options for managers.

Each group company in Japan has introduced its own reemployment system to provide career support after the mandatory retirement age.

## ■ Employment of more persons with disabilities

To date, Ajinomoto Co., Inc. has employed several persons with physical disabilities each year. The Company established Ajinomoto Mirai Co., Ltd., a dedicated firm for the employment of persons with disabilities that opened for business in April 2017.

The main business of the company is cleaning and administrative support for the offices in the Keihin area. As of April 2018, 11 employees (nine of whom have intellectual disabilities) are working at Ajinomoto Mirai Co., Ltd. The company will continue to focus on providing work for persons with intellectual disabilities, and creating a rewarding workplace where persons with disabilities feel that they are contributing to society and the Ajinomoto Group.

The Company's employment rate for people with disabilities is nearly the same as in the previous year, at 1.95% as of June 2018. The total for three companies, Ajinomoto Co. Inc., special-purpose subsidiary Ajinomoto Mirai Co., Ltd., and group-accredited company Ajinomoto Communications Co., Inc., is 2.20%. In addition, the total for group companies in Japan<sup>[1]</sup> is 2.21% (up 0.14% from the previous year).

The Group will further advance its initiatives for employing persons with disabilities and promote diversity.

[1] The 23 major group companies in Japan and Ajinomoto Mirai Co., Ltd., with 45.5 or more regular workers

Reference

**Labor Practice P115-118**

Personnel and labor-related data

Reference

Group Shared Policy on Human Resources

## Global engagement survey

The Ajinomoto Group puts great emphasis on improving each employee's engagement as a means of encouraging self-directed employee growth. Strong job and life satisfaction and highly motivated active working lead to better individual career progression and corporate growth, and overall enhancement of corporate value. The Group assesses employee engagement quantitatively by conducting a survey to understand issues and take actions using the PDCA cycle.



### Reference: Engagement survey items

- Sustainable engagement
- ASV
- Diversity
- Health and well-being
- Goals and targets
- Leadership
- Innovation
- Delegation of power
- Customer-orientation
- Immediate superiors
- Decision-making
- Communication
- Human resource & career development
- Performance evaluation
- Salary and benefits package
- Integrity and morality

## ■ Fiscal 2017 engagement survey results

The first engagement survey in October 2017 targeted approximately 33,000 employees across about 100 group companies. The survey revealed that 79% responded favorably on the issue of sustainable engagement and 76% on their own health and well-being.

In fiscal 2018, each organization will consider and implement tailored action plans based on their individual survey results, with the aim of increasing the scores in the next engagement survey scheduled for October 2019.

### FY2017 response

Approx. **29,000** employees in about 100 group companies

(87% response rate)

Percentage of employees with high engagement

**79%**

Percentage of employees who feel that they are in good mental and physical health<sup>(2)</sup>

**76%**

# Work-style innovation

## Approach to work-style innovation

The Ajinomoto Group is accelerating its efforts to promote diversity, especially in Japan, which is lagging behind, to fulfill its aim of becoming a “Genuine Global Specialty Company” with a more diverse, flourishing workforce. The Group is actively promoting work-style innovation, and is aspiring to a flexible work style based on the global standard of a seven-hour working day and supporting diverse lifestyles.

### Past Initiatives

FY2008: Created the Ajinomoto Group Vision on Work-life Balance

FY2009: Introduced reemployment system

FY2010: Extended period of shorter working hours until dependent children reach age 9, introduced 15 days of paid childcare leave

FY2012: Started workplace-centered initiatives to improve work-life balance

FY2013: Launched Work@A work-style innovation project

FY2014: Introduced unconditional flextime, hourly paid holidays and teleworking

FY2017: Introduced the Anywhere Office system, expanded the temporary retirement system, introduced a working area application system

## Major measures through fiscal 2017

### Work-style innovation from scratch

Ajinomoto Co., Inc. has been reforming work management and work styles since fiscal 2016 to achieve work-style innovation unfettered by the status quo. In fiscal 2017, the Company shortened its minimum daily work hours by 20 minutes and established a more flexible working environment. From fiscal 2018, the Company is working to boost business procedure efficiency, enhance work styles, and extend work-style innovation initiatives to all group companies.



### Roadmap (Ajinomoto Co., Inc.)

	FY2015	FY2016	FY2017	FY2018 (target)	FY2020 (target)
Minimum daily work hours	7 hr. 35 min.	7 hr. 35 min.	7 hr. 15 min.	7 hr. 15 min.	7 hr.
Average annual work hours	1,976 hr.	1,916 hr.	1,842 hr.	1,800 hr.	1,750 hr.
Improvement rate in productivity <sup>[1]</sup>	—	—	107.5%	115.2%	—

[1] Ratio of sales per person and hour (vs. FY2016)

## ■ Management innovation

To fundamentally change work styles, top management must show leadership in changing company systems and rules instead of following the status quo. Ajinomoto Co., Inc. has decided to adopt and promote work-style innovation as a key management theme and groupwide project.

### ● Meeting reforms

Executive Committee and other senior management meetings are now paperless. All internal meetings must be held between 9:00 and 16:00, and, in principle, no meetings should be arranged on a Friday afternoon. The Company is also actively promoting the Anywhere Office and web conferencing.

### ● Email reforms

In recognition of the huge amount of time required to sort through emails, official documents and companywide messages are now being posted on noticeboards, resulting in a 73% year-on-year reduction in companywide messages in fiscal 2017.

## ■ Work-style reform

It is necessary to change each employee's awareness of his/her work and life styles in order to break free of working patterns that consider overtime as premise. Ajinomoto Co., Inc. is establishing working environments that facilitate flexible working anytime, anywhere, with the aim of freeing up more time for employees to spend with their families or further their education, and to maximize productivity through an improved work-life balance.

### ● Anywhere Office

In April 2017 the Company broke the traditional idea that you needed to see each other's face to do any meaningful work and introduced a new Anywhere Office program for which all employees are eligible. The program significantly loosens restrictions on telecommuting location and frequency.

### ● Shorten daily work hours by 20 minutes

In April 2017, the Company shortened the minimum daily work hours by 20 minutes to 7 hours 15 minutes. The Company plans to shave another 15 minutes off the average workday to bring it in line with the global standard of seven hours.

### ● Bring forward the entire working day

The Company introduced unconditional flextime and an earlier start to work days. The head office now closes at 16:30, and Wednesdays have been designated no-overtime days, with lights being turned out at 17:00.

## Measures for fiscal 2018 and beyond

### ■ Standardize and automate business operations

Ajinomoto Co., Inc. is upgrading basic systems together with several group companies in Japan and standardizing groupwide business operations, both measures designed to achieve levels of productivity and creativity befitting a global top 10 class food company.

The Company is also accelerating the shift to value-added working patterns by aggressively introducing latest AI and IT technologies to boost administrative efficiency and automate production and distribution functions.

### ■ Enhance work styles

Paperless and hot-desking are being expanded to realize more qualitative innovation. The Ajinomoto Co. Inc. head office is encouraging more paperless operations in addition to Executive Committee and introducing hot-desking.

### ■ Extend work-style innovation to group companies in Japan

The work-style innovation concept is shared with other group companies, but in terms of implementation, each company is left to set its own key targets according to its individual business operation and workforce requirements. From fiscal 2018, the new Ajinomoto Group Work-Style Innovation Promotion Conference will create synergies across the group companies in Japan.

## TOPICS

### Telework initiatives, and winning the Chairman's Prize at the 18th Telework Promotion Awards

The Telework Promotion Awards have been presented since 2000 by the Japan Telework Association with the aim of encouraging wider teleworking that uses information and communication technologies to facilitate flexible work styles anytime, anywhere. At the 18th awards this year, companies were judged on their actual implementation and promotion of teleworking with the aim of "creating a vigorous society that breeds work-style innovation." Anywhere Office program of Ajinomoto Co., Inc. was highly praised and awarded the Chairman's Prize.



## Career development support: Advancing self-directed career development

### Approach to self-directed career development

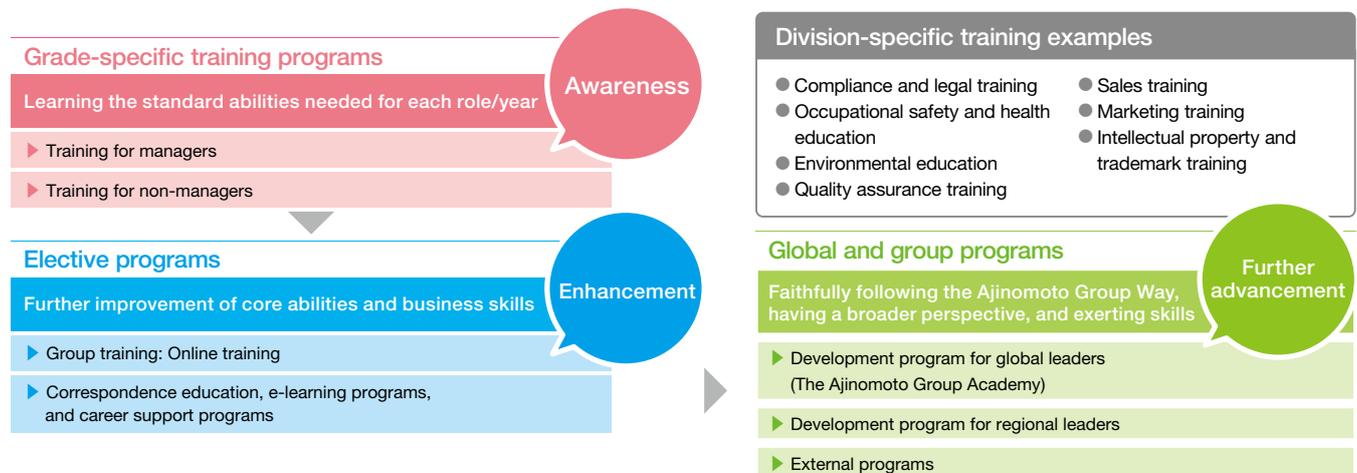
The Ajinomoto Group helps employees plan and realize their own career development path because it believes maximizing employee career fulfillment is vital to sustainable corporate growth. The Group offers a range of training and career support programs to support individual professional growth.

#### HR initiatives to support the development of all employees

The Ajinomoto Group conducts cross-regional, division-specific training, grade-specific training and various other training programs.

Ajinomoto Co., Inc. operates a three-level training program designed to help employees can build their ideal careers and complement specific stages and goals of employee growth. The three training layer include grade-specific training programs (new employee training, follow-up training, new manager training, etc.), elective programs (critical thinking, e-learning/correspondence courses, management school), and global and group programs (nurturing next-generation business leaders, advanced specialists and potential specific department leaders, external programs).

#### HR development programs at Ajinomoto Co., Inc.



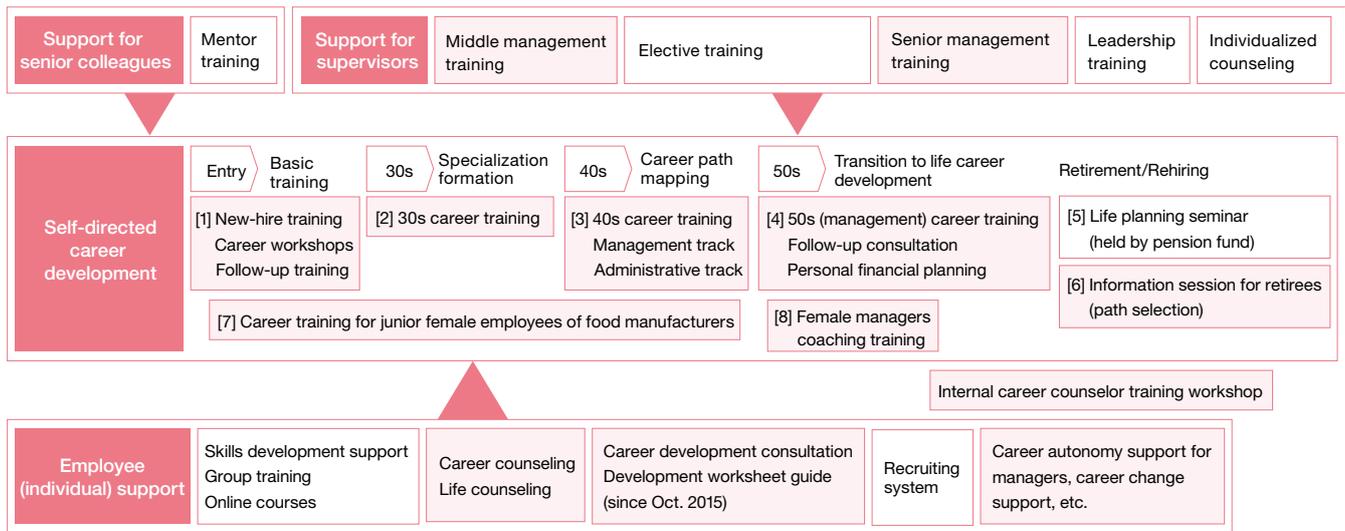
#### Career training at every stage

As personal values and work style preferences continue to diversify, Ajinomoto Co., Inc. seeks to help employees recognize their strengths, values, and other qualities, develop their own vision and goals, and take voluntary action to grow and achieve them. Inspired to become the best place to work and encourage self-directed employee growth, the Company seeks to provide increasing opportunities for employees to explore career development both inside and outside the Group. Since fiscal 2015, its comprehensive career training program has offered these opportunities at key life stages. The program also includes training for new hires and seminars for newly appointed managers.



Career Design Handbook distributed to all employees

## Comprehensive career support structure



## Fuller support for career autonomy

In fiscal 2014, Ajinomoto Co., Inc. introduced early retirement incentive program and a career-change support system<sup>[1]</sup> as part of its manager career autonomy program designed to expand employee career choices. From fiscal 2016, the Company made it possible for employees to apply for the voluntary early retirement program from age 47 and for the career change support system from 54 years.

The Company has also introduced an organizational and occupational contribution appraisal for seniors seeking reemployment after mandatory retirement to expand opportunities for being engaged at work.



Career seminar for employees in their 50s

[1] The career change support system involves reemployment support services and approved leave to support a career change.

# Health and productivity management

## Approach to health and productivity management

The Ajinomoto Group believes that employees' health & well-being is fundamental to improving employee engagement and simultaneous growth of employee and the company. The Group implements considerable effort in creating working environments that maintain and improve employees' health & well-being. The Ajinomoto Group Health and Well-Being Initiatives were compiled as part of this drive in May 2018, and the Group is now turning its attention to developing a new health approach for advancing employee self-care called the A-Health Solution.

### The Ajinomoto Group Health and Well-Being Initiatives

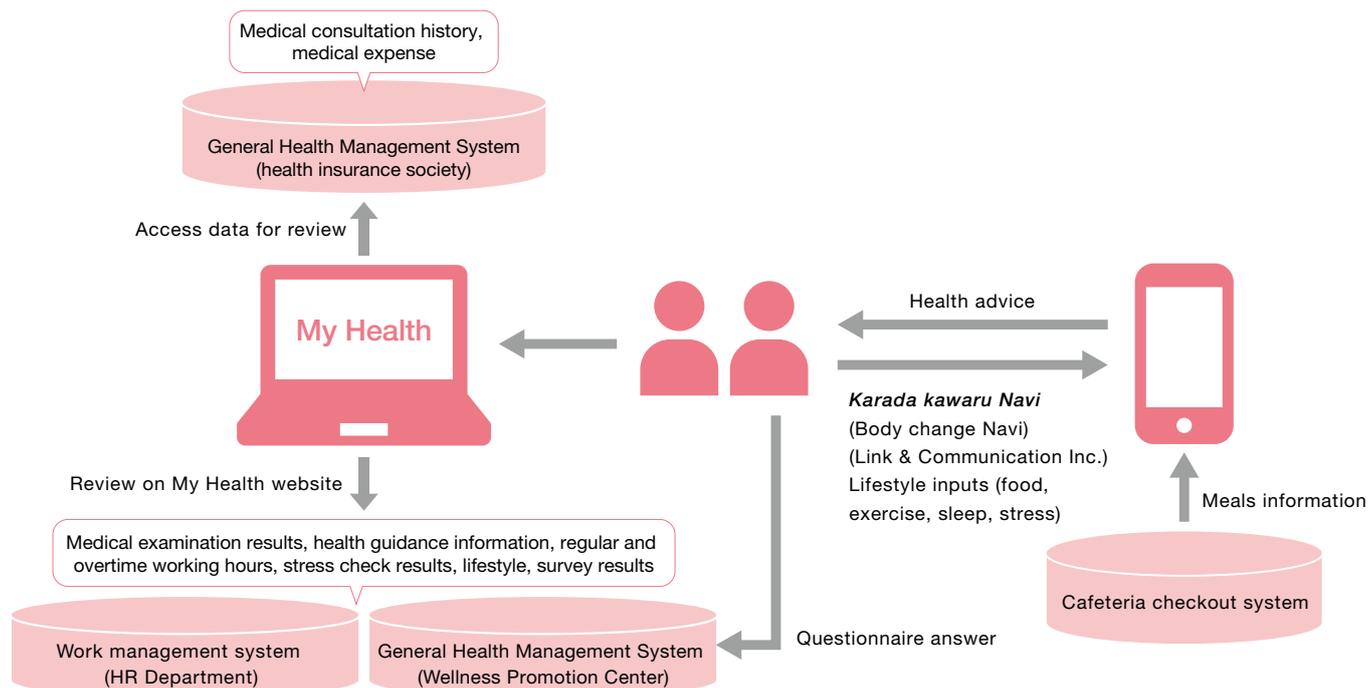
Since the foundation, the Ajinomoto Group explored businesses by sharing the original ideal of "Eat Well, Live Well." For further contribution to the world's food and wellness through our businesses, the Ajinomoto Group will develop work environment in accordance with "Group Shared Policy on Human Resources" to improve employees' health and well-being. By practicing improvement of health and well-being, employees will realize ASV Value Creation Stories.

