

# Ajinomoto Group Sustainability Report 2014

## For the Future of People and the Earth



## Ajinomoto Group Philosophy

We create better lives globally by  
contributing to significant advances in Food and  
Health and by working for Life.

## Ajinomoto Group Vision

We aim to be “a group of companies that  
contributes to human health globally” by continually  
creating unique value to benefit customers.

## Ajinomoto Group Way

The foundation of the Group's businesses

### Create New Value

Create value with new ideas and continuous innovation based on unique technologies and science.

Product value creation bolstered by technology,  
new dietary proposals

### Pioneer Spirit

Continue to constantly take on the challenge of creating new businesses and markets.

Tenacity, wisdom and cumulative efforts at the on-site level; adapt to regional culture and market conditions in creating markets

### Social Contribution

Accommodate social requirements with humility and honesty, with the objective of maximizing value for society through business activities.

Resolve social issues; improve the global environment; security and safety; trustworthy production; fair, impartial, transparent and simple

### Value People

Respect the humanity of all the people involved in the Ajinomoto Group's businesses, and be an organization in which they can grow and display their abilities to the fullest extent.

Provide a workplace where people can flourish; career development, support and follow-up; fair performance evaluation; teamwork

## Ajinomoto Group Sustainability Report 2014

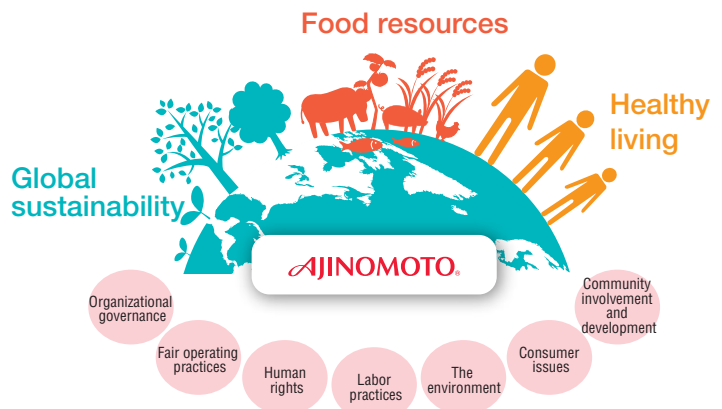
### Editorial Policy

Since 2012, the Ajinomoto Group has been reporting its initiatives to help build a sustainable future for people and the planet through its *Sustainability Report*.

The Group issues two versions of the report: the Full Report, which provides details on all activities and is available on the web or in print; and the Highlights Report, which features the main initiatives, outlines some particularly interesting articles, and is available in print.

This report provides stakeholders with information on how the Ajinomoto Group is working to achieve a sustainable future for people and the earth and what needs to be done going forward. The report is one way in which the Group is working with everyone concerned to build a better future.

### The Ajinomoto Group's approach to achieving sustainability





## Report Content and Available Formats

### Full Report (144 pages)

This report provides comprehensive information on all the activities which the Ajinomoto Group undertakes to achieve sustainability.

### Highlights Report (40 pages)

This shorter Highlights Report focuses primarily on the feature articles from the Full Report.

### Website

Download the report and access related information.

<http://www.ajinomoto.com/en/activity/csr/>



### Organizational scope:

This report covers the Ajinomoto Group, comprised, in principle, of Ajinomoto Co., Inc. ("the company") and its 112 group companies (as of April 1, 2014) including consolidated subsidiaries and other group companies subject to reporting under the equity method. Where sufficient information for the entire Ajinomoto Group ("the Group") was unavailable, the limitation in scope is explicitly defined. The scope of reporting for the environmental section is defined on page 74.

### Period covered by this report

Fiscal 2013 (April 1, 2013–March 31, 2014)

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

### Issue date:

Full Report: January 2015

Highlights Report: December 2014

### Next scheduled issue:

July 2015

### Previous issue:

February 2014

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## Building a “Genuine Global Specialty Company”



**Masatoshi Ito**

Representative Director,  
President and Chief Executive Officer  
Ajinomoto Co., Inc.

### A century later, still helping to build a healthy future for people and the planet

The Ajinomoto Group has been “Working for Life” without wavering since it was founded 105 years ago by Saburosuke Suzuki II. This, our core identity, all began with the discovery of umami as the fifth basic taste in food by Dr. Kikunae Ikeda. Glutamic acid, the substance of umami, is an amino acid, and amino acids are essential for various forms of life. Building on the aspiration of our two pioneers to improve nutrition and health by providing foods with the great taste of umami, the Group has now built a global business in the fields of food, health, and pharmaceuticals.

Centuries of human impact have resulted in various global issues in the 21st century, and the Ajinomoto Group is certainly in a position to address some of these issues through its value-creating business. With a keen awareness of our role as a corporate group with worldwide operations, we understand our responsibilities and the high expectations of the public. In order to identify issues with the highest priority, we have been

engaged in dialogue with numerous stakeholders. The material issues we have adopted as a result are global sustainability, food resources, and healthy living—all serious challenges facing 21st-century human society.

These three issues are intricately intertwined. As a company based on food, the Ajinomoto Group has a responsibility to continue providing sustainable food and nutrition to the growing global population. A major part of our job involves utilizing the bounty of nature to help deliver a wealth of food choices to people worldwide. In order to secure sustainable food resources, it is essential to have a healthy and sustainable global environment. To enable healthy living, it is crucial that the necessary food resources are available. Finally, to ensure that everyone can eat delicious food and lead healthy lives, the negative impact of human activity on the planet must be minimized.

We address all of these complexities at once by using sustainable resourcing and production cycles in each region where we do business, striving to use farmland, water, energy and other resources as efficiently as possible. We are also working hard to



ensure that our products and services help to encourage lifestyles that support global sustainability.

Issues relating specifically to food have also become very complex. Consider food supply, for example. Total food supply must be increased to support a global population that is expected to reach 9.5 billion by 2050. However, any effort to achieve this faces multifaceted challenges, including the increasing demand for meat, especially in emerging countries, and the impact of climate change on ecosystems. In addition, issues like under-nourishment in the developing world and over-nourishment in the developed world offer no simple solution. In order to secure a sustainable food supply, the balance of supply and demand needs to be improved properly, production needs to be streamlined, and impact on ecosystems needs to be minimized. All of these issues can be resolved only when the global environment is kept healthy and sustainable. Yet, with the growing impact of climate change and pollution, not to mention the overexploitation of resources, it is not an exaggeration to say that our long-term future on Earth is in jeopardy.

In order to realize a sustainable future for all living things on Earth, we will continue to take a concrete approach to resolving these challenging global issues through our business activities.

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### Creating value by leveraging the specialties of our business

During the FY2011–2013 Medium-Term Management Plan, we created a foundation for future efforts to help resolve global issues. We expanded our R&D fields using an approach of “open & linked innovation” and promoted the development of global human resources. We developed new ways to help resolve various nutritional issues, and we have created new materials based on our bioscience and fine chemical technologies. We also achieved progress with fermentation technology that uses even fewer resources. The Ajinomoto Group is now ready to take the next major step.

Under the FY2014–2016 Medium-Term Management Plan, we will continue to create value to address global issues and meet the needs of diverse customers by enhancing our unique technologies in line with the specialties of the Ajinomoto Group. We have technological ability driven by cutting-edge bioscience and fine chemical technologies that other companies cannot match. We also lead the way in identifying market needs by understanding customers and adopting their perspectives. Together, these strengths give us a unique capacity to create customer value. We are integrating them to build a group of food companies with added specialties.

Since its inception, the Ajinomoto Group has been helping to solve nutritional issues through its business activities. Now we are focusing our corporate initiatives to address the three material issues facing 21st-century human society. By applying our specialties across our business operations, we will create social and environmental value with an even greater impact. This is the goal of the “Ajinomoto Group Creating Shared Value” initiative (“ASV”).

Accordingly, the Group must make the most of its knowledge and technology relating to food and amino acids across the

creation and implementation of many specific strategies. These include building on our world-leading technologies for amino acids and seasonings, and spreading the potential for nutritional improvement through great taste to even more parts of the globe. Other strategies include establishing even more efficient production methods focusing on fermentation with fewer resources, and contributing to advanced medicine with cutting-edge amino acid technology. Last year, we created a new iPS cell culture medium product by collaborating with academia. This is an example of how we are using our years of knowledge and technology to create new possibilities and enter new fields such as medicine. In short, we are harnessing the specialty strengths of the Ajinomoto Group to create whole new business models.

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### Building the organization and human resources that a global specialty company needs

In order to advance our business based on this approach, we need agile and highly efficient governance and world-class human resources. In addition to specific targets, the new Medium-Term Management Plan sets out our strategy to establish a solid base of global human resources by developing next-stage global management personnel, appointing local corporate officers outside Japan, and promoting more women to management positions. By steadily carrying out these measures, the Ajinomoto Group is well on its way to becoming a global specialty company.

To express our increased responsibility to the international community, the Ajinomoto Group has joined the UN Global Compact. The Ajinomoto Group Standards of Business Conduct, revised in August 2014, state our support for the Compact, adopting its provisions as basic principles.

Throughout its unique 105-year history, the Ajinomoto Group has constantly developed human resources with extensive knowledge and advanced technological skills to help support all kinds of life on this planet.

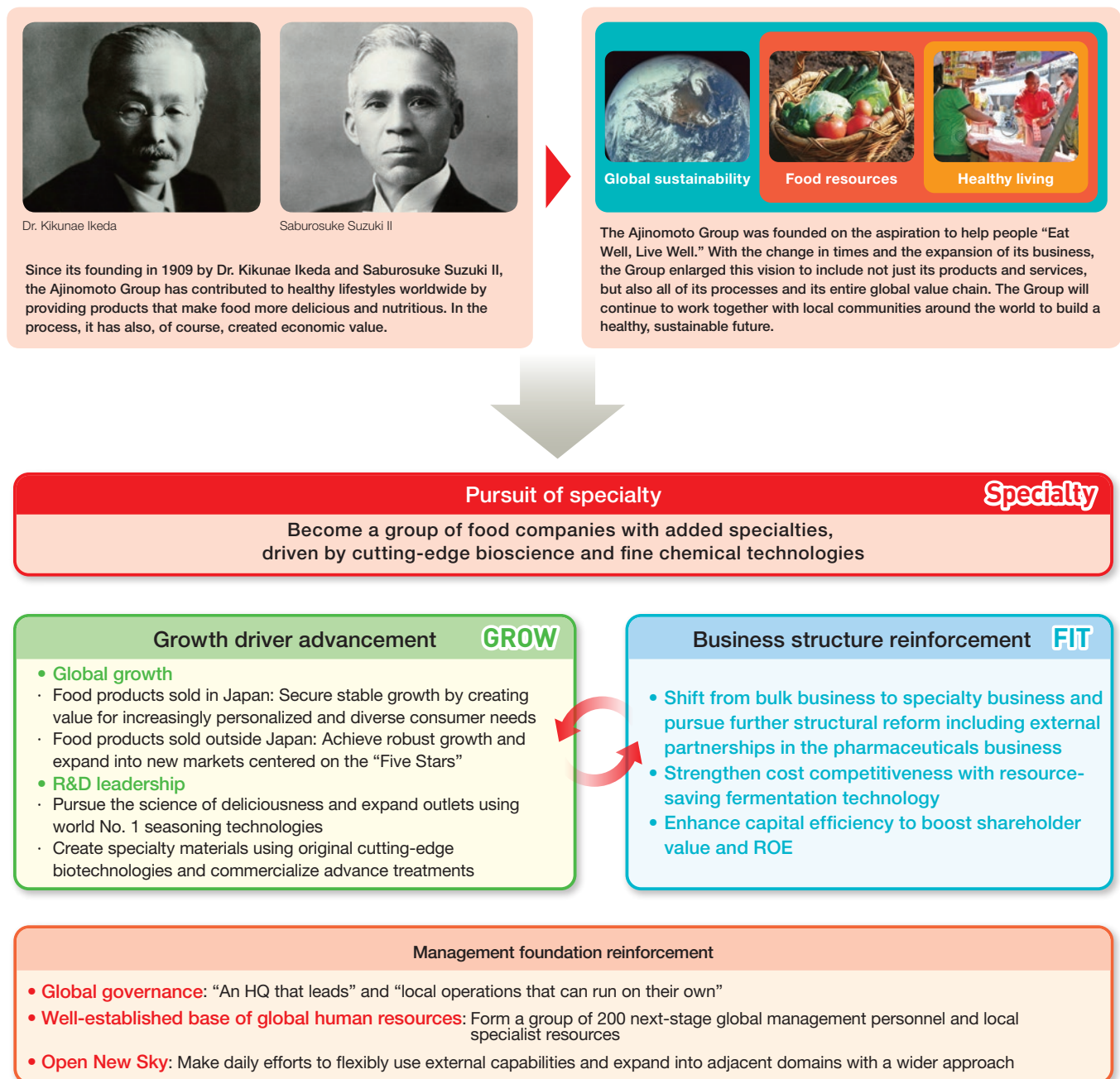
Living up to our founding spirit and displaying unwavering determination to innovate, the Ajinomoto Group remains committed to a sustainable future for people and the planet. That’s what we mean by “Working for Life.”



# The Ajinomoto Group's New Medium-Term Management Plan: Unique Ways to Create Value

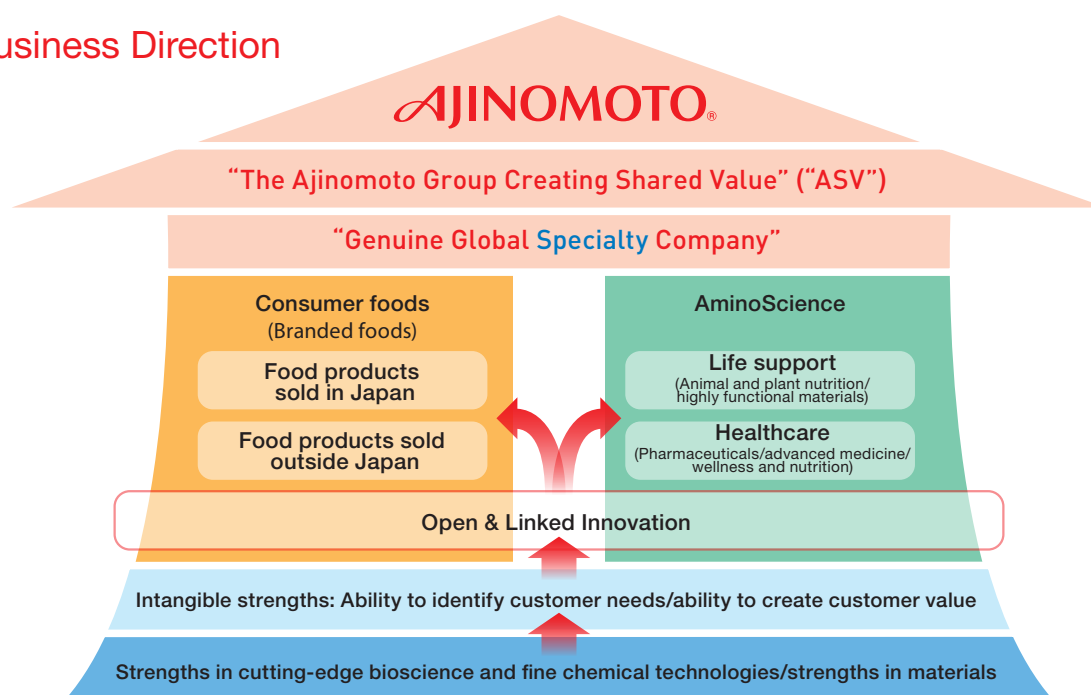
With the aim of becoming one of the top ten global food products manufacturers by 2020, the Ajinomoto Group is implementing structural reforms and pursuing faster growth. Under the FY2014–2016 Medium-Term Management Plan, the Group is targeting even greater growth, with the goal of becoming a “Genuine Global Specialty Company.”

## Key principles of the FY2014–2016 Medium-Term Management Plan





## Our Business Direction



The Ajinomoto Group aims to become a food company group with specialties driven by cutting-edge bioscience and fine chemical technologies, and supported by its two primary businesses in consumer foods and AminoScience.

At the Ajinomoto Group, the term “specialty” refers to the high added value born from the combination of tangible strengths such as strengths in materials based on cutting-edge bioscience and fine chemical technologies, and intangible strengths such as the ability to identify customer needs and

create customer value. The Ajinomoto Group leverages its specialty strengths in both of its main primary businesses: consumer foods and AminoScience. By continuing to offer the kind of innovations that only the Ajinomoto Group can, the Group seeks to provide significant social and environmental value, which is the goal of the “Ajinomoto Group Creating Shared Value” initiative. The Group recognizes that this is the key to becoming a “Genuine Global Specialty Company,” delivering on the Ajinomoto Group Philosophy, and becoming an indispensable partner to customers and the broader society.

## Strategic targets

|               |  | KPI   | FY2013 Results   | FY2016 Plan      |
|---------------|--|---|--|------------------|
| Business KPI  | Profit growth (in scale)               | Operating income                                | 62.5 billion yen   | 91.0 billion yen |
| Strategic KPI | Advancement of growth drivers          | Global growth                                   | Percent of Group-wide profit from outside Japan                            | 47%              |
|               |  | R&D leadership                                  | Percent of R&D investment in group-wide strategic themes for future growth | 45%              |
|               | Structural reform                      | From commodities to specialty products          | Percent of total profit from bulk business <sup>1</sup>                    | –                |
|               | Reinforcement of management foundation | Well-established base of global human resources | Candidates for future management from introduction of global HR system     | –                |
|               |  |   | Percent of locally hired executives  | 40%              |
|               |  |   | Percent of female managers   | 14%              |

<sup>1</sup> Bulk businesses: Umami seasonings for processed food manufacturers, feed-use amino acids, sweeteners

## Global reach of the Ajinomoto Group (As of March 31, 2014)

|   |   |                             |
|---|---|-----------------------------|
| Countries and regions with business sites | Countries and regions where products are sold | Number of production plants |
| 26  | 130   | 120                         |
| Net sales                                 | Number of employees                           | Years since founding        |
| 991.3 billion yen                         | 27,579  | 105                         |

# How the Ajinomoto Group Has Defined Material Issues

In order to become a genuine global company that is trusted by people worldwide, the Ajinomoto Group recognizes it must grow by engaging with stakeholders and reflecting their opinions in its business activities. While being sensitive to public expectations, which change with the times and social circumstances, the Group is identifying the most material issues for its business and maintaining dialogue with stakeholders so that it can better contribute to society and the environment across all of its business operations.







## Three material issues facing 21st-century human society



Global sustainability



Food resources



Healthy living

2009

### Philosophy revised for the Group's 100th anniversary

The Ajinomoto Group Philosophy was revised and the Ajinomoto Group Way was established, defining the values shared across the Group.

### Group selects three material issues facing 21st-century human society

Through these processes of internal and external dialogue, three material social issues were identified: global sustainability, food resources, and healthy living. The Group then publically announced that it would focus its efforts to contribute to society through its business activities on these three issues.

### CSR implementation plan created

The Group revised its comprehensive CSR strategy to create a CSR implementation plan based on the three material social issues. The aim was to better reflect the expectations of society, which had become clear through stakeholder dialogue.

2011

### CSR policy established

Recognizing that the three material social issues had to be addressed more explicitly for the Group to do its part as a good corporate citizen, the Group strengthened the CSR implementation plan, creating the Ajinomoto Group CSR Policy under the FY2011–2013 Medium-Term Management Plan.

2014

### "Ajinomoto Group Creating Shared Value" initiative ("ASV") announced

As part of the FY2014–2016 Medium-Term Management Plan, the Group announced the "Ajinomoto Group Creating Shared Value" initiative ("ASV"), which is based on its previous CSR policy. The new initiative calls for making more specific contributions on the three material social issues, and mandates Group-wide efforts including setting numerical targets and specifying social value to be created by all divisions. To refine this initiative, the Group will include monitoring as part of its business activities, and continue to dialogue with stakeholders.

### Dialogue inside the Group

#### Study workshops held

Staff from the R&D departments and business divisions gathered to study ways to address the Group's three material social issues. They worked out measures such as proposals for the value chain and ideas for leveraging the Ajinomoto Group's unique technology and product development capabilities.

### Dialogue with society

#### Dialogue with experts in various fields

In order to generate more practical approaches for the "Ajinomoto Group Creating Shared Value" initiative, the Group is engaged in dialogue with individual experts in various fields. Opinions are being exchanged on the latest trends and evaluation of the Group's activities.



Dr. Lester R. Brown  
Earth Policy Institute



Dr. Pavan Sukhdev  
GIST Advisory



Frank Seier  
Danish Institute  
for Human Rights



John Morrison  
Institute for Human Rights  
and Business



Yukiko Furuya  
Nippon Association of  
Consumer Specialists

# Taking on Three Material Issues Facing 21st-Century Human Society

Under the FY2014–2016 Medium-Term Management Plan, the Ajinomoto Group aims to strengthen its response to leading social issues such as human rights, based on ISO 26000 guidelines. While reinforcing its structures for socially responsible management, the Group aims to make the most of its unique technologies (specialties) to further maximize the shared social and environmental value created by its business activities under the “Ajinomoto Group Creating Shared Value” initiative (“ASV”). The goal is to improve corporate value and competitiveness.

## Strategies for “ASV”

### Healthy living

The Ajinomoto Group is leveraging the knowledge and technology relating to amino acids and food that it has developed over the years to address human health issues such as undernourishment, over-eating, and issues related to aging.



#### Building a healthier society by helping people to eat well

- Developing products tailored to regional food cultures
- Making the most of umami to help solve health issues
- Developing human resources to promote better nutrition for children

#### Health support using AminoScience

- Preventing lifestyle-related diseases with amino acid-related products
- Supporting early detection of cancers based on amino acid knowledge
- Business expansion in the biopharmaceutical field

### Food resources

Due to an increasing world population and changing lifestyles, the balance of food supply and demand is collapsing. Accordingly, the Ajinomoto Group is implementing methods as part of business activities to utilize food resources and arable land more effectively.