## ■ The A-Health Solution

To maintain and improve employees' health & well-being, it is important for employees to enhance health-related literacy and capabilities of self-care.

In August 2018, Ajinomoto Co., Inc. introduced a new approach that visualizes an individual's state of health, which links to a smartphone app offering health advice. The Company is also in the process of appointing a dedicated person at individual group companies who will start these initiatives based on their individual circumstances.

### I Structure of "A-Health Solution"



## ■ Health promotion framework at Ajinomoto Co., Inc.

Ajinomoto Co., Inc. aims to maintain and promote employee health and well-being by focusing on the idea that employees should advocate for their own health. Since new employees, mid-career employees, and managers face different health issues, occupational health physicians offer training for each layer of employees. New managers and mid-career employees learn about health and well-being management of themselves, and also about specific ways to identify signs of health problems among subordinates and colleagues.

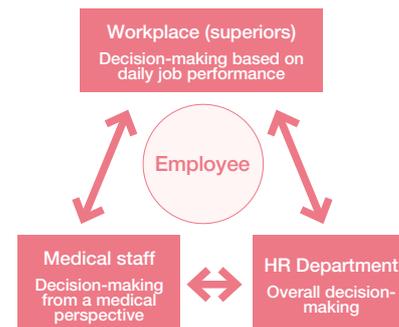
At the Company this self-care is supported by the Wellness Promotion Center, a team of nine occupational physicians and 12 healthcare staff members. The center also supports health & well-being management at group companies in Japan.

To help employees move steadily in the right direction for their health by working on self-care and devoting themselves to health improvement, care and recovery, the roles of the workplace (superiors), medical staff (occupational health physicians, healthcare staff) and HR Department are separated and thoroughly defined to enable responsible decision-making for their respective roles.

### I Health promotion framework at Ajinomoto Co., Inc.



### I Division of roles



## Individual consultations as preventive care

Ajinomoto Co., Inc. requires all employees in Japan to attend an individual consultation with a medical expert at the Wellness Promotion Center at least once a year. Medical experts provide appropriate health guidance based not only on checkup results but also on signs of physical or mental disorder that are difficult to detect via medical examination. To prevent health disorders caused by overwork, the Company provides direct medical guidance to employees who work more than a predetermined working time, based on internal standards that are stricter than the broader regulatory requirements. The medical experts at the center monitor results of annual medical examination of employees on assignments outside Japan, and provide them with follow-up guidance. They also respond to consultation for their accompanying family members and give advice.

### Column

## Health booklet “Eat well and stay healthy” for employees

Ajinomoto Co., Inc. conducted a trial distribution of the “Eat well and stay healthy” booklet at the individual consultation after the annual medical examination in Tokyo in fiscal 2017. The booklet picks up specific health issues and risks for each age group derived from health and nutrition issues and policies announced by Japan’s ministries. It further provides food and nutritional information related to the issues and risks, and recommends to check daily nutritional balance using the *Saa, nigiyaka ni itadaku* (Let’s have fun eating) scheme<sup>[1]</sup>. By encouraging employees to read the booklet immediately after the consultation, when they are more health sensitive, the initiative helps them review their eating habits and provides self-care opportunities, such as awareness of potential health risks.

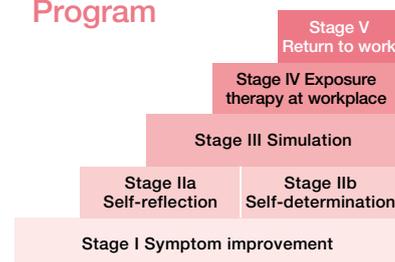


[1] An acronym compiled by the Locomo Challenge Promotion Conference. It consists of the first syllable of the 10 food groups which make up the diverse foodstuff intake score (developed by the Tokyo Metropolitan Institute of Gerontology).

## Mental Health Recovery Program aiming for zero relapse rate

Ajinomoto Co., Inc. has its own Mental Health Recovery Program. Employees on temporary health leave are encouraged to spend ample time for reflecting and objectively reviewing their own personalities and values, and to participate in repeated simulation training to prepare for a return to work in order to gain not only a healed but also a more resilient spirit. The Company will continue making its efforts through the program for those employees returning to work to maintain their mental health.

### Mental Health Recovery Program



## Inclusion in the 2018 Health & Productivity Stock Selection

Ajinomoto Co., Inc. was included in the 2018 Health & Productivity Stock Selection for the second consecutive year as a company strategically promoting employee health and productivity from a management perspective. The selection is made by the Japanese Ministry of Economy, Trade and Industry (METI) and Tokyo Stock Exchange (TSE). In the same year, the Company was also included in the “White 500” where METI certifies 500 companies actively working in employee health management through Certified Health and Productivity Management Organization Recognition Program.



# Personnel and labor-related data

## I Number of Ajinomoto Group employees

(persons)

	FY2017			FY2016			FY2015		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
<b>Ajinomoto Group total</b>	<b>44,606</b>	-	-	<b>43,001</b>	-	-	<b>44,500</b>	-	-
<b>Employees</b>	<b>34,452</b>	<b>24,550</b>	<b>9,902</b>	<b>32,734</b>	<b>23,607</b>	<b>9,127</b>	<b>33,295</b>	<b>24,259</b>	<b>9,036</b>
Management	4,921	3,861	1,060	4,488	3,626	862	4,803	4,003	800
Non-management	29,460	20,639	8,821	28,170	19,931	8,239	28,419	20,208	8,211
Contract staff	71	50	21	76	50	26	73	48	25
<b>Temporary staff</b>	<b>10,154</b>	-	-	<b>10,267</b>	-	-	<b>11,205</b>	-	-
<b>Japan</b>	<b>15,059</b>	-	-	<b>15,595</b>	-	-	<b>16,986</b>	-	-
<b>Employees</b>	<b>9,213</b>	<b>6,999</b>	<b>2,214</b>	<b>9,450</b>	<b>7,281</b>	<b>2,169</b>	<b>10,425</b>	<b>8,042</b>	<b>2,383</b>
Management	2,221	2,056	165	2,278	2,118	160	2,692	2,527	165
Non-management	6,921	4,893	2,028	7,096	5,113	1,983	7,660	5,467	2,193
Contract staff	71	50	21	76	50	26	73	48	25
<b>Temporary staff</b>	<b>5,846</b>	-	-	<b>6,145</b>	-	-	<b>6,561</b>	-	-
<b>Ajinomoto Co., Inc.</b>	<b>3,896</b>	<b>2,614</b>	<b>1,282</b>	<b>3,898</b>	<b>2,623</b>	<b>1,275</b>	<b>3,912</b>	<b>2,633</b>	<b>1,279</b>
<b>Employees</b>	<b>3,464</b>	<b>2,429</b>	<b>1,035</b>	<b>3,459</b>	<b>2,449</b>	<b>1,010</b>	<b>3,477</b>	<b>2,473</b>	<b>1,004</b>
Management	1,071	974	97	1,078	985	93	1,090	1,004	86
Non-management	2,322	1,405	917	2,305	1,414	891	2,314	1,421	893
Contract staff	71	50	21	76	50	26	73	48	25
<b>Temporary staff</b>	<b>432</b>	<b>185</b>	<b>247</b>	<b>439</b>	<b>174</b>	<b>265</b>	<b>435</b>	<b>160</b>	<b>275</b>
<b>Group companies in Japan</b>	<b>11,163</b>	-	-	<b>11,697</b>	-	-	<b>13,074</b>	-	-
<b>Employees</b>	<b>5,749</b>	<b>4,570</b>	<b>1,179</b>	<b>5,991</b>	<b>4,832</b>	<b>1,159</b>	<b>6,948</b>	<b>5,569</b>	<b>1,379</b>
Management	1,150	1,082	68	1,200	1,133	67	1,602	1,523	79
Non-management	4,599	3,488	1,111	4,791	3,699	1,092	5,346	4,046	1,300
<b>Temporary staff</b>	<b>5,414</b>	-	-	<b>5,706</b>	-	-	<b>6,126</b>	-	-
<b>Overseas</b>	<b>29,547</b>	-	-	<b>27,406</b>	-	-	<b>27,514</b>	-	-
<b>Employees</b>	<b>25,239</b>	<b>17,551</b>	<b>7,688</b>	<b>23,284</b>	<b>16,326</b>	<b>6,958</b>	<b>22,870</b>	<b>16,217</b>	<b>6,653</b>
Management	2,700	1,805	895	2,210	1,508	702	2,111	1,476	635
Non-management	22,539	15,746	6,793	21,074	14,818	6,256	20,759	14,741	6,018
<b>Temporary staff</b>	<b>4,308</b>	-	-	<b>4,122</b>	-	-	<b>4,644</b>	-	-
<b>Asia</b>	<b>17,880</b>	-	-	<b>17,269</b>	-	-	<b>17,489</b>	-	-
<b>Employees</b>	<b>14,105</b>	<b>9,772</b>	<b>4,333</b>	<b>13,571</b>	<b>9,404</b>	<b>4,167</b>	<b>13,292</b>	<b>9,274</b>	<b>4,018</b>
Management	1,532	981	551	1,153	820	333	1,106	764	342
Non-management	12,573	8,791	3,782	12,418	8,584	3,834	12,186	8,510	3,676
<b>Temporary staff</b>	<b>3,775</b>	-	-	<b>3,698</b>	-	-	<b>4,197</b>	-	-
<b>Europe and Africa</b>	<b>3,899</b>	-	-	<b>2,887</b>	-	-	<b>2,897</b>	-	-
<b>Employees</b>	<b>3,450</b>	<b>2,437</b>	<b>1,013</b>	<b>2,479</b>	<b>1,931</b>	<b>548</b>	<b>2,468</b>	<b>1,961</b>	<b>507</b>
Management	393	282	111	308	223	85	298	215	83
Non-management	3,057	2,155	902	2,171	1,708	463	2,170	1,746	424
<b>Temporary staff</b>	<b>449</b>	-	-	<b>408</b>	-	-	<b>429</b>	-	-
<b>The Americas</b>	<b>7,768</b>	-	-	<b>7,250</b>	-	-	<b>7,128</b>	-	-
<b>Employees</b>	<b>7,684</b>	<b>5,342</b>	<b>2,342</b>	<b>7,234</b>	<b>4,991</b>	<b>2,243</b>	<b>7,110</b>	<b>4,982</b>	<b>2,128</b>
Management	775	542	233	749	465	284	707	497	210
Non-management	6,909	4,800	2,109	6,485	4,526	1,959	6,403	4,485	1,918
<b>Temporary staff</b>	<b>84</b>	-	-	<b>16</b>	-	-	<b>18</b>	-	-

## I Ratio of locally hired overseas executives

(persons)

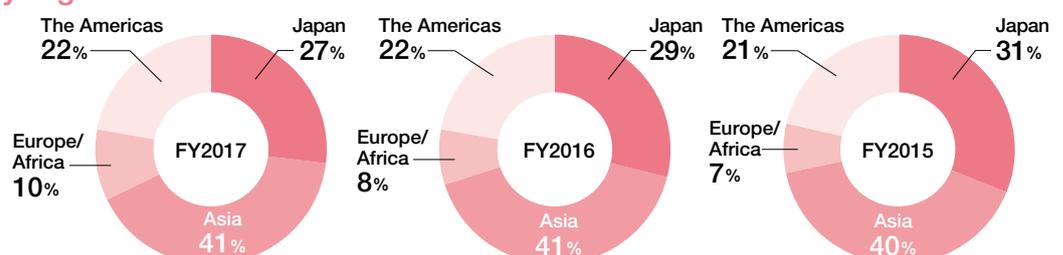
	FY2017	FY2016	FY2015
Total overseas executives	178	180	187
Local executives	73	79	78
<b>Local executive ratio</b>	<b>41%</b>	<b>44%</b>	<b>42%</b>

## I Ajinomoto Group employee ratio

Numbers in parentheses indicate male and female percentages.

	FY2017			FY2016			FY2015		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
<b>Ajinomoto Group total</b>	<b>100%</b>	-	-	<b>100%</b>	-	-	<b>100%</b>	-	-
<b>Employees</b>	<b>77%</b>	<b>(71%)</b>	<b>(29%)</b>	<b>76%</b>	<b>(72%)</b>	<b>(28%)</b>	<b>75%</b>	<b>(73%)</b>	<b>(27%)</b>
Management	11%	(78%)	(22%)	10%	(81%)	(19%)	11%	(84%)	(16%)
Non-management	66%	(70%)	(30%)	66%	(71%)	(29%)	64%	(71%)	(29%)
Contract staff	0%	(70%)	(30%)	0%	(66%)	(34%)	0%	(66%)	(34%)
<b>Temporary staff</b>	<b>23%</b>	-	-	<b>24%</b>	-	-	<b>25%</b>	-	-
<b>Japan</b>	<b>100%</b>	-	-	<b>100%</b>	-	-	<b>100%</b>	-	-
<b>Employees</b>	<b>61%</b>	<b>(76%)</b>	<b>(24%)</b>	<b>61%</b>	<b>(77%)</b>	<b>(23%)</b>	<b>61%</b>	<b>(77%)</b>	<b>(23%)</b>
Management	15%	(93%)	(7%)	15%	(93%)	(7%)	16%	(94%)	(6%)
Non-management	46%	(71%)	(29%)	46%	(72%)	(28%)	45%	(71%)	(29%)
Contract staff	0%	(70%)	(30%)	0%	(66%)	(34%)	0%	(66%)	(34%)
<b>Temporary staff</b>	<b>39%</b>	-	-	<b>39%</b>	-	-	<b>39%</b>	-	-
<b>Ajinomoto Co., Inc.</b>	<b>100%</b>	<b>(67%)</b>	<b>(33%)</b>	<b>100%</b>	<b>(67%)</b>	<b>(33%)</b>	<b>100%</b>	<b>(67%)</b>	<b>(33%)</b>
<b>Employees</b>	<b>89%</b>	<b>(70%)</b>	<b>(30%)</b>	<b>89%</b>	<b>(71%)</b>	<b>(29%)</b>	<b>89%</b>	<b>(71%)</b>	<b>(29%)</b>
Management	27%	(91%)	(9%)	28%	(91%)	(9%)	28%	(92%)	(8%)
Non-management	60%	(61%)	(39%)	59%	(61%)	(39%)	59%	(61%)	(39%)
Contract staff	2%	(70%)	(30%)	2%	(66%)	(34%)	2%	(66%)	(34%)
<b>Temporary staff</b>	<b>11%</b>	<b>(43%)</b>	<b>(57%)</b>	<b>11%</b>	<b>(40%)</b>	<b>(60%)</b>	<b>11%</b>	<b>(37%)</b>	<b>(63%)</b>
<b>Group companies in Japan</b>	<b>100%</b>	-	-	<b>100%</b>	-	-	<b>100%</b>	-	-
<b>Employees</b>	<b>52%</b>	<b>(79%)</b>	<b>(21%)</b>	<b>51%</b>	<b>(81%)</b>	<b>(19%)</b>	<b>53%</b>	<b>(80%)</b>	<b>(20%)</b>
Management	10%	(94%)	(6%)	10%	(94%)	(6%)	12%	(95%)	(5%)
Non-management	41%	(76%)	(24%)	41%	(77%)	(23%)	41%	(76%)	(24%)
<b>Temporary staff</b>	<b>48%</b>	-	-	<b>49%</b>	-	-	<b>47%</b>	-	-
<b>Overseas</b>	<b>100%</b>	-	-	<b>100%</b>	-	-	<b>100%</b>	-	-
<b>Employees</b>	<b>85%</b>	<b>(70%)</b>	<b>(30%)</b>	<b>85%</b>	<b>(70%)</b>	<b>(30%)</b>	<b>83%</b>	<b>(71%)</b>	<b>(29%)</b>
Management	9%	(67%)	(33%)	8%	(68%)	(32%)	8%	(70%)	(30%)
Non-management	76%	(70%)	(30%)	77%	(70%)	(30%)	75%	(71%)	(29%)
<b>Temporary staff</b>	<b>15%</b>	-	-	<b>15%</b>	-	-	<b>17%</b>	-	-
<b>Asia</b>	<b>100%</b>	-	-	<b>100%</b>	-	-	<b>100%</b>	-	-
<b>Employees</b>	<b>79%</b>	<b>(69%)</b>	<b>(31%)</b>	<b>79%</b>	<b>(69%)</b>	<b>(31%)</b>	<b>76%</b>	<b>(70%)</b>	<b>(30%)</b>
Management	9%	(64%)	(36%)	7%	(71%)	(29%)	6%	(69%)	(31%)
Non-management	70%	(70%)	(30%)	72%	(69%)	(31%)	70%	(70%)	(30%)
<b>Temporary staff</b>	<b>21%</b>	-	-	<b>21%</b>	-	-	<b>24%</b>	-	-
<b>Europe and Africa</b>	<b>100%</b>	-	-	<b>100%</b>	-	-	<b>100%</b>	-	-
<b>Employees</b>	<b>88%</b>	<b>(71%)</b>	<b>(29%)</b>	<b>86%</b>	<b>(78%)</b>	<b>(22%)</b>	<b>85%</b>	<b>(79%)</b>	<b>(21%)</b>
Management	10%	(72%)	(28%)	11%	(72%)	(28%)	10%	(72%)	(28%)
Non-management	78%	(70%)	(30%)	75%	(79%)	(21%)	75%	(80%)	(20%)
<b>Temporary staff</b>	<b>12%</b>	-	-	<b>14%</b>	-	-	<b>15%</b>	-	-
<b>The Americas</b>	<b>100%</b>	-	-	<b>100%</b>	-	-	<b>100%</b>	-	-
<b>Employees</b>	<b>99%</b>	<b>(70%)</b>	<b>(30%)</b>	<b>100%</b>	<b>(69%)</b>	<b>(31%)</b>	<b>100%</b>	<b>(70%)</b>	<b>(30%)</b>
Management	10%	(70%)	(30%)	10%	(62%)	(38%)	10%	(70%)	(30%)
Non-management	89%	(69%)	(31%)	89%	(70%)	(30%)	90%	(70%)	(30%)
<b>Temporary staff</b>	<b>1%</b>	-	-	<b>0%</b>	-	-	<b>0%</b>	-	-