#### Providing even more value with even fewer resources

- Reducing food resource consumption through resource-saving fermentation technologies
- Developing food processing technology that can utilize food resources more effectively
- Expanding the co-products business to improve the yield and quality of crops

#### Developing technologies to create replacements for limited resources

- Developing high-titer seasonings and sweeteners
- Improving feed efficiency using feed-use amino acids and reducing the amount of arable land required
- Researching uses for the fermentation of inedible raw materials

### Global sustainability

Water resources are subject to shortages and pollution worldwide, and ecosystems have been changing due to climate change. The Ajinomoto Group is actively working to reduce its environmental impact by cooperating with various external stakeholders to address the ever-evolving situation.



#### Reducing the impact on the natural environment, and striving for ecosystem conservation

- Reducing CO<sub>2</sub> emissions per unit of production and water consumed per unit of production
- Land and water use that is friendly to local ecosystems
- Expanding sustainable procurement throughout the supply chain

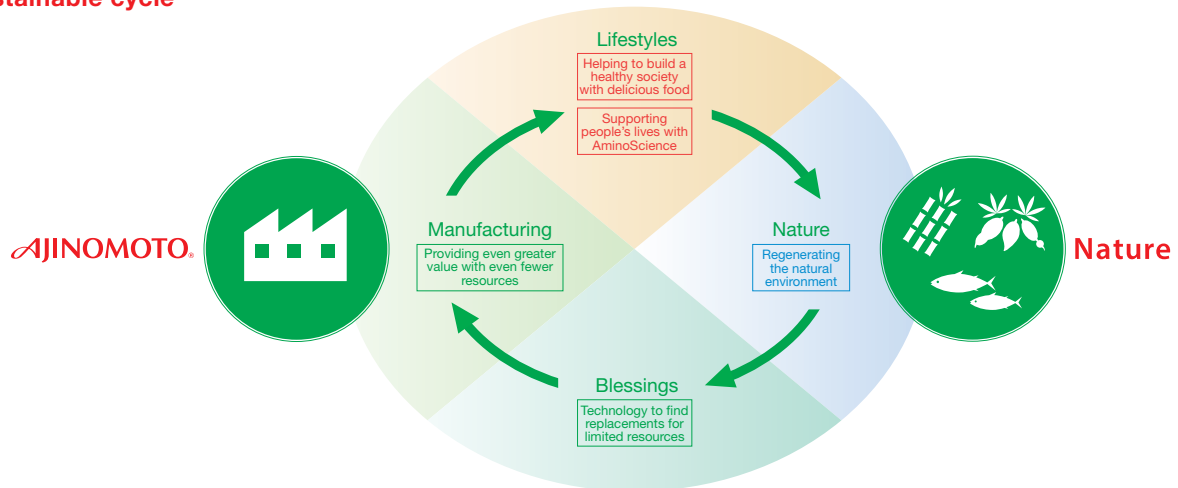


## Special Features

# For the Future of People and the Planet

Since its inception, the Ajinomoto Group has accumulated knowledge and technology for great taste and life. It has been delivering the bounty of nature to consumers in the form of great-tasting products. While helping people to live healthier lives, the Group is also working to support a healthier and sustainable planet by using a sustainable business cycle. Here are some of the Group's business activities that seek to help solve the issues facing 21st-century human society.

### Sustainable cycle



### Special Feature 1 Offering Delicious and Healthy Lifestyles to the World

► P11-20



### Special Feature 2 Promoting the Sustainable Use of Food Resources

► P21-28



### Special Feature 3 Doing Business in Harmony with the Planet

► P29-34





## Special Feature 1

# Offering Delicious and Healthy Lifestyles to the World

“Eat Well, Live Well,” the slogan of the Ajinomoto Group, expresses the hope that all people would be able to get the nutrition they need from delicious food, enabling them to enjoy prosperous lives. To achieve this goal, the Group strives to provide a wealth of food and nutrition through its business and social contribution activities.

## Global issues for healthy living



<sup>1</sup> World Population Prospects: The 2012 Revision (United Nations)

<sup>2</sup> The State of Food and Agriculture 2013 (UN Food and Agricultural Organization)

# Developing and Expanding Expertise in Food and Amino Acids

## True to our roots: Still working to improve nutrition with delicious food

In the early 20th century, Dr. Kikunae Ikeda began research based on his conviction that there was another taste in food aside from the traditional four flavors of sweet, salty, sour, and bitter. After much effort, in 1908 he identified the source of that fifth taste: glutamic acid, a type of amino acid found in *kombu* kelp broth (*dashi*). He named this taste “umami” and developed a method to manufacture umami seasoning using glutamic acid as the raw material.

Dr. Ikeda’s aspiration was to make simple food as delicious as possible in order to improve the health and physique of the nation. The founder of the Ajinomoto Group, Saburotsuke Suzuki II, agreed with him, and in 1909 the umami seasoning *AJI-NO-MOTO*® was launched, the world’s first product of its kind.

Today, over a century since its founding, food products have grown to become the core business of the Ajinomoto Group. The umami seasoning *AJI-NO-MOTO*® is sold in over 100 countries and regions worldwide. In order to meet diverse customer needs around the world, the Group has also developed a broad product portfolio that includes flavor seasonings, menu-specific seasonings, and frozen foods.

As a leading food company, the Ajinomoto Group performs advanced research and technological development in the areas of taste, texture, flavor, and the physiological function of umami. In all this, the goal is to build the world’s leading seasoning business while contributing to food culture and delivering all-around great taste.

## R&D reveals even more potential in amino acids

As a company founded on the discovery of glutamic acid as the source of the umami taste, the Ajinomoto Group has taken global leadership in amino acid R&D. With an R&D network that spans the globe, the Group is constantly exploring new applications for amino acids.

Although about 500 amino acids have been discovered in nature, only 20 of these are found in the proteins of the human body. Protein that enters the body as food is broken down into the 20 types of amino acids, before being recombined to form human proteins. Due to their essential role, amino acids can be called the building blocks of life.

A shortage of amino acids inhibits various body functions and can lead to undernourishment. It is important for people to get a balanced daily intake of amino acids. The Ajinomoto Group is supporting healthy lives by applying its amino acid technology not only to develop food products, but also to provide pharmaceutical and medical products.

Utilizing its own advanced bio-technology while bringing in strategic external capabilities, the Ajinomoto Group is starting to produce results in the biopharmaceutical field, including next-generation therapeutic antibodies, therapeutic protein antibodies, and nucleic acid medicines. Results are also starting to show in the field of regenerative medicine, such as an iPS cell culture medium stemming from amino acid cell culture medium technology. The Group will continue to explore the full potential of amino acids, aiming to improve the lives of people around the world.

### Helping to resolve three material issues facing 21st-century human society



Global sustainability



Food resources



Healthy living

### R&D leadership

Invest more than 50% of R&D resources in company-wide strategic themes for future growth

#### World’s No. 1 in seasonings

Build greater abilities to define and design deliciousness in three dimensions in order to improve product strength, expand into new markets, and meet changing needs



#### Cutting-edge biotechnology platform

Use the overall capabilities of the Ajinomoto Group plus external capabilities to create new business models driven by technologies in bioscience and fine chemicals



### Strengthened R&D capability

Combine the knowledge and technology of the Ajinomoto Group with complementary expertise of other companies to create new value for the future



# Delivering the Best-Tasting Foods in Every World Region

## Providing value specific to each market

The food business of Ajinomoto Co., Inc. aims to provide solutions for individual consumers.

In the past, the company saw consumer needs in terms of attributes such as gender, age, and income. Today, however, lifestyles and life choices are much more diverse than ever before. Busy consumers want to cook quick but delicious meals, while those living on their own are focused on efficient cooking. Still others are ready to pay a little more for authentic cuisine that is easy to make. Aiming to offer the best-tasting foods in every world region, the company seeks to meet all these diverse needs. It is creating products that are quick to market, can be adjusted for just one person or a whole family, and that enable people to prepare authentic dishes without professional skills.

In the consumer food business outside Japan, the company strives to create new value by leveraging cutting-edge technologies and adapting to the tastes of each region's individual consumers. While developing unique products tailored to regional tastes and preferences, the company is also developing new sales channels, for instance, targeting the foodservice industry.

## Pleasing the palates of different cultures

With a presence in 130 countries and regions, the Ajinomoto Group thinks it indispensable to strive to gain a profound understanding of local food culture and to develop technologies and sales methods based on local languages, national identities and cultural characteristics.

People around the world have different tastes when it comes to delicious food, and each culture has its distinctive cooking and dietary habits. Whenever entering a new market or developing a new product, staff in that country conduct the Group's original customer survey, which is very thorough. Since the aim is to create products that are tailored to local preferences, product development is primarily carried out at each overseas affiliate.

The Group also informs consumers in different countries of specific ways to use its products. For example, posters and flyers are created to show customers how to make their local dishes even more delicious by adding flavor seasoning or the umami seasoning *AJI-NO-MOTO*®. In Egypt, for example, the publicity features a soup prepared to break the Ramadan fast and *ruz*, a savory staple rice dish, while in Bangladesh, *torkari* curry is featured.

The Ajinomoto Group's goal is to deliver the best-tasting foods in every world region.

### Highlight

## *Satis*® makes a popular local dish easier to prepare (Brazil)

In Brazil, lifestyles have changed significantly in recent years, with rising incomes. Consumers here are increasingly looking for ultra-convenient food products with high added value. According to a survey, *milanesa* (breaded deep-fried cutlets) is a very popular dish eaten both at home and in restaurants. However, it was clear that many people felt it was quite difficult to prepare.

Responding, we developed *Satis*® for *milanesa*, a coating mix product that solved both the preparation and cooking challenges at the same time. With this revolutionary product—not offered by competitors—just coat the meat and bake it in the oven or microwave (it can also be fried in oil). We will continue to provide products with value that meets customer needs. Our goal is to spread smiles and great taste to dinner tables across Brazil.

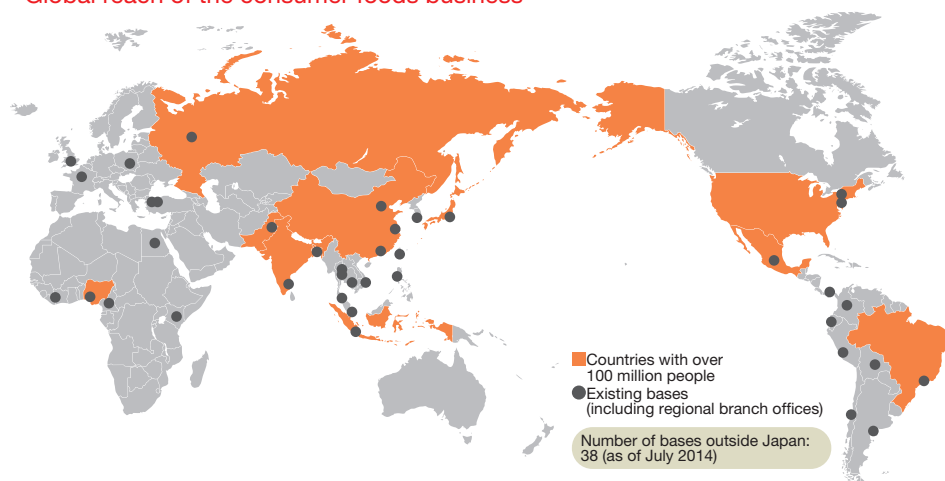


**Satis Marketing Team**  
Ajinomoto do Brasil Ind. e Com.  
de Alimentos Ltda.



*Milanesa*—a meat cutlet traditionally seasoned with spices and coated in bread crumbs before being deep fried

## Global reach of the consumer foods business



By fiscal 2014, the Ajinomoto Group had covered all countries with a population of more than 100 million, by opening an office in Pakistan. The Group is developing products tailored to the preferences and dietary habits of people in many different countries and regions, delivering delicious tastes to consumers worldwide.