## I Group employees by region



## Number of new hires, retention rate

(persons)

	FY2017			FY2016			FY2015		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
<b>Number of new hires:</b>									
<b>Total (new graduates + mid-career)</b>	<b>6,882</b>	-	-	<b>7,072</b>	-	-	<b>5,365</b>	-	-
<b>Japan</b>	<b>384</b>	-	-	<b>356</b>	-	-	<b>376</b>	-	-
Ajinomoto Co., Inc.	119	66	53	107	75	32	66	45	21
New graduates	85	45	40	64	42	22	55	35	20
Mid-career	34	21	13	43	33	10	11	10	1
Management	9	7	2	6	5	1	3	3	0
Non-management	25	14	11	37	28	9	8	7	1
Group companies in Japan	265	-	-	249	-	-	310	-	-
<b>Overseas</b>	<b>6,498</b>	-	-	<b>6,716</b>	-	-	<b>4,989</b>	-	-
Asia	4,662	-	-	4,558	-	-	4,061	-	-
Europe and Africa	376	-	-	189	-	-	184	-	-
The Americas	1,460	-	-	1,969	-	-	744	-	-
Reference: Retention rate (3 years) for new graduates									
Ajinomoto Co., Inc.	95.7%	97.9%	90.9%	95.0%	93.5%	100.0%	97.8%	96.4%	100.0%

## Number of retirees, turnover, reemployment

(persons)

	FY2017			FY2016			FY2015		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
<b>Total number of retirees</b>	<b>6,867</b>	-	-	<b>7,674</b>	-	-	<b>5,469</b>	-	-
<b>Japan</b>	<b>352</b>	-	-	<b>422</b>	-	-	<b>416</b>	-	-
Retired	151	-	-	154	-	-	161	-	-
Resigned for personal reasons	201	-	-	268	-	-	255	-	-
Ajinomoto Co., Inc.	99	82	17	118	89	29	83	58	25
Retired	51	46	5	60	48	12	44	33	11
Resigned for personal reasons	48	36	12	58	41	17	39	25	14
Group companies in Japan	253	-	-	304	-	-	333	-	-
Retired	100	-	-	94	-	-	117	-	-
Resigned for personal reasons	153	-	-	210	-	-	216	-	-
<b>Overseas</b>	<b>6,515</b>	-	-	<b>7,252</b>	-	-	<b>5,053</b>	-	-
Resigned for personal reasons, etc.									
<b>Turnover<sup>[1]</sup></b>									
Ajinomoto Co., Inc.	1.2%	1.2%	1.1%	1.6%	1.6%	1.7%	1.1%	1.0%	1.4%
<b>Reemployed after retirement<sup>[2]</sup></b>									
<b>Japan</b>	<b>145</b>	-	-	<b>164</b>	-	-	<b>157</b>	-	-
Ajinomoto Co., Inc.	28	-	-	35	-	-	23	-	-
Under reemployment program	4	0	4	4	0	4	0	0	4
Seniors (after retirement)	24	-	-	31	-	-	23	-	-
Group companies in Japan <sup>[3]</sup>	117	-	-	129	-	-	134	-	-
Reference: Number of employees registered in reemployment program (Ajinomoto Co., Inc.)									
Employees registered	47	3	44	52	2	50	52	2	50
Newly registered	7	1	6	7	0	7	11	1	10

[1] Only includes employees resign for personal reasons [2] Japan only [3] Total numbers

## Number of personnel with disabilities (Japan only)

	As of June 1, 2018 <sup>[4]</sup>	As of June 1, 2017	As of June 1, 2016
<b>Employees (persons)</b>			
<b>Japan</b>	<b>333.5</b>	<b>305</b>	<b>328</b>
Ajinomoto Co., Inc.	90	88	90
Group companies in Japan	243.5	217	238
<b>Percentage of workforce rate</b>			
<b>Japan</b>	<b>2.21%</b>	<b>2.07%</b>	<b>2.12%</b>
Ajinomoto Co., Inc.	1.95%	1.91%	1.93%
Group companies in Japan	2.33%	2.14%	2.12%

[4] For group companies in Japan, numbers refer to 23 companies with 45.5 or more regular workers, among the 30 consolidated subsidiaries in Japan, and a special-purpose subsidiary Ajinomoto Mirai Co., Ltd.

## I Employee statistics

		FY2017			FY2016			FY2015		
		Total	Male	Female	Total	Male	Female	Total	Male	Female
<b>Average age</b>										
Japan	Ajinomoto Co., Inc.	43.1	44	41.1	43.0	43.7	40.9	42.6	43.4	40.4
	Group companies in Japan	42.6	-	-	41.2	-	-	41.7	-	-
	Overseas	36.7	-	-	36.6	-	-	36.2	-	-
<b>Average years of employment</b>										
Japan	Ajinomoto Co., Inc.	19.6	20.2	17.9	19.4	20.0	17.8	19.1	19.8	17.3
	Group companies in Japan	13.2	-	-	13.9	-	-	13.9	-	-
	Overseas	8.9	-	-	8.9	-	-	8.8	-	-
<b>Average annual salary<sup>[1]</sup> (thousand yen)</b>										
	Ajinomoto Co., Inc.	9,458	-	-	9,525	-	-	9,512	-	-

[1] Average for employees (excluding contract staff)

## I Working hours and employee usage of work-life balance and related programs (Ajinomoto Co., Inc. only)

		FY2017			FY2016			FY2015		
		Total	Male	Female	Total	Male	Female	Total	Male	Female
<b>Working hours</b>										
	Average annual working hours	1,827	-	-	1,889	-	-	1,947	-	-
	Average non-statutory working hours	54	-	-	126	-	-	166	-	-
	Average paid leave days	16.9	-	-	17.4	-	-	16.7	-	-
	Paid leave utilization rate	87.0%	-	-	89.2%	-	-	85.6%	-	-
<b>Work-life balance (WLB) – Parenting leave program</b>										
<b>Number of users</b>										
	Parenting leave	149	27	122	157	32	125	123	10	113
	Part-time parenting and work	157	0	157	182	0	182	164	1	163
	Childcare leave	25	2	23	39	3	36	38	3	35
<b>Usage ratio</b>										
	Parenting leave	-	21.3%	100.0%	-	25.5%	100.0%	-	6.6%	100.0%
	Average parenting leave usage days	-	16	288	-	27	332	-	14	262
	Reinstatement rate	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Work-life balance (WLB) – Related programs</b>										
<b>Number of users</b>										
	Nursing care leave	14	5	9	14	5	9	10	6	4
	Nursing care temporary retirement	1	0	1	0	0	0	1	0	1
	Part-time family care and work	1	0	1	1	0	1	1	0	1
	Accumulated paid leave	85	32	53	104	41	63	83	27	56
	Telecommuting <sup>[2]</sup>	-	-	-	-	-	-	133	69	64
	Rejuvenation leave	142	-	-	155	-	-	181	-	-
	Volunteer leave	42	-	-	55	-	-	57	-	-

[2] Introduced in October 2014

## I Education and training (Ajinomoto Co., Inc. only)

	FY2017	FY2016	FY2015
Annual expenditures for education and training (million yen)	511	504	470

## I Safety and health (Ajinomoto Co., Inc. only)

	FY2017	FY2016	FY2015
Number of employees taking mental health leave (persons)	45	31	34

Labor Practices

# Occupational Safety and Health

## Ajinomoto Group’s approach

Each day, about 34,000 employees of the Ajinomoto Group are hard at work all around the world. Every moment of every day poses the risk of occupational accidents, traffic accidents, health hazards, and natural disasters. The Ajinomoto Group has established the Group Shared Policy on Occupational Safety and Health in recognition of the foundational role occupational safety and health plays in its business activities. Targeting zero occupational accidents, the Group provides education and strives to identify, evaluate, mitigate, and eliminate risks so all employees and others working at Group sites can work safely and in good health.



## Ajinomoto Group Policies

### ■ Basic Principles

#### 6. Human Resources Training and Ensuring Safety

- 6.1 We do our best to provide meaningful employment opportunities that allow our employees to develop and exercise their skills and abilities in a manner that respects their diversity, character and individuality.
- 6.2 We take a global perspective on our work, emphasize teamwork, exercise creativity, and value a pioneering spirit, striving to contribute to the development of the Ajinomoto Group.
- 6.3 We support employees’ efforts to enjoy fulfilling lives and contribute to the prosperity of society through the continuous development of the Ajinomoto Group. To this end, we constantly strive to improve ourselves through new initiatives and programs.
- 6.4 We aim for a workplace climate that improves our job satisfaction and promotes high productivity.
- 6.5 We respect the laws and culture of each country and region where we do business. We prohibit discrimination against anyone on the basis of race, ethnic group, nationality, religion, belief, birthplace, gender, age, disability, LGBT identity, etc.
- 6.6 We build and maintain positive workplaces, based on open communication, that are free from discrimination and harassment, where people respect one another’s human dignity.
- 6.7 We respect each person and place occupational safety and health as one of the most important components of corporate activities.

### Group Shared Policies

Group Shared Policy on Occupational Safety and Health

Group Shared Policy on Human Resources

### ■ Relevant materiality and scope of impact on business activity

	Supply chain	Suppliers	The Ajinomoto Group (development, production, logistics)	Distributors, users, consumers
Materiality				
◆ Employee health and safety			○	

Reference →  
Ajinomoto Group Materiality P9

## Fiscal 2018 targets for occupational safety and health

In fiscal 2018, the Ajinomoto Group will focus on preventing caught-in-machinery accidents, following a rise in such accidents in fiscal 2017. The Group will also continue its comprehensive strategy to prevent fall injuries and low back pain incidents through infrastructure, work methods, and employees' physical fitness.

Occupational safety and health management systems will be shifted from OHSAS 18001 to ISO 45001, published in March 2018. By strengthening PDCA cycles under the new standard, the Group aims to raise management activities at group companies and sites to the next level.

### Fiscal 2018 key targets

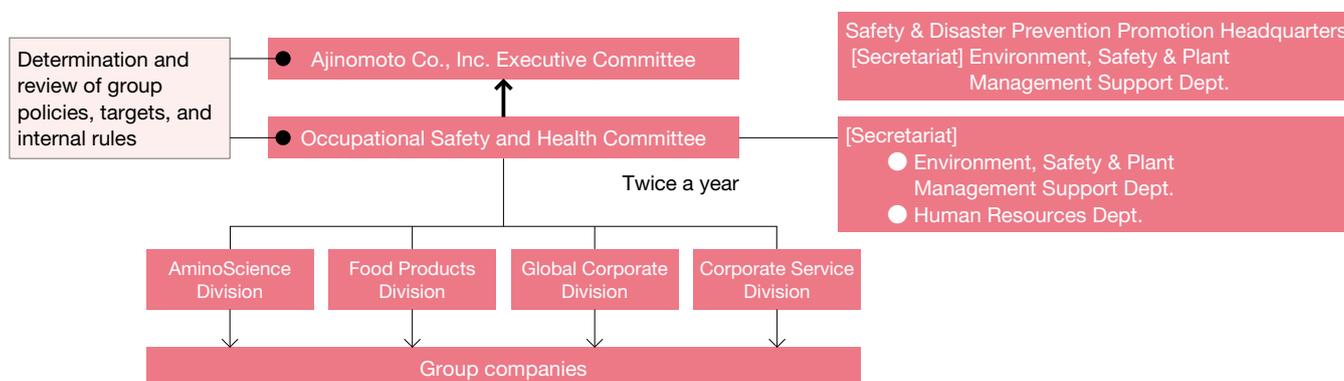
Key targets	Action plans
Prevent caught-in-machinery accidents	1. Tangible measures (1) For new food processing and packaging equipment, request manufacturers to include safety measures at design and fabrication stages (2) Consider and implement tangible measures for work tasks that require removing protective covers, etc. 2. Intangible measures Education and other measures to reinforce fundamentals, such as stopping equipment for work tasks that require removing protective covers
Prevent falls and low back pain	1. Prevent comprehensively through work infrastructure, work methods, maintaining physical fitness, and education 2. Promote automation and use of assistive robots 3. Hold low back pain prevention seminars
Introduce ISO 45001	Acquire occupational health and safety management system (ISO 45001) certification and promote implementation

## Occupational safety and health management

### Promotion framework

The Ajinomoto Group has established an occupational safety and health system headed by its Executive Committee. Comprehensive measures are being carried out based on a group-wide plan to prevent accidents and disasters, including assessment, education, audits and equipment inspections. ISO 45001 and other safety management systems are introduced in the PDCA cycles.

### Occupational safety and health management system



## ■ Safety and health assessments

The Ajinomoto Group conducts safety and health assessments to prevent occupational accidents. They are mainly conducted at the start of new product manufacturing, when stepping up production, changing manufacturing processes, developing new substances, and constructing or demolishing buildings, structures, and equipment. In addition to confirmation based on legal requirements or lessons learned from previous accidents, the Group carries out safety inspections on factors including deployment of workers and their path of movement at new factories before operations begin. It also conducts risk assessments at each production site, identifying accident hazards in daily operations, evaluating the seriousness of potential accidents, and taking the needed prevention measures.

## ■ Safety audits and inspections

The Ajinomoto Group conducts internal audits at its companies and sites based on an occupational safety and health management system. The aim is to prevent accidents and violations of laws and regulations. In the event of a major accident at a group site, Ajinomoto Co., Inc. conducts on-site emergency safety audits, in order to investigate the causes of the accident, determine remediation measures, and prevent reoccurrence. Some sites in Japan bring outside perspectives into their safety and health activities, for example by having third-party consultants or institutions perform safety and health inspections. Ajinomoto Co., Inc. sites conduct reciprocal safety audits utilizing their respective strengths (expertise). The audits are used as a means of further increasing staff knowledge and sharing good safety practices.

In fiscal 2017, the Headquarters Secretariat conducted safety audits at four sites in Japan and eight sites in Southeast Asia and China, mainly those where serious accidents occurred. Following an examination of top management policies; identification of causes, corrective actions, and their adoption at other sites; and the circumstances of small group activities, education and training; guidance was provided for strengthening efforts to reduce on-site accidents.

## ■ Equipment inspection for safe and stable production

Factory equipment shall always be in a condition that ensures safe and stable production, and this requires preventive maintenance and legal inspections. Across the Ajinomoto Group, employees conduct careful daily maintenance of the equipment they use. While many factories operate 24 hours a day throughout the year, production is periodically shut down completely to allow employees and specialists to inspect equipment for maintenance. As non-routine work, maintenance is potentially hazardous. Proper risk assessment and hazard prediction are conducted before starting maintenance work or restarting a process to ensure work safety. The Group has also worked to clarify safety expenditures to promote equipment safety measures.

## I Safety and health assessment checklist

1. Legal compliance	
2. Combustibles	Organic solvents, dust explosions, etc.
3. Hazardous substances	Acids, alkalines, etc.
4. Electrical equipment	Electric switchboard, wiring, etc.
5. Land and buildings	Earthquake resistance, fire resistance, etc.
6. Moving large equipment and heavy objects	Measures against falling, overturning, etc.
7. Rotating machines, driving apparatus	Safety devices (cover parts etc.)
8. Traffic	Dividing of vehicle and worker flow path, etc.
9. Other hazards	Oxygen deficiency, high temperature, etc. Risk of falling, lower back pain, etc.

## ■ Efforts to secure safety at new factories

The Ajinomoto Group provides support to ensure safety at factories built in new locations, and at factories of companies that have joined the Group through mergers or acquisitions. Since factories in new locations have mostly new employees and build organizations from scratch, safety training and follow-up are conducted in cooperation with related organizations. The aim is to establish zero-accident factories with management that complies with the policies and occupational accident prevention plans established by the Group.

## ■ Efforts to prevent occupational accidents

The Ajinomoto Group designates and provides safety enhancement guidance to worksites (designated worksites) considered high-risk (e.g., due to recurrence of accidents or injuries, or inadequate management functions) from a safety and health standpoint by the Chief of Safety & Disaster Prevention Headquarters. Designated worksites identify issues, and prepare and implement an occupational accident prevention plan based on the guidance. A support team from relevant divisions organized by the Headquarters Secretariat periodically visits the site to confirm the proper functioning of a PDCA cycle, verify progress, and provide educational and technical assistance.

### Column

#### AJINOMOTO BAKERY's efforts to become the "safest factory in Japan"

Following back-to-back serious accidents in fiscal 2015 and fiscal 2016, AJINOMOTO BAKERY CO., LTD. has been implementing the company-wide "Project Zero" since fiscal 2016 with a firm managerial commitment to become the "safest factory in Japan." The project has two key objectives: thoroughly eliminate workplace hazards, and raise awareness and build a "safety first" culture involving all employees.

For workplace hazards, since securing safety through renovations can require large capital investments and sometimes weigh on work efficiency, improvements have been made based on exchanges of ideas between employees and construction contractors. To raise employee awareness, administrative staff and supervisors have been providing rigorous education and training through serious, in-depth meetings with employees. Such trainings have included nighttime evacuation drills for night-shift workers, four-hour risk prediction training for part-time employees with three-hour workday, and hands-on training, including emergency stop drills. Efforts have also been made to "visualize" improvements, so employees can sense their progress.

The resulting shift in awareness has allowed the company to maintain a "zero accidents" status since September 2016, earning it a zero accidents certificate from the Shizuoka Labor Bureau chief. The number of quality-related claims in fiscal 2017 also reached an all-time low. Going forward, the company plans to continue building a safety-first culture and become the "safest, most comfortable factory to work in Japan."



Nighttime training



Hands-on training

### Scope of the occupational safety and health report

This section of the report covers 180 worksites (12 added and 3 eliminated since the fiscal 2017 report) of companies subject to the Occupational Safety and Health Regulations. Statistics within this scope substantially represent the occupational safety and health performance of the entire Ajinomoto Group<sup>[1]</sup> under the consolidated financial accounting system.

[1] The Ajinomoto Group refers to Ajinomoto Co., Inc. and its consolidated subsidiaries and group companies subject to financial reporting under the equity method.

# Employee safety

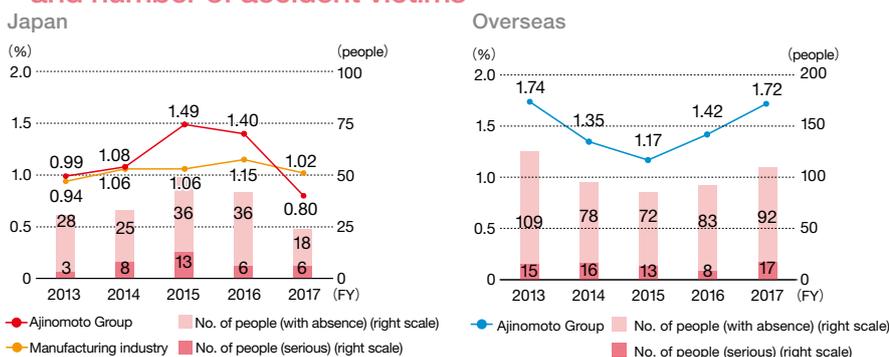
## Occupational safety and health activities

The number of victims of serious accidents and accidents with absence among Ajinomoto Group employees was mostly unchanged in fiscal 2017, from 135 in fiscal 2016 to 133, declining dramatically in Japan (44 to 24 people), while rising overseas (91 to 109 people). There were no fatal or serious accidents causing significant physical dysfunction.

The decline in Japan was largely due to fewer fall injuries, the result of continuing key measures such as fall prevention seminars. The rise overseas was partly due to increasing companies and businesses being newly introduced to the Group through M&A. These accidents mainly consisted of employees being caught in machinery and serious accidents involving cuts and scrapes.

In fiscal 2017, one accident occurred at an overseas business site in which a construction contractor died. The Group will intensify efforts to prevent occupational accidents for all who work at its business sites, not just employees.

### Frequency of serious accidents and accidents with absence, and number of accident victims<sup>[1]</sup>



#### Definitions of occupational accidents in the Ajinomoto Group

- Accident with absence: An accident causing a work-related injury that results in at least one absent day from the day after the injury
- Accident without absence: An accident causing a work-related injury that does not result in absent time
- Serious accident: A work-related fatal accident; accident with absence involving hospitalization and resulting in at least four absent days; or accident causing sequelae, such as the severing of a finger

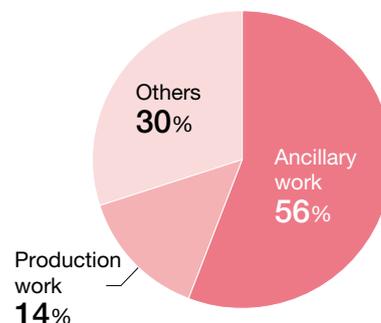
[1] Data from Ajinomoto Foods North America, Inc. (formerly Ajinomoto Windsor, Inc.) and KUKRE GIDA A.S. (currently AJINOMOTO ISTANBUL FOOD INDUSTRY AND TRADE LTD. CO.) were added in fiscal 2017.

### Serious accidents and accidents with absence: being caught in machinery

Since fiscal 2015, the Ajinomoto Group has been implementing safety guidelines (original guidelines focused on tangible measures such as installation of safety covers) concerning areas of ancillary production work that pose a risk of getting caught in machinery, such as when washing equipment, removing clogs and residue, and doing maintenance. However, the number of victims of caught-in accidents (10) and, of those, serious injuries (8) in fiscal 2017 rose from the previous year (5 and 1, respectively).

Inadequate countermeasures of equipment and failure to implement basic actions specified in standard operation procedures, such as shutting off machinery before removing safety covers, were among the causes of these accidents. Business sites that experienced accidents promptly implemented safety measures, including equipment improvements. The entire Group was also thoroughly informed of safety measures to prevent the similar caught-in accidents in ancillary work.

### Ratio of caught-in accident by work type (FY2013–2017)



### Number of caught-in accident victims

People, serious accident victims in ( )

	FY2013	FY2014	FY2015	FY2016	FY2017
Japan	1(1)	6(4)	2(1)	2(1)	1(1)
Overseas <sup>[2]</sup>	3	3(2)	3(2)	3(0)	9(7)

[2] Overseas figures include only serious accident victims up to fiscal 2013, and both victims of serious accident and accident with absence from fiscal 2014 onward.

## ■ Serious accidents and accidents with absence: fall injuries

Since fiscal 2016, the Ajinomoto Group has been implementing comprehensive countermeasures to reduce the number of fall injuries following their rise in Japan in fiscal 2015. Each site has taken various actions, from improving facilities by installing handrails and converting steps into ramps, to holding hands-on training and fall-prevention exercises, which seek to counteract physical function decline among middle-aged and senior employees through self-assessments (recommended by the Ajinomoto Health Insurance Society.) In fiscal 2017, two fall prevention seminars were held for managers at group companies in Japan to further promote the measures. As a result, the number of serious fall injuries and injuries with absence declined from 24 people in fiscal 2016 to 14 people in fiscal 2017.



Hands-on fall-prevention training (AGF Suzuka, Inc.)

Overseas, the number of fall injuries with absence (including serious injuries) is rising. The Group plans to publish guidelines to prevent falls and low back pain.



Low back pain prevention exercises that can be done in small spaces (Ajinomoto Packaging Inc.)

## I Number of fall accident victims

People, serious accident victims in ( )

	FY2013	FY2014	FY2015	FY2016	FY2017
Japan	8(0)	6(2)	18(5)	14(2)	6(3)
Overseas <sup>[1]</sup>	1	13(3)	13(0)	6(1)	9(1)

[1] Overseas figures include only serious accident victims up to fiscal 2013, and both victims of serious accident and accident with absence from fiscal 2014 onward.

## ■ Serious accidents and accidents with absence: low back pain

Responding to a rise in low back pain injuries caused by unbalanced physical movements in Japan in fiscal 2015, since fiscal 2016 the Ajinomoto Group has been working to prevent these injuries, including leading preventive exercises prior to morning work, using assistive equipment to carry heavy objects, holding hands-on safety training for low back pain, and assessing work posture using the OWAS method (Ovako Working Posture Analyzing System). As a result, the number of low back pain incidents declined from six in fiscal 2016 to three in fiscal 2017. The Group will continue making work and workplace improvements.

## I Number of low back pain incidents

People, serious incidents in ( )

	FY2013	FY2014	FY2015	FY2016	FY2017
Japan <sup>[2]</sup>	5(0)	1(0)	8(0)	6(0)	3(0)

[2] The number is available only for group companies in Japan.



Practicing correct posture in safety training for low back pain (AGF Suzuka, Inc.)



Automatic transport robot (Ajinomoto Packaging Inc.)

## TOPICS

Fall injuries and low back pain prevention initiatives at Kawasaki Administration & Coordination Office of Ajinomoto Co., Inc. were presented at the 2017 National Industrial Safety and Health Convention organized by JISHA<sup>[1]</sup>, and also introduced in a series of best practices published by Japan's Ministry of Health, Labour and Welfare.

[1] Japan Industrial Safety and Health Association, a public benevolent corporation established in 1964 by Japan's Minister of Health, Labour and Welfare based on the Industrial Accident Prevention Organization Act with the aim of ensuring occupational safety and health and ending occupational accidents through the promotion of voluntary efforts by employers.



Presentation at Japan's National Industrial Safety and Health Convention

## ■ Serious traffic accidents

The number of victims of serious traffic accidents during work commutes increased from 9 in fiscal 2016 to 19 in fiscal 2017. All occurred overseas (from 5 to 16), most while riding a motorcycle, bicycle, or electric bicycle in China. While traffic systems face major challenges, the Ajinomoto Group strives to raise employee awareness through regular education and encouraging safe behavior, such as wearing helmets.

The number of company vehicle accidents involving injury in Japan has been declining since fiscal 2015 as a result of introducing driving data management systems since fiscal 2013, providing guidance with driving aptitude tests, and regularly implementing safety awareness measures. Driving recorders with GPS have been installed in all company vehicles as of July 2018, and will be used to prevent accidents by visualizing the driving conditions of all drivers.

## I Number of victims of traffic accident causing bodily injury

	People				
	FY2013	FY2014	FY2015	FY2016	FY2017
Japan <sup>[2]</sup>	21	21	9	4	3

[2] The number is available only for group companies in Japan.

## Occupational safety and health activities

### ■ Employee education

Routine education and training is key to ensure safety for every employee. The Ajinomoto Group has a number of ongoing programs, including safety and health seminars for managers as well as a management skills development seminar for manufacturing supervisors. Group companies also provide safety education suited to their particular operations, including hands-on training for each facility, and safety education for new employees using workplace-specific safety videos.



Employee education in Vietnam

## I Training at group companies in Japan in fiscal 2017

People, cumulative in ( )

Name of training	Details	Recipients	Number of trainees
Occupational safety and health seminar for top management	Seminar for top management to acquire the necessary safety and health knowledge (e.g., responsibility to consider safety) and to learn how to promote safety and health in a company (one full-day course) : Began in fiscal 2010	Managers	55(372)
Training for new internal auditors for OHSAS <sup>[1]</sup>	Basic education for checking PDCA cycles for the occupational safety and health management system and making recommendations for improvement (one two-day course) : Began in fiscal 2009 (two-day course since fiscal 2013)	Leadership positions	23(664)
Seminar for safety managers	Guidelines-based skills development education for those with safety management responsibilities (one full day course) : Began in fiscal 2016	Safety managers	14(34)
Seminar for supervisors	Guidelines-based skills development education for those with supervisory responsibilities (one full-day course) : Began in fiscal 2016	Supervisors	25(49)
Basic seminar for the management of chemical substances	Training for supervisors of chemical substances/safety and health to improve their skills by reviewing basic information on chemicals management (regulatory changes, risk assessment, safety data sheets (SDS), GHS labeling) (one full-day course) : Began in fiscal 2015	Chemicals supervisors	23(88)
Fall-prevention seminar	Training to promote an understanding of the mechanisms of falls, prevent physical function decline, and implement and practice equipment and work method-related measures suited to each workplace (two one-day courses) : Began in fiscal 2017	Managers Assistant managers	43(43)

[1] OHSAS is an international standard for occupational safety and health management systems.

### ■ Hands-on safety training

The Ajinomoto Group's worksites conduct a range of hands-on safety training programs. To increase their effectiveness, group companies in Japan has begun exploring the use of virtual reality (VR) in training to prevent accidents and injuries caused by forklifts and getting caught in machinery, with plans for a pilot introduction starting in fiscal 2018.



VR demonstration event (the Group's safety staff)

# Disaster preparedness protects lives

## Update of disaster preparedness

The Ajinomoto Group routinely collects information on natural disaster forecasting and damage prediction. It confirms the safety of buildings and production facilities and takes any steps needed, while also revising training. The Group has been strengthening its disaster preparedness in Japan, including seismic testing and reinforcement of business facilities based on earthquake and flood damage predictions from national and local governments. Placing top priority on protecting human lives, the Group incorporates preparedness measures into capital investment plans as necessary.

To strengthen large-scale disaster preparedness, secondary emergency response headquarters as well as supporting centers are set up at different sites in the event of a major natural disaster, and drills carried out. In fiscal 2015, a second supporting center was set up in Kyushu so that it could act as an alternative center if ever both the Tokyo headquarters and Osaka supporting center were rendered inoperable. In fiscal 2017, a second headquarters was set up at Kawasaki and satellite phones for use in times of emergency were installed. In fiscal 2016 and 2017, simulation training was conducted for a large Nankai Trough earthquake.

Reference

[Organizational Governance P136](#)

Risk management

Reference

[Group Shared Policy on Occupational Safety and Health](#)

## Enhanced lines of communication for initial disaster response

Ajinomoto Co., Inc. installed a system for inquiring about employees' safety in 2006 and keeps it up to date. Other group companies are also installing similar systems, and system operation training is carried out periodically.

When a major earthquake strikes, communication networks and other lifelines can be cut. Ajinomoto Co., Inc. has set up an emergency communication system using satellite phones. These phones have been deployed at key locations in Japan and in the homes of executive officers, and training is conducted periodically.

Emergency communication drills are also carried out periodically, based on simulations of a disaster occurring in the evening or on a holiday. In fiscal 2014 the Group began operating a disaster information sharing system, an online tool for rapidly collecting and confirming the disaster status of group companies and worksites, enabling more reliable communication in the wake of a disaster. In fiscal 2017, as a countermeasure for members out of the office and unable to immediately gather in the headquarters, the Ajinomoto Group developed a way to confirm the impacts of disaster from anywhere by using the disaster information sharing system.



Collecting damage condition information of each site at a disaster response headquarters

## Disaster drills

The Ajinomoto Group carries out disaster drills tailored to each region and business area. In Japan, in addition to drills at individual sites, the Group carries out group-wide ECP drills every September. The Group's Regional Task Force gathers information on employee safety and site damage conditions from each group company and site, and gives instructions as needed.

### Kawasaki Administration & Coordination Office, Ajinomoto Co., Inc.



Disaster response headquarters

### Kyushu Plant, Ajinomoto Co., Inc.



Fire-fighting drill with a water hose

### PT AJINOMOTO INDONESIA



Fire drill

# Human Rights

## Ajinomoto Group's approach

The Ajinomoto group recognizes that all of its business activities are premised on respect for human rights. With this premise, the Group aims to realize sustainable corporate growth, become a company that is even more essential for society, and contribute to healthy living for humankind.

The Group supports international standards for human rights including the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and its follow-up, and the UN Global Compact. All group officers and employees shall respect internationally recognized human rights and comply thoroughly with human rights obligations and related laws and regulations of the countries and regions where they do business.



Reference

Commitment to the UN Global Compact  
<https://www.ajinomoto.com/en/activity/csr/gc/>

## Ajinomoto Group Policies

### Basic Principles

#### 5. Approach to Human Rights

- 5.1 We conduct business activities based on an understanding of internationally recognized human rights and respect for international rules of conduct concerning human rights.
- 5.2 We work together with a wide array of stakeholders to avoid any complicity in the violation of human rights.
- 5.3 We respect fundamental principles and rights at work as follows. We: (a) recognize the right to freedom of association and collective bargaining; (b) prohibit the use of forced labor in any form; (c) prohibit the use of child labor; and (d) do not tolerate discrimination in employment.