Logo represents the mission to create value globally



Displayed on consumer food products outside Japan, this logo communicates the three themes of the mission.

### Delicious Red

Delicious taste, peace of mind, trust, life, inquiry, expertise

### Lively Yellow

Well-being, happiness, warmth, care, vitality, vision for tomorrow

### Earth Green

Earth, nature, sustainability, recycling, community, good faith

## Aiming to make products that anyone can buy and serve every day

To develop products even more globally, it is important not only to provide delicious taste, but also to make products affordable for anyone and available anywhere. For example, the umami seasoning *AJI-NO-MOTO*® is available in Indonesia in a 0.9-gram packet for 50 rupiah (US\$0.004), as well as in the Philippines in a 9-gram packet for 2 pesos (US\$0.04). It is also sold in Vietnam in

a 50-gram packet for 3,000 dong (US\$0.14). The Group is committed to making products available anywhere for customers, at affordable prices, and in sizes that are convenient to use.

In many parts of Asia, Africa, and Latin America where supermarkets are not yet common, the Group has adopted the “Direct Cash Sales Model.” Local staff sell products on a cash basis only, visiting markets and shops in person. By valuing good communication with shopkeepers and customers, the Group is growing even deeper roots in these regions.

### Highlight

## Bringing smiles to faces in a country of food lovers (Pakistan)



Boasting a population of 180 million people, and with UN statistics predicting that number to rise to 350 million by 2050, Pakistan is a very attractive market for us. Security is being improved through political leadership and the country is actively pursuing foreign capital, creating a promising business environment.

Lahore city is located in Punjab province in Pakistan, and Punjab province is in the Indus River basin, which has been a prosperous agricultural area since ancient times. Pakistanis love food, and mealtimes at home are very important in their food culture. The umami seasoning *AJI-NO-MOTO*® has been imported and sold in Pakistan since the 1980s, and umami seasoning is widely used in local cooking.

In July 2014, we opened the Lahore Liaison Office of Ajinomoto Co., Inc. in Pakistan. We are busy with market research and looking into establishing subsidiaries for full-scale entry into this market in the near future.

**Takuro Seguchi**

Representative, Lahore Liaison Office,  
Ajinomoto Co., Inc.



# Working Cooperatively to Address Global Nutritional Issues

## Developing a social business model to improve maternal and infant nutrition in Ghana

Those with an annual income of US\$3,000 or less (the so-called “Base of the Pyramid”) account for some 60% of the world’s population, or 4.1 billion people. Most of these people are concentrated in developing countries, where stunted infant development and high infant mortality rates are serious problems.

Approximately one-third of infant mortality cases globally are said to be caused by malnutrition. Malnutrition and stunted growth during the first 1,000 days from conception until a child turns two years old increases the risk of mortality before the age of five years, and stunts intellectual development. Infant malnutrition has an irreversible effect on a child’s future.

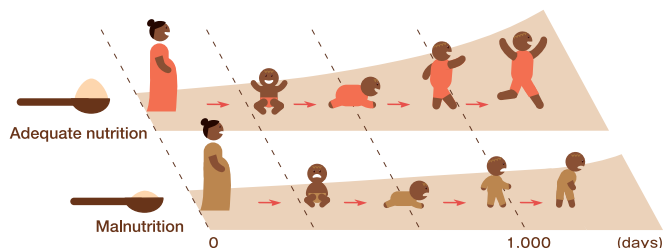
The Ajinomoto Group launched the Ghana Nutrition Improvement Project in 2009 to address malnutrition in that nation. The project involves the development of *KOKO Plus*<sup>TM</sup>, a supplement containing amino acids to fortify the nutrition of *koko*, a traditional corn-based porridge for weaning infants. The Group is developing a social business model in which local food

companies manufacture *KOKO Plus*<sup>TM</sup>, which is distributed and sold through partnerships with diverse stakeholders including the Ghanaian government and NGOs.

Building on the Ghana Nutrition Improvement Project, Ajinomoto Co., Inc. engaged in a number of international efforts focusing on improving maternal-infant nutrition in Ghana. In September 2013, the company started participating in the Business Call to Action (BCTA)<sup>1</sup> public-private initiative of the United Nations Development Programme (UNDP), making it the first Japanese food company to do so. The company also launched a partnership to improve maternal nutrition in cooperation with the German agency for international development, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, and DSM, a Netherlands-based life science company. In March 2014, the company also signed an agreement for a joint project to improve maternal-infant nutrition in Ghana in cooperation with the United Nations World Food Programme (WFP), and the details were formally determined in August 2014.

Ajinomoto Co., Inc. will also show leadership in this field as the only Japanese company that participates in an advisory group of the Scaling Up Nutrition (SUN) Business Network,<sup>2</sup> which is organizing a global movement to address malnutrition.

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



In Ghana, 30–40% of children aged two years display stunted height, mainly from malnutrition during weaning from age six months and beyond.

<sup>1</sup> Launched in 2008 as a global initiative involving companies, governments, and development agencies, calling on private companies to help achieve the Millennium Development Goals (MDGs) through their core business.

<sup>2</sup> Launched under the leadership of the UN to help solve nutrition issues in developing countries, with particular focus on the “first 1,000 days from conception.” The initiative involves the international community and encompasses national governments, NGOs, companies, and researchers.

**Reference** See “Ghana Nutrition Improvement Project” on p. 54.

**Link** The Ghana Nutrition Improvement Project  
<http://www.ajinomoto.com/en/activity/csr/ghana/index.html>







## Leveraging Japan's knowledge to address the increasingly complex global issue of malnutrition

In addition to the malnutrition challenges of the first 1,000 days, a growing number of developing countries are now shouldering a “double burden of malnutrition,” with obesity and lifestyle-related diseases rising in urban regions alongside the typical under-nutrition in other areas. There is also a problem with comorbidity of nutritional issues within individuals or within countries or regions, such as an obese person suffering from anemia due to an iron deficiency.

Japan has much to contribute to addressing these issues, having experienced a rapid improvement in the Japanese diet following World War II, which set the stage for a period of rapid economic growth and enabled the longest average lifespan of any nation. Japan is successfully keeping obesity rates in check despite the increasing Westernization of the nation's diet. This success has been credited to various policies to encourage balanced nutritional intake, in addition to a diet based on *dashi* and umami.

The Ajinomoto Group is applying Japan's knowledge by working with government agencies and educational institutions in Vietnam to develop and implement educational programs, aiming to support the development of nationally-recognized qualifications for dietitians, in cooperation with the Japan Dietetic Association and Japanese universities. Ajinomoto Vietnam Co., Ltd. is also working with that nation's Ministry of Education and Training and regional governments to promote food education and nutritionally balanced school meal programs, with the goal of achieving nationwide implementation by 2016.

By working with diverse stakeholders, this initiative is building social infrastructure to support the healthy growth of future generations.



Ajinomoto Vietnam Co., Ltd. offers scholarships for the first term of a bachelor program in dietetic science and nutrition.

**Reference** See “Solving Food and Nutrition-Related Issues” on p. 121.

## AIN celebrates 15 years of addressing food and nutrition issues in developing countries

Since Ajinomoto Co., Inc. launched the Ajinomoto International Cooperation Network for Nutrition and Health (AIN) in 1999, AIN has supported the efforts of non-profits, NGOs, and local educational institutions that are working to address food and nutrition issues, to help foster community development and improve the lives of people in developing countries. The AIN Committee reviews projects submitted by organizations from in and outside of Japan, with the Ajinomoto Group's employees investigating the projects first-hand before the projects are selected. Group companies in the countries where projects are being implemented lend their support for the duration of the projects.

By 2014, AIN had supported 72 projects in 12 countries, encompassing 120,000 beneficiaries, many of them mothers and children, in these countries. While focusing on nutrition education, the projects also include activities for improving the income of and empowering women and minorities, such as promoting kitchen gardening, HR development, and food processing. All AIN projects seek to ensure that the local communities continue on their own with the activities.



Brochure on nutrition and foods for a healthy lifestyle for persons with disabilities in Myanmar. Printed and distributed in partnership with the Association for Aid and Relief, Japan (AAR Japan)



Home nutrition improvement project implemented by the Japan Lay Missionary Movement, dedicated to empowerment of mothers in impoverished areas of Phnom Penh, Cambodia, by imparting knowledge and instilling confidence through nutrition education

**Reference** See “Improving childhood nutrition” on p. 123.



# Japanese Nutritional Knowledge for Global Health

## Offering better lifestyle choices in aging societies

Societies are aging rapidly worldwide, and the planet's elderly population is expected to reach 1.5 billion by 2050. The spotlight is on health concerns related to aging and the soaring cost of healthcare and social insurance. Japan, where one in four people are now over 65, is aging particularly quickly. The challenge of increasing healthy life expectancy<sup>1</sup> is a major issue.

In response, Ajinomoto Co., Inc. is focusing on prevention of "locomotive syndrome."<sup>2</sup> Typically thought of as a challenge in old age, the fact is that four out of five people over 40 are said to be at risk for this condition. Good prevention starts at about age 40, just like for metabolic syndrome. In November 2013, the Ajinomoto Group launched a website called "Karada-Gohan-Labo," which provides information on health topics like locomotive and metabolic syndromes and suggests prevention methods including healthy recipes and exercises.



"Karada-Gohan-Labo" website  
http://kenko.ajinomoto.co.jp/ (Japanese only)

Reaching out to consumers, the Ajinomoto Group has also set up in-store displays on locomotive syndrome at large retailers and drug stores in Japan, where it offers simple posture assessments for customers. Working with various stakeholders, since December 2012 the Group has been a member of The Locomotive Challenge! Council established by The Japanese Orthopaedic Association. Together with the Japan Dietetic Association, the Group has also published 150,000 copies of a

booklet in Japanese entitled, *Protein Intake Recommendation to Prevent Locomotive Syndrome* (photo at right). Then, in March 2013, the Food and Nutrition Study Group for Active Seniors was launched to serve as a third-party organization for registered dietitians and corporate users of amino acid materials.

The Ajinomoto Group has also started teaming up with local governments in Japan on locomotive syndrome prevention. The Group supports the "Red Apron Project," which aims to support reconstruction in Tohoku after the Great East Japan Earthquake, in collaboration with the health promotion department of Watari Town, Miyagi Prefecture. As part of the project, the Group is providing information and exercise tips for preventing the syndrome to "health mate" community leaders who work to improve diet and health.

The Ajinomoto Group's amino acid research also shows promise for locomotive syndrome prevention. *Amino L40*<sup>®</sup>, a proprietary blend of essential amino acids made by Ajinomoto Co., Inc., is 40% leucine, one of the branched-chain amino acids (BCAA).<sup>3</sup> Containing a total of nine essential amino acids, the product can help synthesize muscle protein in smaller amounts than the protein found in food. The company will continue its research on this product as an efficient nutritional measure for preventing sarcopenia,<sup>4</sup> one of the components of locomotive syndrome, and present results at academic conferences.