#### Group Shared Policies

Group Shared Policy on Human Rights

### Relevant materiality and scope of impact on business activities

Materiality \ Supply chain	Suppliers	The Ajinomoto Group (development, production, logistics)	Distributors, users, consumers
● Undernutrition		○	○
● Overnutrition		○	○
● Child and forced labor	○	○	○
◆ Employee health and safety		○	
◆ Employee diversity		○	
Responsible marketing		○	○

Reference

Ajinomoto Group Materiality P9

# Human rights management

## Promotion framework

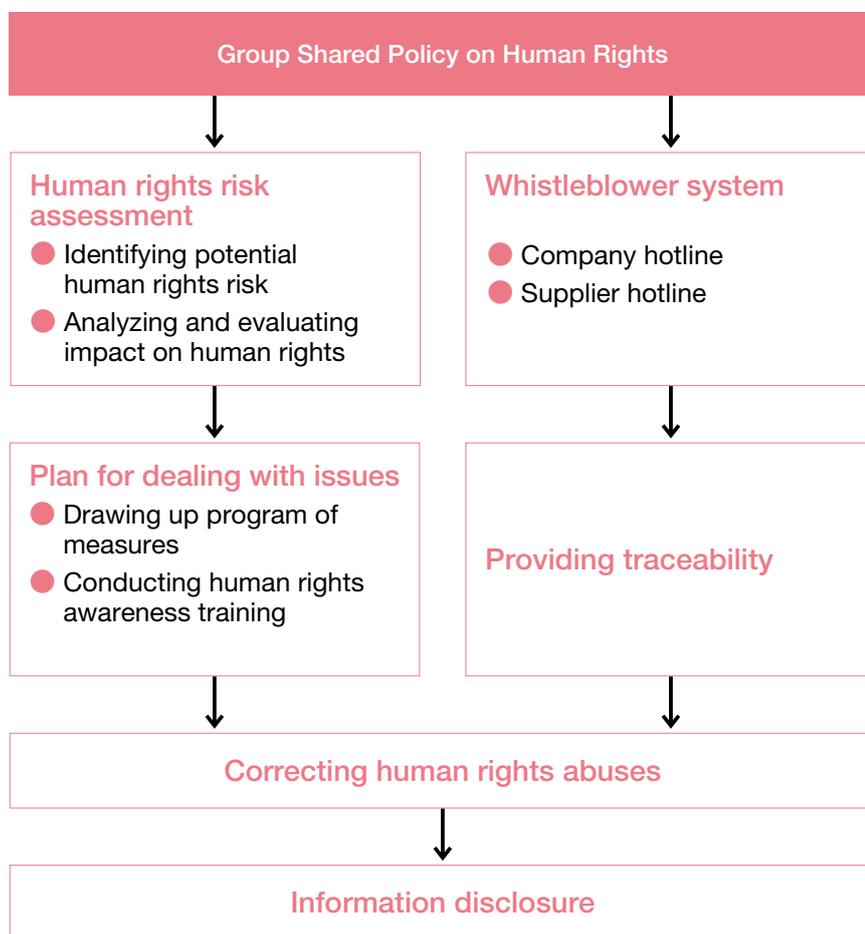
The Ajinomoto Group strengthened the Human Rights Advisory Committee functions in 2017 to address the broad range of human rights that society demands of corporations and implement the UN Guiding Principles on Business and Human Rights. The committee, composed of both functional and business divisions relevant to human rights, is now examining and raising awareness on global human rights issues in addition to issues specific to Japan, while also building a system for managing human rights through human rights due diligence.

In fiscal 2018, the committee plans to identify, analyze, and assess adverse human rights impacts on the Group to support steady, further steps toward taking appropriate actions.

## Management framework



## Human rights management system



## Human rights awareness training of employees

### ■ Cultivation of human rights awareness

In each group company, human rights awareness training is conducted to advance understanding of the Ajinomoto Group Policies (AGP), which prohibits any form of discrimination or harassment, and nurture talented people with a strong sense of human rights.

To support employees, including part-time and temporary workers, in identifying and resolving issues in the workplace, worksite meetings are held every year.

Ajinomoto Co., Inc. is committed to preventing workplace harassment. It performs assessments of all workplaces and regularly surveys all employees and compiles their opinions and examples into a workplace harassment casebook for all employees.

### ■ Expansion of the whistleblower hotline

The Ajinomoto Group has established the hotline as a whistleblower system that enables officers and employees, including part-time and temporary workers, to make reports or seek advice by phone, e-mail, fax, letter, or other means.

Using the guidelines to institute an internal reporting system based on the Whistleblower Protection Act, published by the Consumer Affairs Agency of Japan in December 2016, and actual usage of the current hotline, the Group developed its services and multiplied reporting channels starting from May 2018.

A supplier hotline was also created in June 2018 to receive reports from suppliers and facilitate the early detection and correction of Ajinomoto Group officer and employee behaviors that are potentially in violation of the law or AGP. Ultimately, the system will also be used to detect human rights, environmental and other violations in the supply chain.

Reference

Organizational Governance P135

Expansion of the whistleblower hotline

## Identification of human rights issues

### Identification of food industry's potential issues for full-fledged implementation of human rights due diligence

The Ajinomoto Group conducted a basic study by country or region in fiscal 2014 with the goal of understanding the risks that negatively affect human rights. The Group then clarified and analyzed the critical issues that need to be addressed over the whole value chain, based on cases of human rights-related issues specific to the food industry and risks that manifested in different locations.

In October 2017, the Group also implemented the Group Shared Policy on Human Rights based on the UN Guiding Principles on Business and Human Rights, in order to fulfill its responsibility to respect human rights by creating a mechanism and showing its continuing commitment to human rights due diligence. Among the food industry's potential human rights issues, critical human rights issues deeply involving the whole group were collected.

To identify the critical issues, a quantitative study was conducted by assessment of significant impact by business domain and country of ten human rights issues that are closely related to business in general, based on the human rights risk database of Verisk Maplecroft, a global risk analytics organization. The results showed that the overall risk level of the industries in which the Group operates its businesses is medium to low, and identified that the food industry's potential human rights issues of occupational safety and health, forced labor and child labor should be given top priority. Occupational safety and health was found to be a major issue in many countries, while forced and child labor issues are particularly serious in Thailand and Brazil.

The Group also conducted a desk study<sup>[1]</sup> of the food industry to identify value chain segments and stakeholders that are deeply involved with potential human rights issues. The results revealed that occupational safety and health issues can potentially arise over the whole value chain. Moreover, addressing child and forced labor is critical in procurement and production. Also, stakeholders that may possibly be affected by the food industry in general include workers, consumers and local communities.

The Group plans to go forward by checking human rights impact analyses and assessments within the Group's businesses and drawing up more concrete plans.

[1] Industry-based risk information analysis by a researcher based on the 30 basic human rights articles in the Universal Declaration of Human Rights and the core labour standards of the International Labour Organization (ILO), and not on field surveys.

### Stakeholders that may possibly be affected by the food industry

Workers	Consumers	Local communities
Workers may be affected by low wages, long hours of work, and the lack of protection of workers' rights such as restrictions on freedom of association and collective bargaining.	Consumer health may be affected by unhealthy foods, such as high sugar content and high calorie foods.	The livelihood of local communities may be affected by activities, from production of agricultural produce to disposal/recycling of products.
Stakeholders in particular need of consideration: Immigrant workers, women and children	Stakeholders in particular need of consideration: Children	Stakeholders in particular need of consideration: Women, children and indigenous people

## Column

## Labor conditions survey of foreign trainees in group companies in Japan

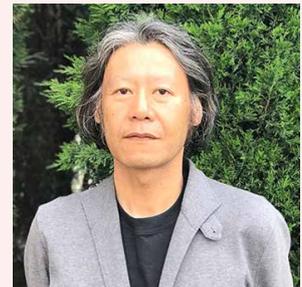
Because of news reports of human rights violations related to the Technical Intern Training Program in Japan and abroad, the Ajinomoto Group conducted a survey of the labor conditions of foreign workers who are under the program within the Group in fiscal 2017. The Group appointed a third-party organization with experience in supply chain factory audits to conduct the survey of the labor situation of 125 trainees from the Philippines, Vietnam, Indonesia and Myanmar and interviews in their native language in three group companies (AJINOMOTO BAKERY CO., LTD., ACE BAKERY Co., Ltd. and Delica Ace Co., Ltd.) that accept trainees. No particular problems were found and the results confirmed that the trainees were highly satisfied with their life in Japan.

The Group will continue to conduct operations in accordance with the intent of the technical intern training program.



## VOICE

In September 2017, we conducted supply chain audits of three factories. Apart from minor matters, we were deeply impressed with the Ajinomoto Group's attitude as a global food company toward improving working conditions and environment. By continuing with these efforts, we look forward to their leadership among Japanese corporations.



**Masaki Wada**

Director, The Global Alliance for Sustainable Supply Chain

# Organizational Governance

## Ajinomoto Group’s approach

By enhancing corporate governance and building positive relationships with its stakeholders, the Ajinomoto Group aims to become a “Genuine Global Specialty Company” that can grow sustainably and enhance its corporate value.

In July 2018, the Ajinomoto Group Policies (AGP) were established by integrating the Ajinomoto Group Principles with a set of policies developed to enhance global governance under the Group Policy Index framework since 2016. The new AGP reflects recent changes (November 2017) to the Japan Business Federation’s (Keidanren) “Charter of Corporate Behavior.”



## Ajinomoto Group Policies

As the foundation of Our Philosophy, the Ajinomoto Group Policies (AGP) are at once a code of thinking and conduct for all the group companies and their officers and employees, and a vow to all stakeholders to follow them with integrity.

The AGP is composed of 11 basic principles and a series of corresponding group shared policies. The AGP is published online in 22 languages<sup>[1]</sup>, including Japanese and English language versions, to serve countries and regions in which the Group operates.

[1] In alphabetical order: Arabic, Bengali, Burmese, Chinese (simplified), Chinese (traditional), English, Filipino, Flemish Dutch, French, German, Indonesian, Japanese, Khmer, Korean, Malay, Polish, Portuguese, Russian, Spanish, Thai, Turkish, Vietnamese.



## I Group Policy Index

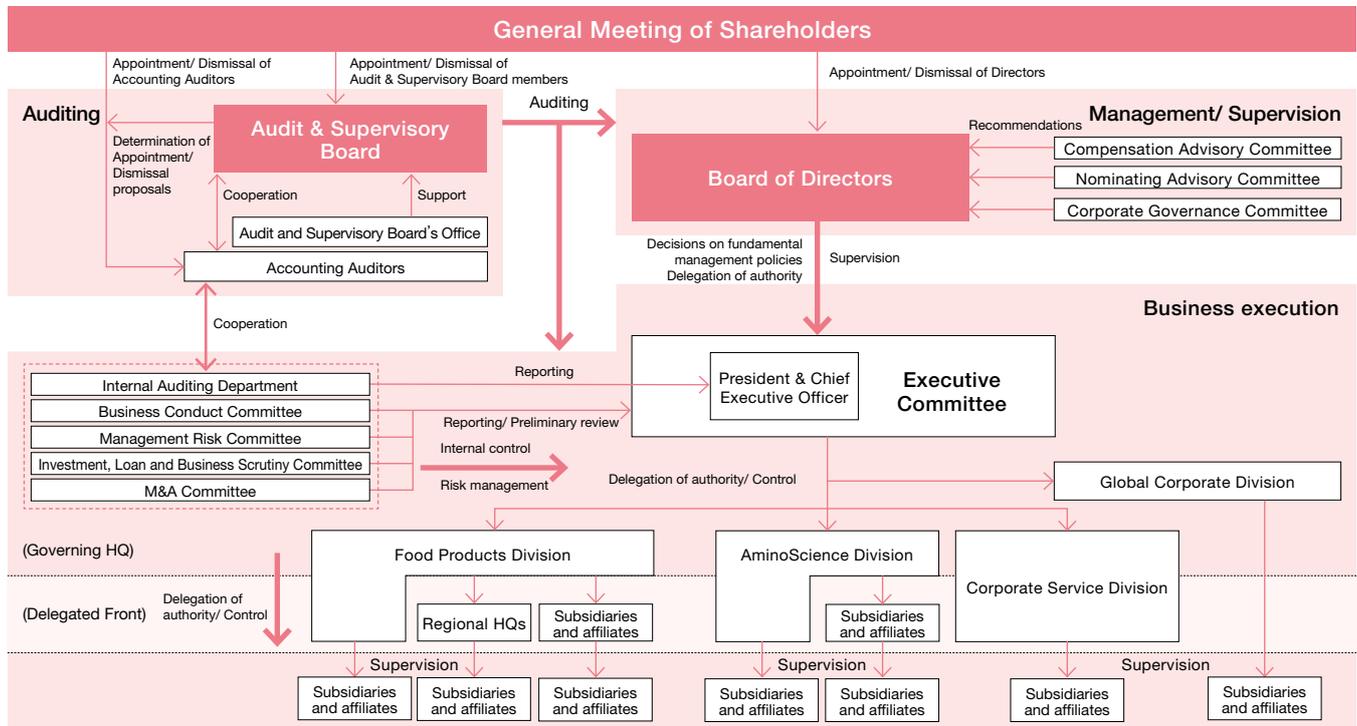
Basic Principles	Group Shared Policies	Basic Principles	Group Shared Policies
1. Initiatives to Improve Nutrition	<ul style="list-style-type: none"> <li>● Nutrition</li> <li>● Product accessibility</li> </ul>	6. Human Resources Training and Ensuring Safety	<ul style="list-style-type: none"> <li>● Human resources</li> <li>● Occupational safety and health</li> </ul>
2. Provision of Safe, High-Quality Products and Services	<ul style="list-style-type: none"> <li>● Quality</li> <li>● Food safety</li> <li>● Package description</li> <li>● Marketing communications</li> </ul>	7. Working with Local Communities	<ul style="list-style-type: none"> <li>● Local community enhancement</li> </ul>
3. Contribution to the Global Environment and Sustainability	<ul style="list-style-type: none"> <li>● Environment</li> </ul>	8. Responsibilities to Stakeholders	<ul style="list-style-type: none"> <li>● Global tax</li> <li>● Information sharing with stakeholders</li> </ul>
4. Fair and Transparent Transactions	<ul style="list-style-type: none"> <li>● Procurement</li> <li>● Suppliers</li> <li>● Bribery prevention</li> <li>● Political activities and political contributions</li> </ul>	9. Protection and Management of Corporate Assets and Information	<ul style="list-style-type: none"> <li>● Information security</li> <li>● Privacy</li> <li>● Intellectual property</li> </ul>
5. Approach to Human Rights	<ul style="list-style-type: none"> <li>● Human rights</li> </ul>	10. Clear Separation of Business and Personal Affairs	—
		11. Establishment and Implementation of Good Governance	<ul style="list-style-type: none"> <li>● Governance</li> <li>● Risk management</li> <li>● Fraud and defalcation prevention</li> <li>● Whistle-blowing</li> </ul>

## ■ Scope of the AGP

The AGP applies to Ajinomoto Co., Inc. and its consolidated subsidiaries (34 in Japan, 88 overseas) as of July 1, 2018.

# Corporate governance framework

## I Corporate governance framework



### Audit & Supervisory Board

The Audit & Supervisory Board members work together with the accounting auditor and Internal Auditing Department to conduct audits on the execution of duties by directors.

### Nominating Advisory Committee

The Nominating Advisory Committee consists of four directors, including three outside directors. The Committee receives inquiries from the Board of Directors and deliberates on such matters as director nominees and proposals for the election of directors with titles and representative directors. The results of these deliberations are reported to the Board of Directors.

### Board of Directors

The Board of Directors makes decisions on important business matters and supervises the execution of duties by directors and corporate executive officers.

### Compensation Advisory Committee

The Compensation Advisory Committee consists of four directors, including three outside directors, and one corporate vice president. The Committee receives inquiries from the Board of Directors and deliberates on proposals for compensation of director and corporate executive officer, etc. The results of these deliberations are reported to the Board of Directors.

### Executive Committee

The Executive Committee deliberates on basic company management policies and makes important decisions concerning business execution.

### Corporate Governance Committee

The Corporate Governance Committee consists of five directors, including three outside directors, and one Audit & Supervisory Board member (external). The Committee receives inquiries from the Board of Directors and holds discussions on matters related to governance. The results of these discussions are reported to the Board of Directors.

## I Overview of the corporate governance structure

Main Items	Current Status
Type of system	Company with Audit & Supervisory Board
Number of directors (including outside directors)	9 (3)
Number of Audit & Supervisory Board members (including Audit & Supervisory Board members [external])	5 (3)
Number of Board of Directors' meetings held (FY2017) (Average attendance rate of outside directors) (Average attendance rate of Audit & Supervisory Board members [external])	17 (96%) (98%)
Number of Audit & Supervisory Board meetings held (FY2017) (Average attendance rate of Audit & Supervisory Board members [external])	14 (100%)
Directors' term of office	2 years
Adoption of corporate executive officer system	Yes
Voluntary committees of the Board of Directors	Nominating Advisory Committee, Compensation Advisory Committee, Corporate Governance Committee
Compensation systems for officers, etc. <sup>[1]</sup>	(1) Monthly compensation, (2) Short-term company performance-linked compensation, (3) Medium-term company performance-linked stock compensation
Accounting auditor	Ernst & Young ShinNihon LLC

[1] Outside directors and Audit & Supervisory Board members only receive (1).