- 1 Span of healthy life up until to the point when independent living is no longer possible and daily nursing care is required.
- 2 Difficulty moving about due to age-related musculoskeletal impairment including in the legs, making it necessary to receive nursing care; otherwise, a high risk of requiring nursing care in the future.
- 3 BCAA consist of 3 amino acids: valine, leucine, and isoleucine. They are known to increase the amount of proteins in the body, and are used as an energy source during exercise.
- 4 One of the symptoms of locomotive syndrome, whereby muscle mass and strength decreases due to age. It lowers the ability of the elderly to perform physical exercise, results in a decline in daily activity and may lead to a need for nursing care. It is thought to be caused by malfunction of protein synthesis brought by aging.



- 1 In August 2014, a symposium was held on the importance of nutritional improvement for preventing locomotive syndrome and osteoporosis by the Japanese Society of Nutrition and Dietetics. It was co-hosted by The Japanese Orthopaedic Association and the Japan Osteoporosis Society, with the sponsorship of Ajinomoto Co., Inc.
- 2, 3 Showing "health mates" how to do exercises using a handkerchief.
- 4, 5 Simple posture assessment at large retailers.



## Maintaining health with a regular diet

Daily meals are necessary for survival. However, despite intentions to eat a well-balanced diet, people often lack needed nutrients, while over-consuming salt, sugar, and fat. This is the cause of obesity, which now affects 1.5 billion people worldwide and is a risk factor for lifestyle-related diseases such as diabetes and high blood pressure.

### Low-salt, low-fat, and low-sugar products

Ajinomoto Co., Inc. has developed and sells numerous health-conscious seasonings, sweeteners, and processed foods. These include, *YASASHIO*<sup>®</sup>, which provides the same salty taste but with less sodium, and *Pure Select*<sup>®</sup> *Kokuuma*<sup>®</sup>, which has 65% fewer calories than the company's conventional mayonnaise while maintaining the same taste, based on a unique production method. *PAL SWEET*<sup>®</sup> is a low calorie sweetener with zero sugar and a subtle sweetness, and *Knorr*<sup>®</sup> *Cup Soup* has 40% less salt than the company's conventional product thanks to original technology.



YASASHIO<sup>®</sup>



*Pure Select*<sup>®</sup> *Low-Calorie Kokuuma* Calorie 65% Cut



PAL SWEET<sup>®</sup>



*Knorr*<sup>®</sup> *Cup Soup* creamed corn variety with 40% less salt



Glyna<sup>®</sup>



*Capsiate Natura*<sup>®</sup>



DHA & EPA + Vitamin D

### Fundamental Foods

Humans have the “power of healthy living.” However, this power is significantly eroded by aging, stress and unhealthy lifestyles.

Seeking to support the “power of healthy living,” Ajinomoto Co., Inc. provides Fundamental Foods—products based on the latest physiological research discoveries, functions of amino acids discovered over a century of research, and new technologies for delicious flavor and ease of consumption.

### Highlight

## Nutritional support for the active physique

Ajinomoto Functional Foods are backed by scientific evidence on the nutritional and physiological functions of amino acids and natural ingredients. These foods meet a variety of needs, including sports nutrition.

Ajinomoto Co., Inc. has been supporting sports nutritional science research and the activities of top athletes for many years. As a Gold Partner<sup>5</sup> of the Japanese Olympic Committee (JOC), the company is now promoting a “Victory Project” with JOC to support the Japanese Olympic team. The company offers the *Kachimeshi* sports nutrition meal program for building a winning physique, providing nutritional advice and information about diet and nutrition to Japanese athletes in the nutrition management cafeteria inside the Ajinomoto National Training Center. At the request of sports associations, the company also holds workshops and seminars on how to incorporate essential amino acids into training diets. The company also provides its products to members of the Japanese Olympic team at international events.

<sup>5</sup> Ajinomoto Co., Inc. is a Gold Partner in the following contract product categories: Nutritional supplements (powdered/tablets), umami seasoning, salt seasoning, Chinese seasoning, dashi broth, sweeteners, and soups (except miso soup; solid/powdered).

**Milk and dairy products**  
Calcium and protein to strengthen bones

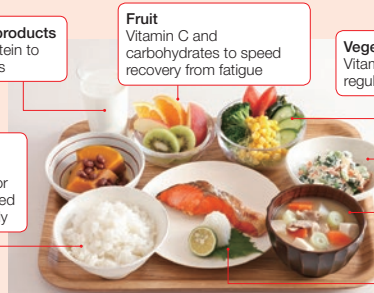
**Fruit**  
Vitamin C and carbohydrates to speed recovery from fatigue

**Vegetables**  
Vitamins and minerals to regulate body functions

**Soups**  
To protect and care for the GI tract

**Meat and fish**  
Protein to build the body including skin, muscles, bones, and blood

**Staples**  
Mainly carbohydrates for the energy needed to move the body



Hidefumi Kurihara  
Section Manager, Sports Nutrition  
Department, Ajinomoto Co., Inc.



amino VITAL<sup>®</sup>  
Gold



amino VITAL<sup>®</sup>  
Amino Protein

As a manager of the “Victory Project,” which supports the Japanese Olympic team with food and nutrition, my goal is to raise the energy levels of the athletes so that they can achieve their highest performance. The *Kachimeshi* program makes the most of our products to provide well-balanced meals and the right amino acids with the proper timing, aiming to help the athletes optimize their mental and physical condition.



# Demonstrating the Strengths of Amino Acid Technology in the Drug Discovery and Medical Fields

## Exercising responsibility as a leader in medical-use amino acids

Hydrolysis of wheat gluten or soy protein produces a liquid containing amino acids. Of these, Ajinomoto Co., Inc. had only extracted glutamate at first. Along the way, however, the company saw the potential to isolate and extract the remaining amino acids, for use in the medical field.

This led to the development of technology for isolating and refining amino acids, and the company had successfully isolated 18 amino acids by the beginning of the 1950s. These were distributed to researchers in Japan and worldwide, providing the impetus for global research into the uses of amino acids.

The Ajinomoto Group launched the world's first crystalline amino acid infusion solution globally in 1956. A nutritional supplement for pre- and post-operative patients, it can be called the first step in the utilization of amino acids in the medical field.

Improvements were subsequently made to amino acid infusions in various countries, and total parenteral nutrition products containing not only amino acids but also glucose and electrolytes such as sodium and potassium were created. These are in widespread use today as essential tools for the nutritional management of patients as well as for increasing the success rate of surgery.

Amino acid infusions are mixtures of multiple amino acids. However, it is becoming known that a single type of amino acid also has a variety of effects, and the number of pharmaceuticals that use amino acids as raw materials has increased.

## Delivering unique products for gastrointestinal diseases

AJINOMOTO PHARMACEUTICALS CO., LTD. was formed in April 2010 to contribute to society by creating pharmaceuticals that only the Ajinomoto Group can develop, by leveraging its years of expertise and technologies related to food and amino acids. The new firm is a specialty pharmaceutical company focusing on pharmaceuticals developed from the application of amino acids, particularly for gastrointestinal diseases.

The company is pursuing the development of pharmaceuticals that can contribute to unmet medical needs<sup>1</sup> by discovering drugs that make the most of the Ajinomoto Group's unique technology as well as "open & linked innovation." It is also working to expand its business outside Japan, primarily in Asia, in order to support patients around the world.

<sup>1</sup> Unfulfilled medical needs for which there are not yet effective treatments.



ひとを見つめる創薬

AJINOMOTO PHARMACEUTICALS CO., LTD. aspires to improve patients' quality of life by developing, manufacturing and delivering new pharmaceuticals to the medical frontlines as quickly as possible, all based on the input of individual patients and medical professionals.



The large dosage volumes required for conventional oral agents for bowel cleansing have been burdensome for patients. In June 2013, AJINOMOTO PHARMACEUTICALS CO., LTD. provided a new solution, launching MOVIPREP in Japan. This new oral bowel cleansing agent features a lower dosage volume and takes less time, and is equally effective in bowel cleansing and maintenance of electrolytic balance.

### Helping people build healthy lives

#### Screening

- AminoIndex® Cancer Screening (AICS) service, etc.

aminoindex

#### Pharmaceuticals

- Gastrointestinal diseases (elemental diets, BCAA formulations, oral bowel cleansing agents, etc.)
- Metabolic diseases (anti-hypertensive, anti-osteoporosis, anti-diabetes agents)



#### Medical and nutritional care foods

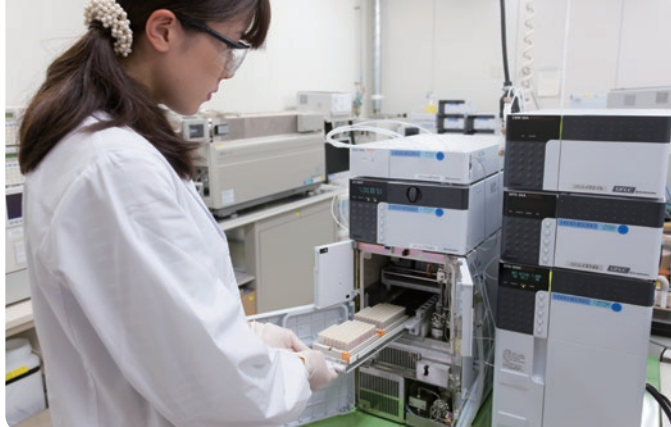
- Diet for protein energy malnutrition
- Immunonutrition diet
- Oral rehydration solutions, etc.



#### Active pharmaceutical ingredients

- Medical amino acids (used in infusions, enteral nutrition, other pharmaceuticals and media)
- Pharmaceutical intermediates (anti-hypertensives, anti-HIV drugs, anti-viral intermediates, etc.)
- Biopharmaceutical ingredients (contracted development of manufacturing methods for media and proteins, etc.)

#### Food and amino acid expertise and technology



## Novel iPS cell culture medium for regenerative medicine

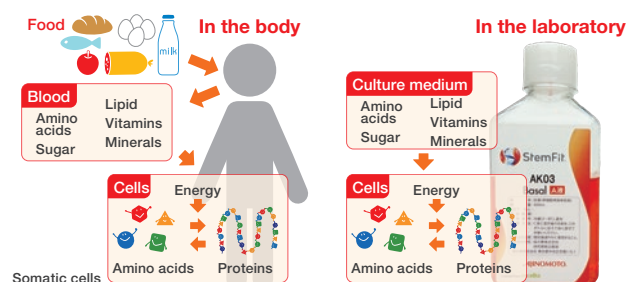
Ajinomoto Co., Inc. has been producing and marketing an excellent serum free medium (ASF medium) for bio-pharmaceutical companies since 1987. This chemically defined medium is very safe for producing bio-pharmaceutical products. Recently, Ajinomoto developed *StemFit*<sup>®</sup> AK03, a novel medium for growth of ES/iPS cells for Kyoto University (Professor Shinya Yamanaka), based on its amino acid research and bio-technology.

The *StemFit*<sup>®</sup> AK03 medium was developed for use in clinical research related to regenerative medicine, for xeno-free<sup>2</sup> and feeder free culture systems.<sup>3</sup> It is fortified with highly purified recombinant proteins and free from human or animal-derived components, and thus highly safe.