Reference →

**Corporate Governance Report**  
[https://www.ajinomoto.com/en/ir/strategy/corp\\_gov.html](https://www.ajinomoto.com/en/ir/strategy/corp_gov.html)

Reference →

**Integrated Report 2018 P41-49**  
 Corporate Governance

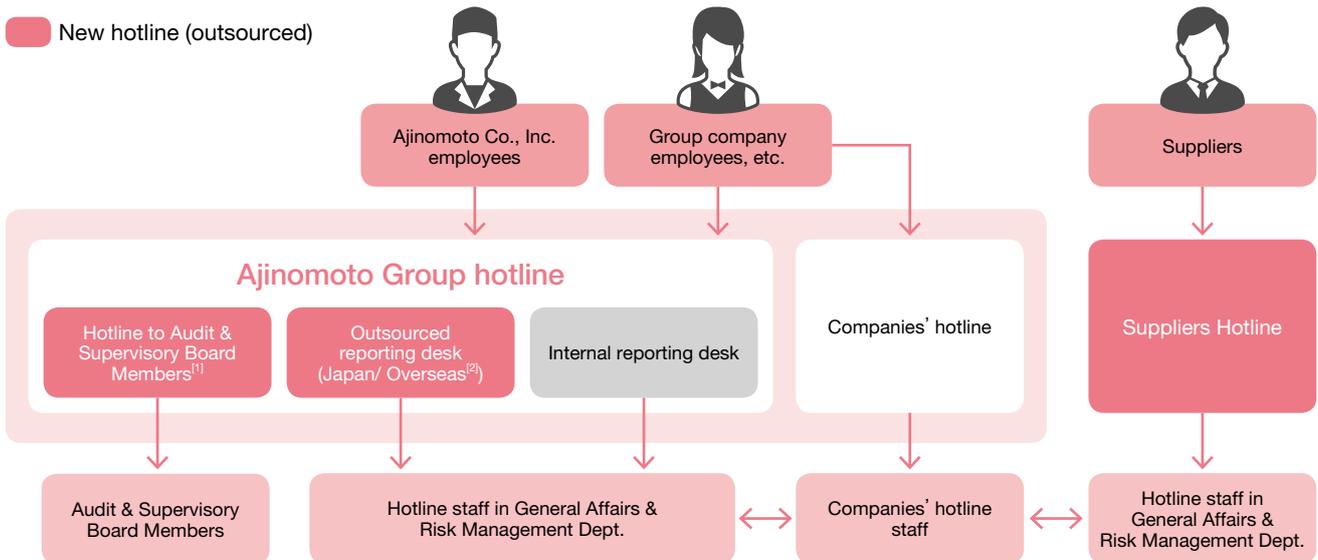
## Expansion of the whistleblower hotline

The Ajinomoto Group has established the hotline as a whistleblower system that enables executive officers and employees, including part-time and temporary workers, to make reports or seek advice by phone, e-mail, fax, letter, or other means.

Using the guidelines to institute an internal reporting system based on the Whistleblower Protection Act, published by the Consumer Affairs Agency of Japan in December 2016, and actual usage of the current hotline, the Group developed its services and multiplied reporting channels starting from May 2018.

[1] Limited to problems directly involving directors or officers  
 [2] Online reporting in local language

### Whistleblower system development and addition of reporting channels



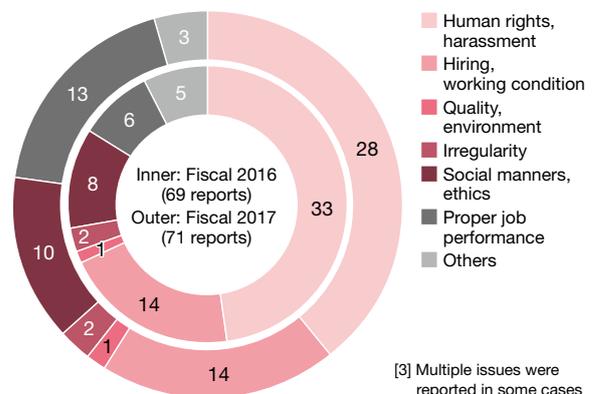
#### Overview

- 1. Addition of reporting lines**  
 To encourage reporting, the following new lines were established.
  - (1) Outsourced reporting desk shared by the Group, in addition to internal lines of individual companies
  - (2) Hotline to Audit & Supervisory Board Members for reporting incidents in which executives are directly involved
  - (3) Progressive deployment of system that enables overseas group company employees to report directly in their native language online
- 2. Creation of supplier hotline**  
 A line for receiving reports from suppliers were created to facilitate the early detection and correction of Ajinomoto Group executive and employee behaviors that are potentially in violation of the law or AGP. Ultimately, the system will also be used to detect human rights and environmental violations in the supply chain.

#### Review

The Business Conduct Committee reports anonymized hotline content to the Executive Committee and Board of Directors every quarter.

#### Number of hotline reports<sup>[3]</sup>



### Harassment advisory service

Ajinomoto Co., Inc. and some of its group companies in Japan have assigned in-house staff to a dedicated harassment advisory service to complement the service it has outside the company.

# Risk and crisis management

The Ajinomoto Group established the Risk Management Committee in 2002 to enhance its capacity to respond to accidents and incidents based on proactive risk prevention.

In 2014, the Subcommittee for Management Risks was established under the direct control of the Risk Management Committee. Considering the macro business environment under rapidly and dynamically changing global political, economic and social conditions, the subcommittee evaluated risks that cannot be grasped by a bottom-up approach, instead using a cross-functional management approach, and reported to the Executive Committee.

To facilitate cross-organizational evaluation and management of significant risks and to ensure timely and effective crisis response, a committee under direct management was reorganized in October 2017. Risk Management issues were subsequently given to the Management Risk Committee and crisis management issues to the Business Conduct Committee.

## Risk management

### ■ Promotion framework

By promoting strategic risk management, the Ajinomoto Group aims to strengthen its resilience to risk and enhance corporate value. To that aim, progress on identifying and responding to significant risks for cross-organizational management is checked and managed, and autonomous risk management is encouraged.

### I Promotion framework



### ■ Significant risk identification and response

The Ajinomoto Group has compiled a list of 12 significant risks for cross-organizational management in fiscal 2018 and is actively monitoring risk response progress.

Reference →

Integrated Report 2018 P51  
Response to Major Risks

- |  |   |  |
|--|---|--|
| 1. Unstable global conditions                      | 6. A delay in decarbonization efforts                                 | 10. A delay in IT innovation                         |
| 2. Insufficient governance                         | 7. A delay in reducing waste production and recycling efforts         | 11. A delay in formation of IT management structures |
| 3. Global competition                              | 8. Social and environmental procurement risks                         | 12. A delay in establishment of IT infrastructures   |
| 4. Water risk                                      | 9. Insufficient response to preference for natural & organic products |  |
| 5. National and regional environmental regulations |   |  |

## ■ Autonomous risk management

Each department and group company appoints a general manager responsible for risk management and a person in charge of risk management who conduct their own management using the PDCA cycle. Aggregating and analyzing these bottom-up risks gives a clear overview of risk trends across the Ajinomoto Group.

In fiscal 2018, the Group identified key risk areas as follows: 1) Product, manufacturing and distribution risk involving quality problems, 2) Accident and disaster risk at worksites, 3) Information management risk including trade secret leaks, 4) Legal risk of non-compliance with national laws, 5) Labor management risk stemming from legal and cultural differences between countries and regions.

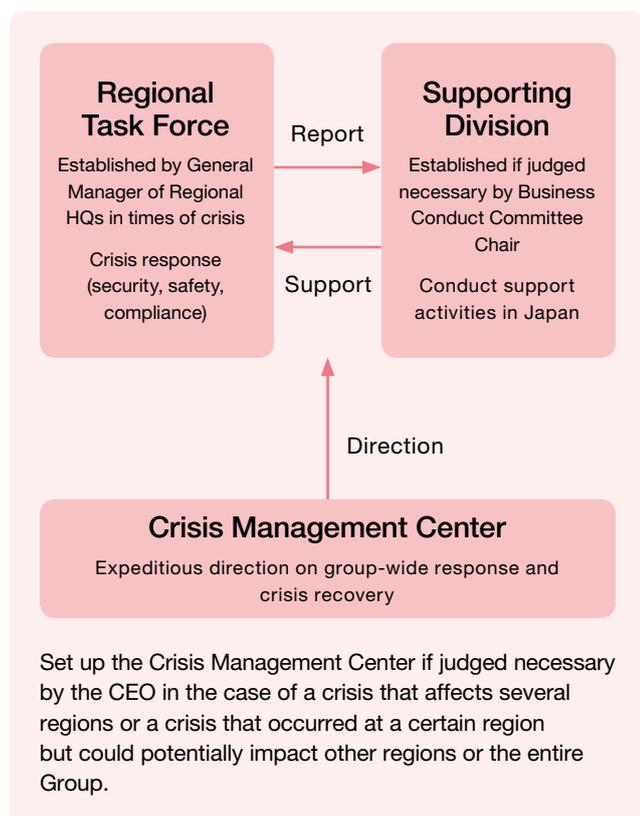
## Crisis management

### ■ Crisis management system

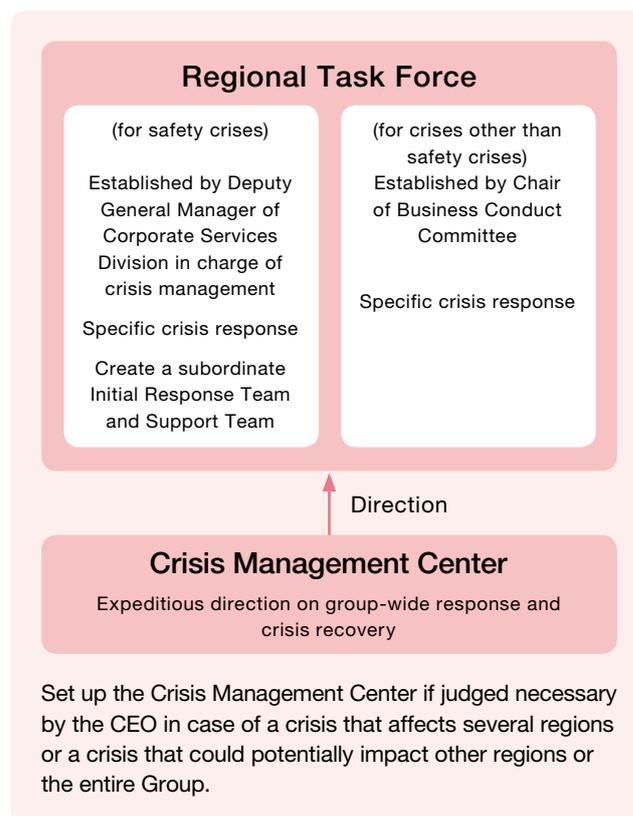
The Ajinomoto Group maintains tangible and intangible crisis responses strategies and builds action plans to respond swiftly and to minimize damage in times of crisis. In an emergency, the Group prioritizes human safety, society and business, in that order.

For a significant crisis as defined under the August 2017 Ajinomoto Group Crisis Management Regulations, the Group structures a management system that enables those in the field to focus on promptly taking necessary actions and receiving backup support if required through integration and control of information.

#### I 1. Response to a crisis outside Japan, except for South Korea and Taiwan



#### I 2. Response to a crisis in Japan, South Korea or Taiwan



## ■ Significant crises as defined under the Ajinomoto Group Crisis Management Regulations

Type	I. Security	II. Safety	III. Compliance
Definition	Events that may affect human life such as destructive or violent actions caused by the intentions of a specific person or group	Events that may affect human life, including regional society, such as a disaster or incident that occurs regardless of the intentions of a specific person or group	Major social problems related to compliance violations, whether intentional or not
Event	<ol style="list-style-type: none"> <li>1. Kidnapping</li> <li>2. Intrusion into facilities and/or destruction of equipment</li> <li>3. Terrorism</li> <li>4. Disturbances</li> <li>5. Coup d'état, civil war</li> </ol>	<ol style="list-style-type: none"> <li>1. Natural disaster</li> <li>2. Epidemic</li> <li>3. Occupational disaster/ commuting disaster</li> <li>4. Large facilities accident</li> </ol>	<ol style="list-style-type: none"> <li>1. Violation of laws</li> <li>2. Scandals</li> <li>3. Religious issues</li> </ol>

## ■ Enterprise Continuity Plan (ECP)

The Ajinomoto Group has been developing an ECP and infrastructure of Regional Task Force for the Japan Region to protect against large-scale disasters and other safety-related crises. In fiscal 2017, the Group started strengthening these measures by initiating a framework which enables Task Force personnel to confirm necessary information even from outside the company if personnel cannot immediately reach headquarters due to a crisis occurring during the night, holidays or business trips. In addition, all executives in Japan have been granted graded proxy executive decision-making power to ensure a person of power is available at all times.

# Compliance framework

## ■ Promotion framework

The Ajinomoto Group is seeking to strengthen its management base and enhance its corporate value by cultivating an open corporate culture and building strong crisis management structures through improved compliance awareness and a deep understanding of the Ajinomoto Group Policies (AGP).

Ajinomoto Co., Inc. has the Business Conduct Committee to promote compliance awareness of the entire Group by ensuring that all personnel are well informed about the AGP, and verifying that business activities comply. Major group companies have also set up their own business conduct committees to boost AGP awareness and address their unique issues by country, region, and company.

## I Role of the Business Conduct Committee

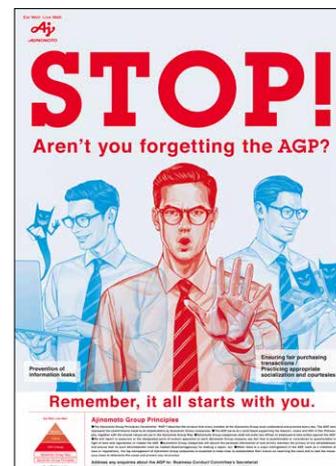


## Instill AGP values, raise compliance awareness

### ■ Compliance education for employees

The Ajinomoto Group is conducting the following training and educational activities in fiscal 2018 to boost awareness and understanding of AGP and of the whistleblowing system.

1. Compliance training  
Compliance training sessions for managers of the group companies in Japan are conducted (six times a year, approx. 400 participants) as well as education sessions for new hires and promoted employees, and grade-specific training.
2. Educational posters  
A poster is produced every year in 12 languages as a drive to improve compliance awareness across the Group.
3. Compliance education message  
A compliance education message is sent each time employees of the group companies in Japan turn on their computers, which provides daily compliance-related reminders.



Fiscal 2017 AGP awareness poster

### ■ Worksite meetings on the AGP

Since 1998, members of the Business Conduct Committee have been visiting worksites at Ajinomoto Co., Inc. to talk with employees about the standards of business conduct (currently about the AGP) and hear directly about issues concerning compliance in the workplace. In fiscal 2017, 30 AGP worksite meetings were held for 297 participants. Group companies in Japan also hold similar meetings every year.

Meeting summaries are shared by Committee members with organizational heads and by participants with their workplaces, and posted on the intranet for all employees to read. Any compliance issues raised at these venues that acknowledge company-wide efforts are then reported to the Committee for discussion, and are incorporated into specific measures to advance AGP and activities to promote compliance. Fiscal 2017 meetings focused primarily on the results of work-style innovation, and compliance-related issues. The Company will continue focusing on this initiative to promote AGP.



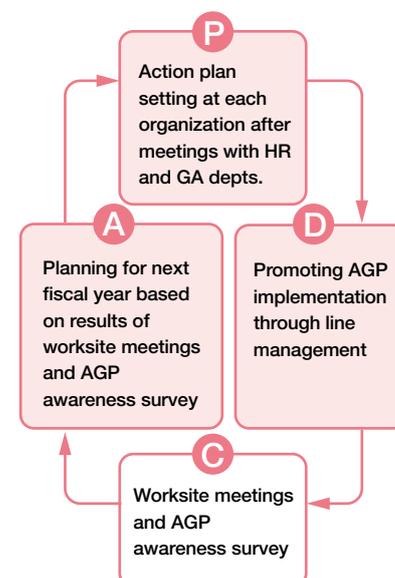
AGP worksite meeting at headquarters of Ajinomoto Co., Inc.

### ■ AGP awareness survey to check the level of understanding and identify compliance issues

Each November, Ajinomoto Co., Inc. and its group companies in Japan ask all employees to answer an AGP awareness questionnaire to monitor awareness and understanding of the AGP and to get a clear grasp of any compliance issues in each company and at every worksite. In fiscal 2017, approximately 13,000 employees responded.

The results are reported to the Business Conduct Committee, shared with participating group companies, and made available to all employees on the intranet. Companies cooperate closely with relevant worksites to address any noted compliance issues.

### Functions of worksite meetings and AGP awareness survey



# Cybersecurity & personal information management

## Basic cybersecurity policy

The Ajinomoto Group defines cybersecurity as a significant risk. As such, the Group is extremely attentive to the handling of customer and confidential corporate information and has formulated the Group Shared Policy on Information Security and related group-wide regulations, standards and guidelines. The Group also started considering formulation of IoT network guidelines to address the risks of information leakage from IoT devices and external hacking. The Group is now considering applying such guidelines to group companies in fiscal 2018.

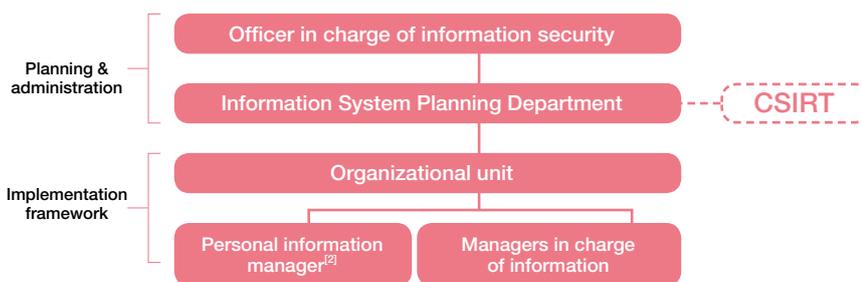
In the face of recent rapidly advancing IT, the Group informed all group companies of the creation of Information Security Regulations effective April 2018 as a management and operational rule of the information and information system.

### Reference

Group Shared Policy on Information Security

## Information security management system

The Ajinomoto Group is considering to establish a CSIRT<sup>[1]</sup> framework designed to strengthen comprehensive security management systems across the Group.



[1] Computer security incident response team

[2] Personal information managers

#### Selection process:

Organizational unit manager selects candidates from managers within the organization and registers application with the Information System Planning Dept.

#### Role:

- 1) Management of personal information-related business within the organizational unit (adherence to rules, ensure appropriateness)
- 2) Due diligence of business contractors based on business audits and audit results
- 3) Training on handling of personal information within the organizational unit

## Information security training

Ajinomoto Co., Inc. conducts information security training seminars for new hires and managers. As part of such training, the Information Management Guidebook (revised, electronic version) is introduced to all employees, and comprehension of its contents is subsequently tested.

The Company also introduced training on targeted mail attacks for executives and employees in fiscal 2016 as part of its information security response effort. In fiscal 2017, this training was expanded to include the group companies in Japan.



Information Management Guidebook

## Main training results (fiscal 2017)

1. Group training for line managers in business and sales divisions: Three times, 240 participants
2. Group training for line managers in production and R&D divisions: Three times, 250 participants
3. Group training for new hires: 85 participants
4. Comprehension test via e-learning for group employees: Currently conducting in Japan, intend to expand globally

## ■ Ongoing initiatives to prevent leakage of confidential information

Ajinomoto Co., Inc. and group companies in Japan introduced an AI-driven behavior detection system on standard PCs for thorough detection of fraud. It was first introduced in Ajinomoto Co., Inc., then four group companies and gradually expanding.

The Ajinomoto Group builds a consistent vulnerability response strategy by conducting annual external security checks of each company's website. The Group also started assessments of overseas group companies to prevent leakage of trade secrets.

## ■ Rigorous management of personal information

To securely manage customer data and other personal information, the Ajinomoto Group informs relevant organizations of clearly defined rules and procedures as part of its organizational business management. At Ajinomoto Co., Inc., the Personal Information Management Guidelines under the Information Security Regulations specify rules and procedures for securely handling personal information. The guidelines are based on the ISO 27001 standard for information security management systems.

The Company's information handling rules are covered in grade- and job-specific training, such as programs for new hires, managers, and sales staff. When operations are outsourced, the contractor's business and systems are assessed to ensure a similar high level of information security. Personal information is centrally managed in a company-wide database in order to ensure better security.

The Company has been building a system for managing customer personal information more strictly on the collection of personal information for campaigns, consumer surveys, etc. The rules demand the selection of personal information managers under the jurisdiction of organizational managers, and clarify the persons responsible for or in charge of the collection, storage and deletion of personal information, as well as who might access or use the collected data.

Following revisions to the Personal Information Protection Law in Japan in May 2017, the Company has revised its internal processes and handling guidelines, and is regularly educating personal information managers in each organization. The Group is preparing to address EU's General Data Protection Regulation (GDPR), effective May 2018.

## ■ Information security inspections

Ajinomoto Co., Inc. conducts information annual security inspections periodically at all worksites. The inspections mainly focus on the basic elements of proper information handling, including management of IT equipment, confidential information, and personal information. The Company also conducts annual checks of external cloud service use and its management status.

# CSR management

## Valuing expert opinion

The Ajinomoto Group values external opinion for advancing its CSR objectives. From 2005 to 2010, the Group gathered comprehensive feedback on CSR strategy from outside experts to specify its activity themes to the three material issues of 21st-century human society (health and well-being, food resources, global sustainability) and contribute to society through business as strategic CSR. Since 2011, the Group has deepened its understanding of these issues by holding theme-specific dialogues, including with experts overseas to incorporate a more global perspective. The Group also conducted surveys and hearings with experts to help pursue the SDGs adopted at the United Nations in September 2015, and reviewed its own materiality and individual activities.

Reference →

**Materiality assessment P8**  
**Dialogues and Collaboration with Stakeholders P11-14**

Reference →

**History of ASV and integration on target setting**

[https://www.ajinomoto.com/en/ir/esg/asv\\_history.html](https://www.ajinomoto.com/en/ir/esg/asv_history.html)

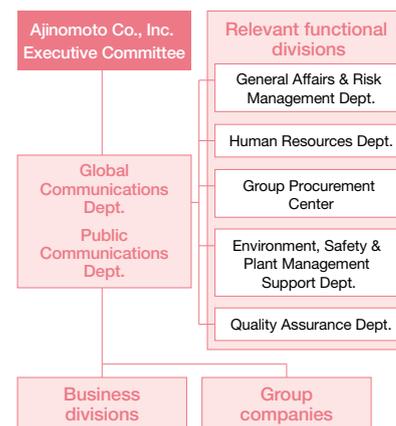
## CSR management through ASV

The Ajinomoto Group has been striving to foster a group-wide understanding of ASV as the core of corporate strategies for realizing its vision over the medium to long term. In its 17-19 MTP, 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.

For CSR management, the Group is building and implementing a management system based on the Ajinomoto Group Policies (AGP) and relevant internal rules, and modeled after ISO 9001, ISO 14001, and other standards, with processes optimized on a continual basis. On CSR information disclosure, the Group strives to meet the expectations of investors and other stakeholders with reference to ISO 26000 since fiscal 2012, and to the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) since the 17-19 MTP.

The secretariat of these initiatives is the Ajinomoto Co., Inc. Global Communications Dept. and Public Communications Dept., which oversee group policy development, planning, and stakeholder communication in partnership with various functional divisions.

## CSR management promotion



# Global Review

“The Ajinomoto Group Sustainability Data Book 2018” has been reviewed by representatives of important stakeholder groups in the Americas, Europe, and Asia. The Ajinomoto Group will use their input to help shape its future sustainability initiatives.

## Perspective from Europe

### Making the right connections

The Ajinomoto Group (“the Group”) once again connects the dots of sustainability impressively. Corporate sustainability is a complex field that requires considerable depth of understanding across a range of internal and external dimensions. With great maturity, the Group sees itself as a company that is far more than the products it develops; the Group is changing lives, improving health and nutrition and elevating the quality of life both through its products, the processes it adopts and the connections it makes.

This nexus of people, food, nutrition, health, lifestyle and sustainable planet offers almost infinite possibilities to improve the way we live. The Group showcases how it is actively realizing these opportunities and driving better living in multiple ways. This is the richness of the Group’s sustainability, and it provides a coherent structure for the company’s disclosure. The three core deliverables of the Group’s outside-in approach to solving social issues while realizing sustainable growth - “Health and Well-being,” “Food Resources” and “Global Sustainability” - are supported by a strong foundation of doing business in a smart, resource-efficient and people-oriented way. The Group’s non-financial targets are supported by defined business activities required to achieve them – a holistic shared-value presentation. There is no doubt that the Group is making all the right connections.

### Scale and breadth with focus

For those who take the time to go beyond the headlines of the Group’s report, they will discover the breadth and scale of the work that the Group is undertaking beyond the core business of creating new products. A few examples to give you an idea: the creation of a Cooking Studio in Vietnam to teach home cooking and healthy nutrition to young people; a program for automatic menu suggestions using Artificial Intelligence; functional foods using amino acids that address stress and fatigue; investment in medical foods offering solutions for people with special needs; cell culture media for regenerative medicine and technologies for preventive screening for disease based on amino acid concentrations in blood. In addition, the Group describes a rich global program of community investment and engagement in initiatives that support nutritional education, healthier lifestyles and the advancement of science. The Group’s focus also includes the food-ag supply chain: protecting biodiversity, promoting efficient crop growth, reducing food waste and sustainable sourcing are examples of smarter, optimized interaction with the natural environment as the company delivers benefits to society.

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[www.b-yond.biz](http://www.b-yond.biz)



These examples of practice are mission-critical for the achievement of global prosperity as defined by the United Nations’ Sustainable Development Goals (SDGs) – notably Zero Hunger (2) and Good Health and Well-being (3) and several others.

### Transparency beyond expectation

In disclosing its sustainability performance, the Group transparently provides detail of its own operations, presented with meticulous attention to the information needs of different stakeholders, in a logical flow and with superior clarity. Each main chapter starts with the Group’s approach, relevant corporate policies and an overview of global challenges and impact areas. This is supported by examples of practice in each area and where relevant, very thorough data tables. For example, the Group provides resource consumption data by country for 5 years, against a defined baseline, both in absolute and normalized measures. Greenhouse gas Scope 3 emissions are detailed in several categories – far beyond that which companies generally disclose. Human resources data is equally detailed - including interesting metrics such as 3-year graduate retention rates or paid leave utilization rates and others. While not every stakeholder will be interested in this extensive detail – arguably it’s more than most can digest! – the underlying value of this disclosure is that it gives confidence that the Group is in control of the key parameters affecting its impacts on society and the planet, and on the issues that, conversely, can affect sustainable business growth. I rarely come across a company that has such robust control of data – this is immensely powerful both as a management tool and as a confidence-builder in the Group’s core value-creation capabilities.

### Towards measurable shared value

So far, I have expressed my view that the Group is working on the right things, advancing appropriate initiatives and transparently presenting its performance in a holistic and comprehensive way. The opportunities to improve the disclosure (aside from making it more compact - 144 pages are rather weighty!) are primarily rooted in getting closer to what’s really happening on the ground. As I read about all the incredible initiatives for changing health and lifestyle habits undertaken by the Group, I often find myself wondering: what

difference did this really make? I believe there is opportunity for the Group to define not only what it is doing – but what the impact (or outcomes) of those activities are. It's not enough to sell more products and say that you have changed people's lives. How do you know they have benefited in the way that was intended? It's not enough to run an education program and say that 8,000 children attended. How do you know they listened? How do you know they will behave differently? I would encourage the Group to better shape its story by measuring the difference it is making in society by embedding some form of social outcome metric for key initiatives. This will make the disclosure more robust and further deepen our confidence in the Group's ability to deliver not only shared value, but truly measurable shared value.

## Perspective from Europe

### Introduction

The approach of the Ajinomoto Group (“the Group”) to the management and communication of its sustainability performance has developed considerably over the past years, indicating the importance of the topic to the organization.

The nature of the Group’s products and production processes mean that the Group is well placed to make a significant contribution to sustainable business practice, as well as meeting the growing global challenges of nutrition, health and increasing pressure upon resources.

### The Ajinomoto Group and the big picture

“The Sustainability Data Book 2018” and “Integrated Report 2018” present a very good overview of how the Group connects to the big picture. They present a clear view of the global megatrends that are most likely to impact the business and also of the connections between business activities and the UN Sustainable Development Goals (SDGs). The Group’s consistent and creative presentation of thematic links between its activities and relevant SDGs is an excellent aspect of connecting business to the bigger picture.

### Developing a sustainable narrative

The best sustainability reports present a full picture of a company’s activities, dependencies, vulnerabilities and impacts. In this area, the Group has some opportunities to progress by more clearly exploring how the raw materials they are dependent upon may present sources of risk and opportunity in a fast-changing world. In addition, reports which present a strong narrative are those which connect with target audiences most effectively. Such a narrative would present a logical story of the relationship between the company’s activities, its social and environmental impacts, its ambition and vision for sustainability and its priority (material) issues for management. It would also disclose the process used to identify these material issues and present clear goals and performance information for each material issue.

The Group has opportunities to further evolve their approach to reflect this type of narrative, especially through structuring their reporting according to their material sustainability priorities. For a stakeholder, gaining a picture of how priorities relate to goals and targets, and in turn to continual performance improvement, is more meaningful than a report organized by business division or internal company structures.

Another area for consideration is for the Group to clarify how its sustainability management and reporting is informed by best practice. The Group actively references its use of leading approaches such as the SASB, GRI and uses the ISO 26000 Social Responsibility Guidance. However, it is not always clear just how these are used, i.e. as general sources of information and guidance, or as specific processes which the Group seeks alignment to.

### A focus upon sustainable resources

A significant current challenge for companies committed to

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sustainable development is how to balance the competing priorities for maintaining business growth while shrinking resource impacts. The Group has made some strong commitments in this area to ensuring responsible sourcing of some key raw materials using recognised, certified standards. However, there are still some opportunities to explore the reduction of dependencies upon some resources. Increasing efficiency in the use of resources is a key element. However, a focus upon considering resources used, identifying alternatives with different sustainability characteristics and considering how systems might be re-engineered to reduce overall resource use should be considered.

### Evolving sustainability risk approaches

Understanding sustainability as a source of risk and opportunity is a developing theme in best management practice and there are opportunities for the Group to evolve its activities in this area.

Sustainability issues can represent sources of risk in two dimensions. Traditionally organizations have viewed sustainability risk as the risks which their activities pose to the environment and society via social and environmental impacts. In addition, changing social and environmental trends represent sources of risk to the Group.

A key example of this is in relation to potential physical risks which climate change may pose to the company’s production infrastructure such as; sea level rise, more frequent severe weather events and increased likelihood and severity of flooding. Best practice in this area refers to such risks as acute (i.e. relating to specific events related to a changing climate) and chronic risks (those which occur as an aspect of longer-term physical changes). At present the Group has very well-developed approaches to disaster risk and has committed to “collect information on climate change projections and monitor potential impacts.” In future there is an opportunity to build a clearer picture of specific potential physical risks for the company and prioritise adaptation and mitigation plans for those activities and facilities which are identified as vulnerable or high risk.

### Conclusion

The Group has placed great significance and emphasis on its role as a global leader, demonstrating an understanding that companies have a significant responsibility and opportunity to contribute towards the achievement of a sustainable, equitable future.

This leadership position is reinforced both by the continued evolution of the Ajinomoto Group Creating Shared Value approach and by the Group’s identification and integration of the SDGs into its reporting.

There are opportunities to continue to build upon these strong

foundations and track record through the development of a clearer and more consistent analysis of the Group's resource dependencies and vulnerabilities, a more strategic approach to innovation, widening the concept of sustainability risk management and establishing a more compelling and stronger sustainability narrative in reporting commitments and performance.

I look forward with interest to the next steps in the Group's sustainability story.

### About this statement

This statement provides an external perspective on the Group's "Sustainability Data Book 2018" and "Integrated Report 2018." It was commissioned by Ajinomoto Co., Inc. from Joss Tantram of Terrafiniti and constitutes a third-party opinion. It is not intended to represent a statement of assurance or verification of any kind, but is an opinion derived from a review and assessment of the reports.

## Perspective from the Americas

### Value Creation Model & Business Strategy

It was a pleasure and an honor to contribute my perspective on the Ajinomoto Group's 2018 Reports. As a first-time reviewer, I am impressed by the Ajinomoto Group's in-depth sustainability efforts and bold dedication to an integrated strategy. The ASV strategy is cohesive and builds on the company's core competencies in food and amino-acid technologies. Integrated Social Value, and Economic Value Targets are presented in a consistent way, and it follows that the combined results ultimately create Corporate Brand Value. Some of the indicators for the Social Value targets are better than others in illustrating value created, and I look forward to seeing how these develop over the years.

### Means of Communication

To get a clear understanding of the Ajinomoto Group's strategy, "the Integrated Report," "Sustainability Data Book" and "ASV Stories" need to be read in concert. "The Integrated Report 2018" conveys the Integrated Strategy, while "the Sustainability Data Book" provides in-depth detail on material topics, and "the ASV Stories" provide case-studies that make the efforts come to life. To help readers make this connection, it would help to present the "Overview of Means of Communication" chart (currently on p. 75) to the front of the report in a similar manner to the reference in "the Sustainability Data Book 2018." Readers of only "the Integrated Report" miss out on much of the sustainability discussion and might not fully grasp the depth of the Group's efforts. Within the reports helpful links to different sections and outside documents assist readers to navigate within and between the reports as well as get further information from additional documents such as individual policies. However, the Group's reporting structure places a heavy burden on the reader to cross-reference figures and indicators across the reports and could benefit from some streamlining.