Ajinomoto Co., Inc. has started to supply *StemFit*<sup>®</sup> AK03 to the Center of iPS Cell Research and Application (CiRA) of Kyoto University and to Healios K.K., which is attempting the world's first clinical research on application of iPS cell therapy to age-related macular degeneration (AMD) in patients.

<sup>2</sup> A xeno-free product contains no animal-derived component but may potentially contain human-derived components.  
<sup>3</sup> A culture system which does not require feeder cells (cells used to support the growth of the other cells in the culture).

### Why Ajinomoto Co., Inc. belongs in the culture medium business



"Culturing" means growing cells or microorganisms in a medium including various essential nutrients and/or some specific growth factors. Ajinomoto Co., Inc. has been accumulating advanced technologies for the research of amino acid metabolism and bio-technology for producing various important growth factors.

## AminoIndex Technology supports prevention of cancer and metabolic syndrome

AminoIndex Technology, developed by Ajinomoto Co., Inc., reveals a person's health condition and aids in the early detection of various diseases by analyzing the change in concentration of amino acids found in blood.

Ajinomoto Co., Inc. collaborates with SRL, Inc. to provide the *AminoIndex*<sup>®</sup> Cancer Screening (AICS) service, which utilizes this technology. AICS assesses risk of multiple types of cancer by analyzing the concentrations of amino acids found in blood, and its widespread adoption is expected to help improve participation rates of cancer screening, lower mortality rates through early detection, and reduce medical costs. More and more facilities have adopted AICS every year, and Ajinomoto Co., Inc. is striving to introduce AICS in national programs and campaigns for the early detection of cancer.

Moreover, Ajinomoto Co., Inc. is striving to identify and develop technologies to assist in preventing other diseases. For instance, the company found that the risk of metabolic syndrome (lifestyle related diseases) could be assessed using amino acid concentrations. The company has concluded a joint research agreement with Massachusetts General Hospital in the United States, targeting the global spread of AminoIndex Technology.



**Osamu Tochikubo**

Specially Appointed Professor, School of Medicine, Yokohama City University

Japan is entering a period of unprecedented aging and shrinking population, and medical treatment, care, and pensions for the elderly are major social issues. As "healthy longevity support for people over the age of 80" is regarded as vital to solving these issues, early detection of lifestyle-related diseases by analyzing amino acids in blood and subsequent evidence-based nutrition support is expected to be of great use for the healthy longevity effort.

### Highlight

## Cystine and theanine confirmed effective in reducing adverse events from cancer chemotherapy

Ajinomoto Co., Inc. conducts basic and clinical research to identify medical uses for the amino acids, cystine and theanine.

The company supports a research group led by Takashi Tsuchiya, M.D., Ph.D., Vice President, Sendai City Medical Center, and the group has confirmed that intake of cystine and theanine reduces chemotherapy adverse events and significantly improves completion rates<sup>4</sup> for treatment with anti-cancer drugs (chemotherapy).

Anti-cancer drugs and surgery are both vital in the treatment of cancer. However, these drugs can damage the mucosal epithelium, causing adverse events like stomatitis, diarrhea and gastrointestinal

dysfunction. This, in turn, forces reductions in dosage and even suspension of drug therapy, making it difficult to obtain the best results. Recent clinical trials showed that intake of cystine and theanine significantly reduced anorexia and diarrhea and significantly increased the completion rate for administration of anti-cancer drugs. These results were recognized as an "Excellent Abstract" at The 52nd Annual Meeting of the Japan Society of Clinical Oncology in August 2014.

<sup>4</sup> The percentage of patients who were actually able to complete the scheduled treatment.





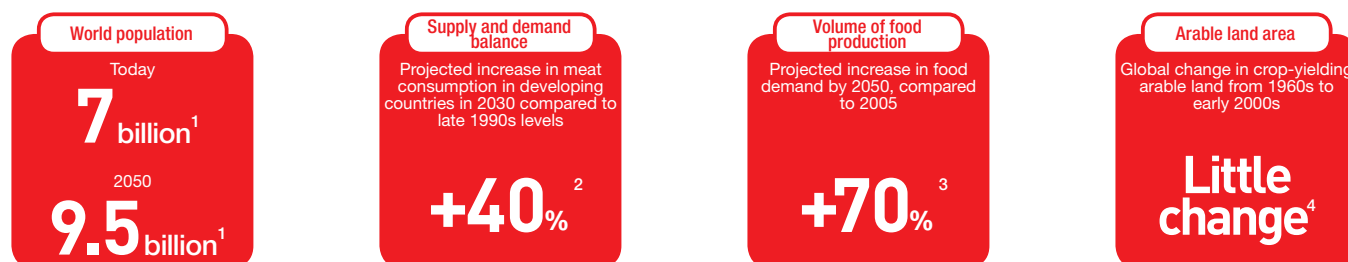
## Special Feature 2

# Promoting the Sustainable Use of Food Resources

The mission of the Ajinomoto Group is to develop products and services that support food, health, and life, using natural ingredients sourced from around the world, such as sugar cane, to make the umami seasoning **AJI-NO-MOTO®**, and skipjack to make **HON-DASHI**.

The Group is committed to doing business based on the efficient and sustainable use of food resources, applying its technology and expertise to work with consumers for a sustainable future.

## Global issues related to food resources



<sup>1</sup> World Population Prospects: The 2012 Revision (United Nations)  
<sup>2</sup> World agriculture: towards 2015/2030 (FAO)

<sup>3</sup> OECD-FAO Agricultural Outlook 2009-2018 (OECD and FAO)  
<sup>4</sup> FAOSTAT (FAO)



# Reducing Food Waste in Manufacturing and at Home

## Creating new value by effectively using food resources

Food resources are essential to the business of the Ajinomoto Group. Global food demand continues to increase, and this may complicate food procurement in the future. The Group recognizes that it has a responsibility to sustainably use and conserve food resources, as well as to contribute to a planet that supports the healthy growth of food resources such as crops, livestock, and marine products. The Group aspires to do business in a way that contributes to healthy lives and a prosperous planet.

The Group recognizes how important it is to make the most of the technology and development capabilities it has acquired in more than 100 years of doing business. As an example, the Ajinomoto Group has continued to refine its fermentation technologies to more efficiently produce the amino acids which are its core business. These processes enable the Group to make amino acids without depleting food resources, using crops that are widely grown in each region such as sugar cane, cassava, and corn.

The crops used in the production of amino acids must be utilized without waste to minimize competition with other uses, as population growth drives increasing demand for crops for food and as demand grows for biofuels and bio-based industrial materials. The Ajinomoto Group makes every effort to efficiently use food resources in the production process of amino acids, while also using by-products generated in various processes and residual products. These efforts are aimed at eliminating waste in every operation. The Group is currently working to develop “resource-saving fermentation technologies,” which make it possible to ferment and produce amino acids with fewer raw materials and less energy. The Group is also helping to reduce environmental impact by providing feed-use amino acids, aiming to create new environmental value.

## Working with consumers to reduce waste throughout society

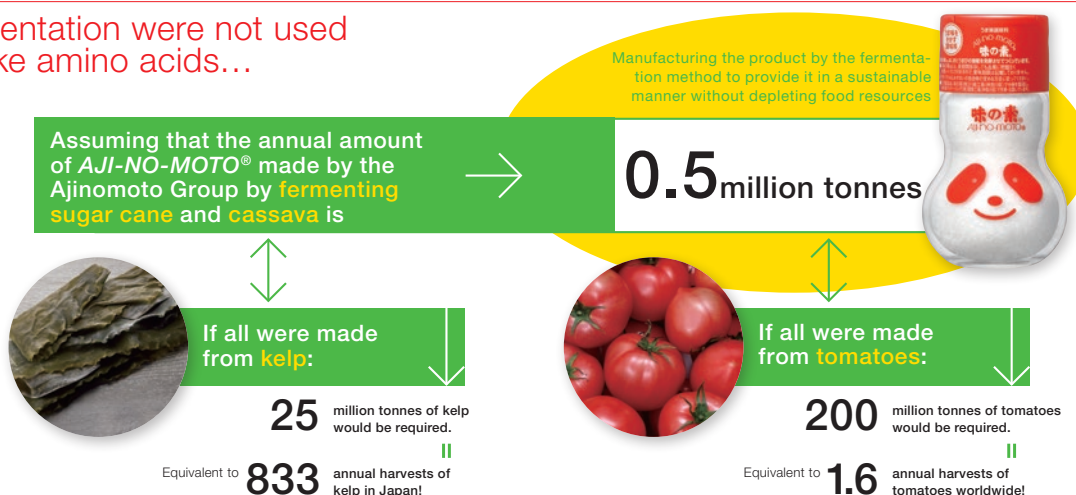
Going beyond efficiently utilizing food resources throughout its business, the Ajinomoto Group is promoting food resource initiatives throughout the value chain. The products of the Ajinomoto Group are widely used to prepare dishes at home. Thus, the business of the Ajinomoto Group is inextricably connected with the daily diet of consumers.

One issue related to utilizing food resources properly is discarded food. According to recent research by the Food and Agriculture Organization of the United Nations (FAO), an estimated 1.3 billion tonnes of food is discarded annually. In Japan, an estimated 17 million tonnes of food is discarded annually, including 11 million tonnes from ordinary households, accounting for approximately 60% of all food waste. Anywhere from two to four million tonnes of this household food waste is estimated to be edible. This tremendous amount of food discarded not only represents a great expense in lost resources such as energy, water, and soil required to produce and supply the foods, but also higher generation of greenhouse gases such as methane when food ends up in landfills.

Ajinomoto Co., Inc. is continuing to raise awareness through its “Eco-Uma Recipe” program for consumers and is making expiration dates more prominent on packages to help consumers avoid wasting food. The company will keep working to address the issue of food waste by collaborating with society.

Reference See “Proposing Sustainable Lifestyles, Starting with the Dinner Table” on p. 114.

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



Note: Calculated based on the average extraction of glutamic acid of 2.24 grams per 100 grams of kombu kelp, and 0.14 milligrams per 100 grams of ripe tomatoes.