Most importantly, the Ajinomoto Group's reports are missing a dashboard summarizing all the Social, Environment, and Governance 2020 targets, key performance indicators, and progress tracking in one place. The table on pages 52-53 of "the Integrated Report 2018" "30 Priority ESG Items" comes close but could be elaborated upon. While these 30 ESG topics are well aligned with the SDGs, CGF, GRI, SASB and other external institutions frameworks, these topics do not perfectly align to the Materiality Matrix of the Ajinomoto Group, which can be somewhat confusing for readers. References to SASB, GRI and the Paris Agreement are in the reports, but further harmonizing terminology is recommended. Further a GRI/SASB/SDGs Index would be helpful for readers trying to navigate the report. While linking ASVs to the SDGs is a positive first step, logical next steps include clearer reference to specific SDG indicators and the development of 2030 goals across all Social Value Targets.

Regarding the Group's FY17-19 MTP, "the Integrated Report 2018" does not provide enough detail to clearly convey the strategy, but "the Integrated Report 2017" does. Overall, the "Integrated Report 2017" was more user-friendly than the 2018 report. In future reports,

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I would like to see more of the business information early on - such as the info graphic outlining the Ajinomoto Group operations buried on page 98 of "the Sustainability Data Book 2018" - included up-front in "the Integrated Report 2018." Further, to help readers quickly understand the business, I would have liked to see a summary of sales, revenues, market share, and possibly also environmental indicators for each of the product categories in the beginning of "the Integrated Report 2018." While the section 'Overview by Business Segment and Growth Strategies' outlines these statistics by segment e.g. Japan Food Products, International Food Products (Frozen Food Business), Life Support, Healthcare, I would have liked to see a global overview by product category e.g. Seasonings, Beverages, Frozen Foods, Processed Foods, Integrated Food Solutions, Healthcare, Life Support, Other. Also, discussion of critical raw material inputs for each product category here would help connect the dots between business growth and future environmental impacts.

Another question regarding the product portfolio that feels unanswered in the 2018 reports is what percentage of the Group's current products can be considered nutritional and healthy. With an overarching ASV to improve nutritional balance, an integrated report should clearly outline to what extent the portfolio satisfies criteria set forth in the Nutrition Policy and Nutrition Strategy Guidelines and set targets to shift in increasing number of products into the healthiest categories. The promotion of products with original labeling is a related step. In future reports I'd like to see what proportion of total products are Aji-na Eco mark and Hotto-suru Eco products as a proportion of total products, as well as sales volumes of Eco products as a proportion of total sales. Finally, targets around shifting the portfolio to Eco products would be another positive step.

### Commitment to Quality and Corporate Governance

Quality is clearly at the heart of all the Group's activities, and the ASQUA, the Group's proprietary quality control system - that incorporates ISO 9001 and manufacturing standards such as HACCP and GMP - is applied not only to its own operations but also through the supply chain. ISO 9001, 14001, 18600, and 26000 series are used, which demonstrates dedication to continual improvement and adherence to international standards. I would have liked to see statistics around the number of products and facilities certified to these standards in one place.

The Group has a robust Corporate Governance framework. Transparent evaluation criteria of board director's effectiveness, as well as a shift to medium-term company performance lined stock compensation, are positive developments. Further evidence of a quality-based culture is demonstrated with a solid risk management

framework presented both in “the Integrated Report 2018” and “the Sustainable Data Book 2018.” In-line with the Group’s efforts to align with international frameworks and initiatives, I would expect to see reporting in line with the Task-force on Climate-related Financial Disclosures in the years to come. Group policies are comprehensive and cover all relevant areas.

## Goals, Targets and Indicators

It is very positive to see both Social Value and Economic Value targets listed side by side in Target Management indicators. A few of the featured metrics and their presentation could be improved upon however.

I was puzzled as to why ‘Corporate Brand Value’ is measured in US dollars, where as other financial indicators are listed in Japanese yen. This seems like an unnecessary detractor that could be easily changed or explained. In the section on Target Management Indicators, initially, it was unclear to me that 2015 fiscal year was the base year for all Social Value Targets until I read “the Sustainability Data Book.” I wondered why reporting year 2017 figures were not presented for the Non-Financial targets section of the Integrated Report. Conversely, for Economic Value Targets, five years of past performance data was presented in charts including 2017 fiscal year, while financial targets are presented separately from the charts in a call-out box with no explicit baseline. This layout presented a bit of a challenge in understanding progress against targets.

The indicator “Meat and vegetable consumption through the Group’s products as a percentage of total vegetable consumption” is similar to a share-of wallet metric but does not help me understand to what extent the Group is achieving their Social Value Target of “Better Nutritional Balance by eating more protein and vegetables with umami.” Further, from an American perspective, one might question whether the promotion of meat is inconsistent with to aspirations of carbon neutrality, and also whether that is the appropriate metric to gauge whether people are eating healthfully. In the US, plant-based diets and reduced consumption of meat are actively promoted as healthy and lighter on the planet.

The Ajinomoto Group acknowledges employees as a core strength and presents several interesting programs aimed at increasing employee engagement to reach the 80% engaged 2020 ASV target. As one of the six key Social Value Indicators, I would expect more elaboration on what it means for employees to be “engaged” and how the survey that gauges progress on this metric is administered. While many programs are in place to develop and engage employees, several of these programs, such as: diversity, support for LGBT, re-employment for retirees, employment of more persons with disabilities, seem to lack goals and targets. The majority of labor-related statistics presented - such as women in the workplace, and percentage of local executives - seem to focus on the managerial ranks. It would be interesting to learn more about how non-managerial factory workers fit into the ASV strategy. Overall, the employee perspective does not come through strongly in the reports and hints at a top-down management style.

## “Global Sustainability”

Of the three 21st-century issues of human society to be

resolved through the Ajinomoto Group’s business, the section on Global Sustainability is by far the most developed. However, in “the Integrated Report 2018,” specific Social Value Performance Indicators for “Resolution of environmental issues” are not included in the list of Target Management Indicators on page 8 and 9, but rather referred to on page 26. This gives the impression that this area is somewhat stand-alone and not well integrated into the business, when in fact the Group has implemented innovative solutions that have a significant positive benefit both on the environment (CO2e emissions), and to the business bottom line through improvements to fermentation techniques, and through many other programs. Unfortunately, “the Integrated Report” does not convey the depth and breadth of the company’s extensive and impressive efforts in the environmental arena. For this one must turn to “the Sustainability Data Book 2018.”

Environmental targets are well developed and have long-term timeframes beyond 2020 – 2025, 2030, and even 2050. Environmental performance is strong as well and the Ajinomoto Group delivers on the promise to resolve environmental issues. Perhaps most impressive is 99+ achievement of the zero emission of waste materials goal that has been maintained since 2016. Through the Bio-cycles program, the Group espouses the spirit of the circular economy, in-line with their aspirations to support sustainable agriculture, creating new product lines “AJIFOL®,” “ROOTMATE®” and “AMIHEART®.” However, it is unclear to what extent these products contribute to the bottom line through sales or avoided cost of waste, strengthening relationships with suppliers.

For water, an impressive 80% reduction per production volume since 2005 baseline. Detailed statistics on water withdrawals and discharges, are presented and attributed to business categories e.g. fermentation, food products, pharmaceutical, specialty chemicals and other, which allows the reader to get a quick overview of water impacts. The time series comparison of absolute water use and discharge figures tell a great efficiency story, particularly in cooling water use. While important to show that the business is de-waterizing, it is also important to take into consideration aggregate water use, especially as the company plans aggressive growth in the fermentation segment - which seems to be the most water intensive. Since water is a local issue, and it would be therefore be interesting to see how water withdrawal figures relate to water scarcity in the country-by country break-down.

Somewhat misleadingly, the section on carbon emissions in “the Sustainability Data Book” is labeled ‘Carbon neutral’ with the goal of “overall product lifecycle to become carbon neutral.” However, 2030 goals include achieving 50% renewable energy use, and a 50% reduction in greenhouse gas intensity, both over the 2005 baseline. Nonetheless, the Ajinomoto Group shows signs of de-coupling output with emissions and has committed to setting a Science-based carbon reduction target (SBT) in line the Paris Agreement. Given that frozen foods make up a significant portion of the Group’s business, it is great to see strong commitments to phase-out CFCs by 2020, and switch to natural refrigerants and those with GWP of less than 150 by fiscal year 2025. Engagement on this issue extends beyond the company’s own scope of operations through deep engagement with the Consumer Goods Forum (CGF) on the topic. Further, carbon

reduction programs take a vertically integrated approach, including modal shifts in logistics transportation from rail to ship, resulting in a steady decrease in per unit energy use in logistics since 2013. A plethora of data demonstrates a strong commitment to accurate carbon accounting and a solid understanding of lifecycle impacts in terms of carbon emissions and water. Through lifecycle assessment and analysis of materials balance across business life-cycle, raw materials have been identified as the source of 50% of total emissions.

As such, I was happy to see significant efforts are being implemented resource saving fermentation technologies. The indicator “Number of technologies introduced” on page 58 of “the Sustainability Data Book 2018,” fails to convey the scale of the efforts in relation to global operations. It was also unclear to me how the 6.0 billion yen estimated economic benefit was calculated. Statistics presented on page 65 – ratio of factories using resource-saving fermentation technologies and using bio-mass as an energy source are more impressive and instructive with 2019 goals of 93% of all factories using resource-saving fermentation technologies. Another exciting development is the Group’s experimentation with non-edible biomass as a feedstock. Natural capital valuations reveal that using non-edible biomass is advantageous from both a cost-savings and natural capital perspective, I expect the Group to further develop these experiments and integrate learnings into the business.

The Ajinomoto Group uses “Environmental Assessment Checklist” and “Eco-Index” for containers and packaging as part of their efforts to improve environmental sustainability of packaging. Other initiatives include: to reduce plastics, improve recyclability, optimize for efficient distribution, while maintaining packaging functionality, and maintain product freshness. Given the global trends of plastic bans and Japanese recycling fees - for PET plastics in particular having increased 460% compared with previous year - I would expect to see further elaboration and more in-depth reporting on programs to reduce the use of single-use plastic and PET plastic in future reports, as well as statistics on implementation of ISO 18600 series for packages, and quantitative contributions to reductions in CO<sub>2</sub> e emissions, water use, and food waste stemming from package design.

The topics of Global Sustainability and Food Resources are listed separately in “the Integrated Report” but bundled together in “the Sustainability Data Book 2018.” I would suggest trying to be consistent in the categorizations between reports.

### “Health and Well-being”

For context, the Group outlines global challenges for health and well-

being in terms of population rise, increasingly elderly population, over-, and under nutrition, today, in 2030 and in 2050. Under the banner of Health and Well-being, the Group takes on both physical issues – such as over or under nutrition, excessive salt use – as well as physiological issues such as eating alone and apart from family as well as not having enough time to cook healthy, well-balanced meals on a regular basis due to time constraints associated with a modern lifestyle.

Regarding the physical issues, the Group aims to address nutritional issues at all life stages, focusing on infant, toddler, childhood and adolescence nutrition, undernutrition in young women, seniors. Their wide range of programs and products support nutritional aims - health support using amino acids being one of the most exciting new areas of the business. Indeed, the indicator for the Social Value target “People’s comfortable lifestyles” revolves around consumption of amino acid products. In “the Integrated Report 2018,” it seemed like the details of this indicator were missing from the associated ASV Value Creation story. I look forward to seeing how the company’s indicators develop to illustrate the achievement of the target of “People’s comfortable lifestyles.”

From a business perspective, the Group’s ability to tailor offerings to local tastes will be important to achieve their aggressive growth and expansion targets. Here in the US, frozen food offerings cater to Asian and Mexican palates – two growing segments, and efforts revolve around reduced salt and sugar intake. To gain wider global brand acceptance however, will also be important to focus on local perceptions to succeed. From a consumer perspective, dispelling the deeply held belief of many Americans that MSG has negative health effects will require a significant amount of education, as acknowledged in “the Sustainability Data Book 2018” section about the Umami Project such as World Umami Forum on page 20. Given that a large number of Americans hold this bias, to them, the ASV Value Creation Story/Social Value Target around nutritional balance by eating more protein and vegetables centered on Umami, will not initially ring true.

If the Group aims to build an international reputation for contributing to societal health and has ambitions of being an important contributor to people’s healthy lives through food, ingredients, and products supported by amino acid technologies, it behooves the Group to continue getting in front of these issues in terms of public opinion. Increased transparency about the nutritional value of their product portfolio will help, and the Nutritional Policy is another important step in the right direction. I look forward to following future developments.

## Perspective from Asia

This review assesses from an Asian perspective the reporting on sustainability initiatives of the Ajinomoto Group (“the Group”) as documented in the Group’s “Integrated Report 2018” and the accompanying “Sustainability Data Book 2018.”

### The Ajinomoto Group is Mindful of Its Responsibility to the Modern Consumer

For stakeholders, the reporting spells out the Group’s heritage and the values to which it has long been committed. There is an overview of the Group’s sustainability progress towards the challenging goals its stakeholders support.

The Group is able to demonstrate its success in combining business acumen with social responsibility in support of nutritional health worldwide. This translates into a rising standard of living for the consumer. “ASV” — the Ajinomoto Group Creating Shared Value — is the expression which best encapsulates the organization’s commitment to sustainability.

The Group’s success has been heavily dependent on its sustainability strategy and astute management of stakeholders — customers, employees, and business partners. Included among these stakeholders are of course the communities which enable the Group’s business performance. The success of the Group cannot be divorced from the wellbeing of stakeholders; as they prosper, so does the Group.

### Ambitious Goals with Underlying Values

Values, beliefs, and organizational culture are foundational to business sustainability. These reports detail collated data and commentary compliant with global standards of corporate accountability. Corporate alignment with core values and a healthy business culture are recurrent themes from the very first page of “the Sustainability Data Book 2018.”

### Integrated Report with Integrated Thinking

The reporting clearly demonstrates how a sustainability mindset is embedded in everyday business functions. The integration of financial with non-financial targets exemplifies the Group’s accountability and stewardship for the broad base of capitals, not limited to financial considerations but including health and wellbeing, society, and local communities.

### Superior Sustainability Performance and Disclosure

The data clearly exhibit sustainability performance through the two primary disclosure channels —the hardcopy published report and the Group website. The reports offer information with rich and deep content. Well-articulated goals, targets, and track records are unambiguously defined throughout the report.

### ASV (The Ajinomoto Group Creating Shared Value)

The Group affirms its commitment to the SDGs by defining business objectives around relevant goals, and the commitment is noticeably

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robust in 2018. ASV demonstrates the Group’s relevance to the SDGs through its business operations and the societal value created.

### Harmony with Nature

The Group has been a leader in environmental governance and living up to the high expectations of social responsibility and sustainable development. In addition, the Group has paved the way to an integrated culture of sustainability through an environmental education program for its staff, including internal environmental auditors.

With the ambitious goal of achieving 100% procurement of sustainable palm oil and paper by 2020, the Group is working tirelessly to reduce its environmental impact.

### Technology

For the first time, Ajinomoto Co., Inc. has developed an automatic menu suggestion system **AJINOMOTO Park** which incorporates Artificial Intelligence (AI) technology to help consumers find meal combinations with maximum nutrition. This is one impressive example of how technology can be applied in a practical way to everyday life — in this case, eating habits.

### The Ajinomoto Group’s Impact to Society

The Group is keeping its promise to generate positive impact on society. For example, the report lays out the impact of the Group’s products on consumers and the Group’s overall activities on society.

### Developing people

With its long history as a learning organization, the Group has developed a forward-looking human resource development system to maintain its top position as an attractive employer. Launched just this year, the *Ajinomoto Group Academy* re-affirms the Group’s commitment to developing future leaders. The Group is also planning groupwide training related to current issues such as LGBT needs.

### Areas for improvement

**Partnership:** The Group might consider developing more multi-stakeholder initiatives related to food and nutrition for underprivileged and marginalized groups. Such initiatives would help substantiate the corporate contribution to SDG #17 – Partnership for Sustainability.

**Work-Life Balance:** The fundamental challenge of new generations related to work-life balance is undeniable everywhere, but especially in East and South-East Asia. The Group has initiated a program called ‘workstyle innovation’ to promote healthier working lifestyle. The Group might develop further the measures and incentives for employees to practice balanced working habits.

## Summary

The journey of accomplishing an institutionalized sustainability outlook can be a tedious and time-consuming process. It is one that the Group must devise and revise for itself, often with outside guidance: while the requisite functional skill sets are usually available within the company, few corporations have sensitized them to the unique needs of this expanded perspective.

To build on past successes and best practices and become even better in future years, the Group is committed to continuous improvement while striving towards sustainability. The next challenge will be to populate this in-house capacity and then maintain the holistic perspective necessary for long-term success while relentlessly pursuing the business's core purpose — to improve people's lives...

Eat Well, Live Well.



AJINOMOTO GROUP

# SUSTAINABILITY DATA BOOK 2018

## Front Cover

The history of life on earth began with the birth of amino acids, while the Ajinomoto Group has been developing its business based on amino acids since its founding. The front cover of this report expresses the connection between the Ajinomoto Group and life on earth through an image of 20 kinds of amino acids that are essential to the human body.

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