# Fully Utilizing Food Resources So Life Leads to Life

## Bio-cycles for sustainable production

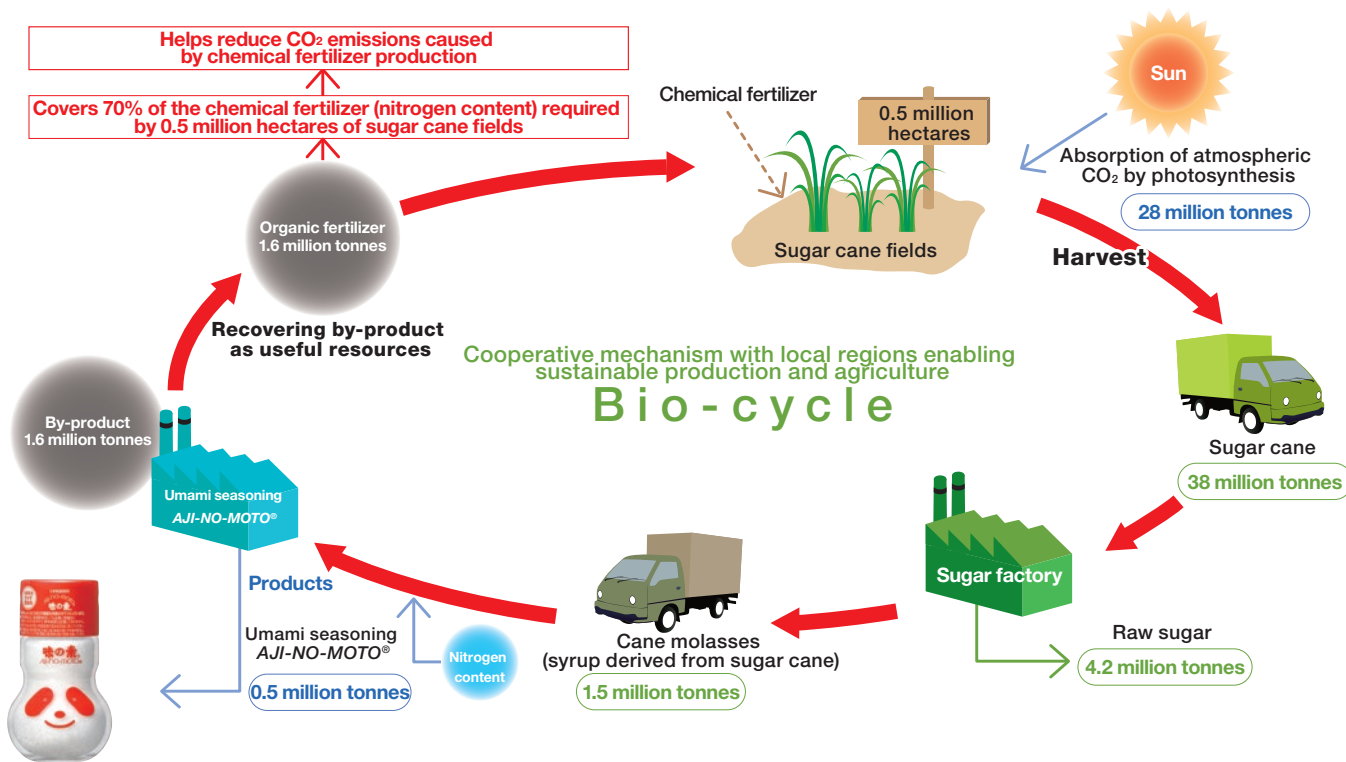
The Ajinomoto Group is dedicated to the sustainable production and supply of amino acids using local agricultural raw materials, by recycling resources in bio-cycles for amino acid production.

The Group operates plants throughout the world including in Asia, Europe, and the United States. It manufactures amino acids from agricultural raw materials that are readily available in each region in order to make amino acid products such as the umami

seasoning *AJI-NO-MOTO*®. Agricultural raw materials are fermented to produce amino acids. After they are extracted, nutritionally rich by-products are left behind. These by-products are not wasted; they are recycled as organic fertilizer used in local agriculture, helping farmers to improve their productivity.

For more than 30 years, the Ajinomoto Group has been employing these bio-cycles at its fermentation plants worldwide, practicing sustainable procurement of agricultural raw materials and supporting local agriculture.

### Bio-cycle created by the resource-recycling process for amino acid production



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 sugar cane. The values for sugar cane grown and sugar production are commonly used global figures, and the values for resources used for producing *AJI-NO-MOTO*® and values for by-products are based on actual statistics from the Ajinomoto Group.







Kamphaeng Phet Factory, Ajinomoto Co., (Thailand) Ltd.

## Resource-saving fermentation technologies—conserving food resources and minimizing impact on the global environment

As a global manufacturer of amino acids, the Ajinomoto Group has a social responsibility to continue developing production methods with even lower impact on the environment.

The Group is reviewing every aspect of production—from raw material procurement, breeding of microorganisms, and fermentation control to purification—to find ways to reduce the cost and environmental impact of amino acid production. Over the years, the Ajinomoto Group has pursued diverse R&D to develop advanced biotechnology for resource-saving fermentation, to ensure the efficient production of amino acids using less raw material and energy.

The three main components of resource-saving fermentation are: (1) technologies that significantly reduce the amount of raw materials by maximizing bacteria's productivity for fermentation; (2) technologies that reduce auxiliary materials (e.g. acids, alkalis) and water discharged by simplifying purification processes for fermented liquor; and (3) selective in-house processing of raw materials for fermentation such as those extracted from sugar cane and tapioca, combined with the use of gas fuels obtained from by-product biomass from the processing. These technologies are incorporated into the overall production process, taking into consideration the characteristics of the agricultural raw materials and the plant locations.

The Ajinomoto Group is also working to ameliorate conflicting demand for crops that are needed for both amino acid production and food-use. For example, the Group is conducting R&D into advanced production technologies that conserve food

resources, such as using non-edible biomass-based cellulose and microalgae-based oils as main fermentation raw materials.

Technologies such as these are being studied for step-by-step integration into production and adopted around the world. The Ajinomoto Animal Nutrition Group has already adopted the production of lysine for animal feed using resource-saving fermentation technologies at a plant in Brazil, following its adoption in the United States in September 2013. In France, the technologies were adopted in production of tryptophan for animal feed in August 2012 and in lysine production in February 2014.

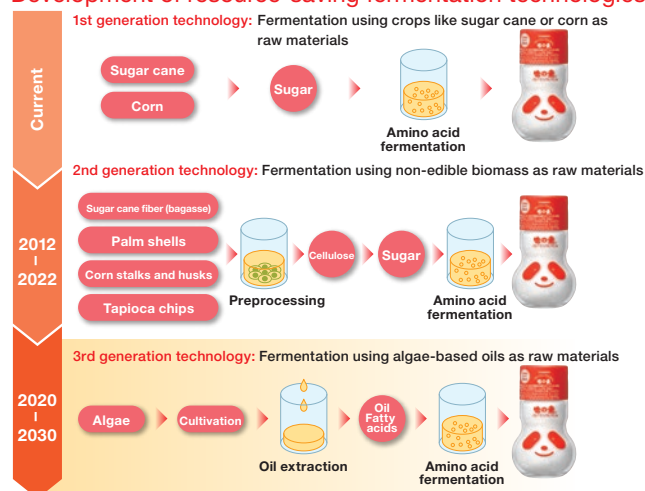
## Globally developing new bio-cycles for raw materials and energy

The Kamphaeng Phet Factory in Thailand is implementing a number of advanced initiatives, aiming to be a green factory that uses local resources and co-exists harmoniously with the local community. The plant employs a raw material bio-cycle in which sugar cane and cassava is fully utilized in the manufacturing process, and the by-products are returned to the local fields as fertilizer. In addition, the plant adopted an energy bio-cycle in December 2012 by adopting a biomass boiler that uses rice husks for fuel, which are not much used locally. This has significantly reduced petroleum consumption, saving some 100 kilotonnes of CO<sub>2</sub> emissions annually.

In 2012, the plant adopted an integrated bio-cycle of raw materials and energy as a third bio-cycle. Previously, the factory had procured the starch for amino acid fermentation from outside suppliers, but now it is produced from cassava using an in-house process, and the by-products of that process are then fermented to generate biogas fuel.

In June 2012, the Laranjal Paulista Plant in Brazil adopted a new bio-cycle by installing a sugar cane juice extractor and biomass boiler that uses sugar cane fiber (bagasse) for fuel. The bagasse is left over after juice has been extracted from purchased sugar cane, and the fuel ashes are also recycled as a co-product.

### Development of resource-saving fermentation technologies



Laranjal Paulista Plant, Ajinomoto do Brasil Ind. e Com. de Alimentos Ltda.



# Aiding Local Agriculture with Co-Products

## Co-products foster bounty in the fields

Once amino acids are removed from the fermented liquor in the amino acid production process, the remaining liquid, a by-product, still contains a wealth of nutritional ingredients. As an additional product, or “co-product,” this valuable gift of nature is subsequently used to make value-added products.

In the Ajinomoto Group’s plants, nearly 100% of the by-products generated from the amino acid production process are recycled and reused as co-products. About 90% of these co-products are recycled as fertilizer used by farmers, especially those nearby the plants. The fertilizers aid in the growing of agricultural crops such as sugar cane and corn that can be used again in amino acid production. They are also used to aid the growth of local crops such as coffee, oranges, pineapples, and rubber trees.

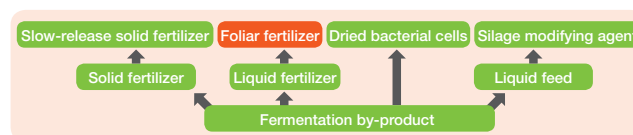
Co-products are additionally used as feed and in aquaculture, to support everything from agriculture and livestock production to the fisheries industry. The co-products are enabling bio-cycles around the world that fully utilize raw materials—life supporting

Reference See “Co-products yield agricultural bounties worldwide” on p. 89.

## Developing value added co-products

To generate even more added value from its co-products world-wide, the Ajinomoto Group leverages expertise on the diverse ways they can be used effectively in each region and for each crop. For example, the Group is developing fertilizers that offer a good balance of phosphate and potassium, supplemented by the amino acids and nucleic acids from the fermented liquor.

*AJIFOL*® foliar fertilizer was first released in Brazil in 1989 and is now made in seven countries. Specially formulated with amino acids and minerals from co-products, *AJIFOL*® is absorbed through the leaves and is praised by farmers for reducing fertilizer loss and fostering disease-resistance and improving plant growth. In Japan, *AJIFOL*® *AminoGuard*® 544 was released in July 2014 as a foliar liquid fertilizer that can be used on both vegetables and flowers, from the seedling to fruiting stages.



## *AJIFOL*® manufactured in seven countries



- 1 2 *AMINA* liquid fertilizer used for growing rice
- 3 Employees of FD Green (Thailand) Co., Ltd. celebrate the cassava crop with farmers.
- 4 Co-products used for cattle feed and corn fertilizer, and as an experimental fertilizer for tomatoes and lawns
- 5 *AMIAM* liquid fertilizer for growing crops such as sugar cane and rice, also used in aquaculture such as tilapia farming
- 6 Co-products used for cattle feed
- 7 Foliar fertilizer for grape farming
- 8 Grapes cultivated using *AJIFOL*® foliar fertilizer
- 9 Using *AJIFOL*® on orange trees in Brazil





## Highlight

### Fertilizers made from fermentation by-products aid local agriculture in Kyushu

Co-product use at the Kyushu Plant of Ajinomoto Co., Inc.



The Kyushu Plant of Ajinomoto Co., Inc. is home to one of the largest amino acid production plants in the world and is the group's only such plant in Japan. The plant is aiming to fully utilize the by-products generated from daily amino acid production, working in partnership with government agencies and other companies.

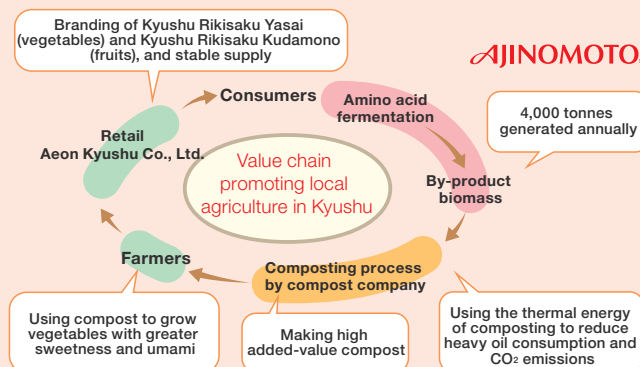


### Creating value by composting fermentation by-product biomass

The Kyushu Plant of Ajinomoto Co., Inc. has for some time been producing solid fertilizers using the by-product biomass generated from amino acid fermentation. Since the biomass has the texture of a lumpy clay, however, it had to be dried first, which required heavy oil as fuel. Now, the biomass is first mixed with compost, using the thermal energy of composting to dry it. This resulted in an annual reduction of 600 kiloliters of heavy oil consumed and cut CO<sub>2</sub> emissions by 2,000 tonnes. The resulting compost has also been found to increase the sweetness and free amino acid concentration of vegetables, making them even tastier.

The Kyushu Plant is working with composting companies, Aeon Kyushu Co., Ltd. and its contract farmers to build a value chain based on using fermentation by-product biomass mixed with compost. The resulting compost makes farmers more profitable and provides Aeon Kyushu with a stable supply of delicious produce to sell to its customers—maximizing value for farmers, distributors, and consumers alike. The produce is sold in Aeon

stores under the Kyushu Rikisaku Yasai brand name. This initiative has also sparked other business collaborations. For instance, the Kyushu Branch of Ajinomoto Co., Inc. proposed menu items that use the Ajinomoto Group's products together with Kyushu Rikisaku Yasai produce, as well as ideas for retail displays.



### "We can't wait for our ideas to spread to other parts of Japan"

**Yusuke Takahashi**  
Formerly with Agri Business Group,  
Kyushu Plant, Ajinomoto Co., Inc.

With so many people being involved, it was initially a struggle to communicate the meaning of the project, which was to utilize fermentation by-product biomass by mixing it with compost. We were working on two fronts, one being the government centering around Saga City, and the other being the private sector centering on Aeon Kyushu Co., Ltd. We continued to communicate the message of aiding local agriculture in Kyushu, and I was overjoyed to see everyone come together and work on the project

with a common cause. It was really great to get the data confirming that the vegetables in fact tasted better.

On the government side centering on Saga City, the project enabled the recycling of fermentation by-product biomass from the Kyushu Plant, by mixing it with compost made by the city's sewage processing plant. This reduced the smell of ammonia during composting and added value to the compost, while helping farmers to produce high-quality vegetables using an affordable fertilizer, for consumers to enjoy. The fact that we were able to develop a win-win cycle made the project very meaningful.

This project could also be implemented by other industries across Japan that use fermentation processes. We hope that this type of initiative will spread to other areas as a way of utilizing untapped biomass.

# Conserving Food Resources and the Global Environment with Feed-Use Amino Acids

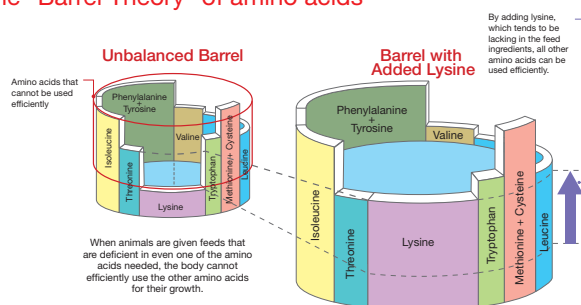
## Feed-use amino acids promote healthy livestock growth

The feed-use amino acid business of the Ajinomoto Group was launched when the Amino Acid Business Division of Ajinomoto Co., Inc. was established in 1964. For the last 50 years, the Group has brought feed-use amino acids to markets worldwide through innovative fermentation technologies for amino acid production and scientifically-backed marketing. The Ajinomoto Animal Nutrition Group today manufactures feed-use amino acids in four countries and has sales offices in seven countries, doing business in a wide range of fields including animal nutrition.

Feed-use amino acids provide supplementation for certain amino acids that tend to be lacking in animal feeds. Their use promotes livestock growth by fostering more efficient use of amino acids in feeds, which would otherwise be excreted by livestock.

Feed-use amino acids are aiding worldwide production of animal proteins, as livestock production rises with population growth and increasing meat consumption in developing countries.

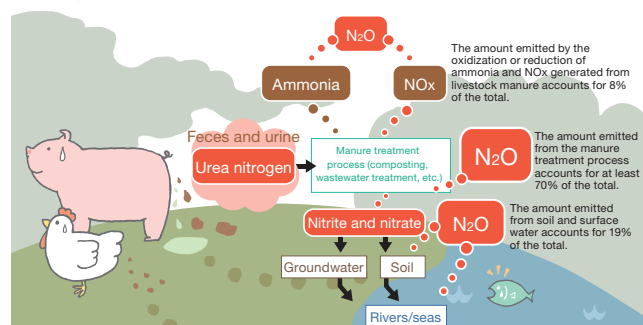
### The “Barrel Theory” of amino acids



## Reducing environmental impact

Feeds that have a poor amino acid balance prevent livestock from efficiently using amino acids in the body, and they end up being discharged as nitrogen compounds. Applying feed-use amino acids in an appropriate way helps to improve the amino acid balance in the animal body, which in turn reduces the amount of nitrous oxide ( $\text{N}_2\text{O}$ ) that is generated by livestock manure. Since  $\text{N}_2\text{O}$  has 300 times the warming potential of  $\text{CO}_2$ , feed-use amino acids are an important tool to help address global warming.

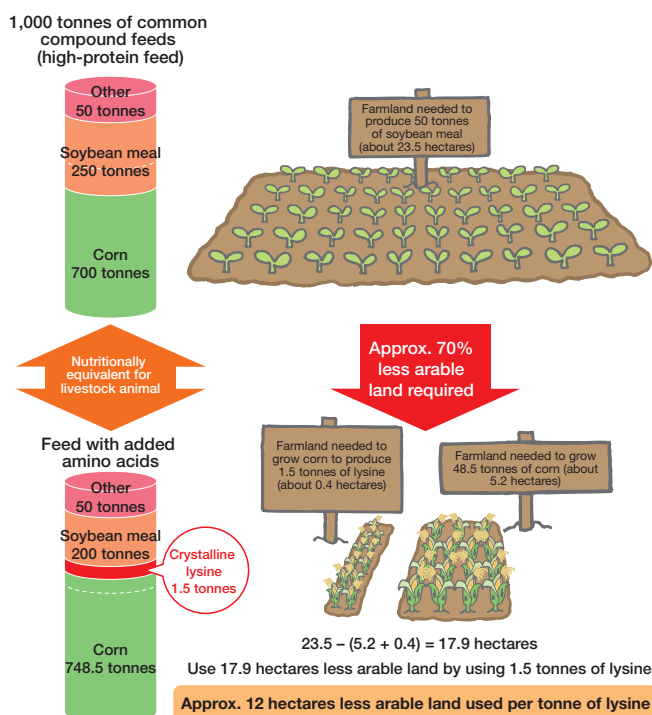
### $\text{N}_2\text{O}$ cycle



## Conserving arable land used for feed grain production, to make more food

There has been almost no change in global availability of arable land despite rising demand for livestock production, which makes it difficult to secure feed-use grains. The use of feed-use amino acids is attracting attention as a promising way to conserve the amount of arable land needed to grow feed-use grains, freeing it up for more feed-use grain and food production.

### Economizing on soybean meal and land by using feed-use lysine



In a typical compound feed for livestock, 50 tonnes of soybean meal can be replaced with a nutritionally equivalent formulation of 48.5 tonnes of corn and 1.5 tonnes of crystalline lysine. Lysine is made from corn, which produces approximately three times the yield of soybeans per unit of land. Thus 18 hectares of arable land are freed up and 70% less arable land is required, compared with soybean farming.



Reference See “Working with outside partners to promote feed-use amino acids” on p. 90.



## Highlight

### New developments for feed-use amino acids

*AjiPro®-L lysine for dairy cows and initiatives by Ajinomoto Heartland, Inc.*

The United States is home to a major livestock industry that encompasses about nine million dairy cows. Take a closer look at lysine for dairy cows and the efforts of Ajinomoto Heartland, Inc.



AjiPro®-L



AjiPro®-L pellets



Dairy cow feed fortified with AjiPro®-L

#### Developing lysine processing technology for cows

Cows have "four stomachs"; microbes in the first stomach break down forage and concentrated feeds and proliferate. In the fourth compartment, the microbes themselves are broken down and then absorbed by the intestine as a protein source. If cows are simply fed amino acids, they break down in the rumen before reaching the intestines. The Ajinomoto Animal Nutrition Group developed proprietary technology for processing lysine, making it pass through the rumen and reach the intestines. The product is sold as AjiPro®-L "rumen-protected lysine."

The company will keep expanding its business in amino acids for ruminant animals, aiming to improve dairy cow productivity and reduce greenhouse gas production.

#### Meeting growing demand for AjiPro®-L

Cow milk production continues to rise in the United States, which ranks among the highest in the world in milk yield per cow. Since Ajinomoto Heartland, Inc. released AjiPro®-L for dairy cows in April 2011, the product has gained a strong following among dairy producers. It is the leading brand of rumen-protected lysine in the United States.

In order to meet ever-rising demand for AjiPro®-L, the company is expanding its manufacturing facilities, aiming for more than 10,000 tonnes of annual production capacity by 2016. In the first phase, annual production capacity has already increased by 5,000 tonnes. The company is investing in R&D to make the product even more effective while developing demand and strengthening this growing business.



Employees of Ajinomoto Heartland, Inc. and Ajinomoto with a dairy farmer (left)



Employees of the manufacturing plant for AjiPro®-L



Jessica Tekippe, Product Technical Manager

#### ● From a customer

Since starting AjiPro®-L, our milk production and feed efficiency have improved. We appreciate the abundant evidence that proves it is effective and are extremely satisfied with the results we get.

#### ● From the manufacturing plant

Sales are strong, so we can't afford manufacturing losses. We are happy that so many farmers use the product, and it gives us motivation every day.

#### ● From the product manager

The market is changing rapidly, but the extensive evidence we show keeps winning new customers. We hope to help build a sustainable future for dairy farming by encouraging excellent nutritional management.





## Special Feature 3

# Doing Business in Harmony with the Planet

Since the Ajinomoto Group's business depends on making the most of nature's blessings, the Group recognizes that biodiversity and natural capital are finite and must be maintained and conserved. Committed to growing its business with a commitment to the healthy and prosperous future of people and the planet, the Ajinomoto Group works with diverse stakeholders to help build a more sustainable world.

## Global sustainability issues

### Biodiversity

Percentage of ecosystem services that will be lost by the 22nd century

**-60%**<sup>1</sup>

### Water resources

Projected increase in global water demand by 2030, compared to current level of supply

**+40%**<sup>2</sup>

### Forest resources

Rate of global deforestation from 2000 to 2012

**13** million hectares annually<sup>3</sup>

### Global warming

Projected increase in global mean surface temperature over roughly the next century, assuming global economic growth and dependence on fossil fuels continue on today's trends

**+4°C**<sup>4</sup>

<sup>1</sup> United Nations Millennium Ecosystem Assessment

<sup>2</sup> Chartering Our Water Future (The 2030 Water Resources Group)

<sup>3</sup> Global Forest Resources Assessment 2010 (FAO)

<sup>4</sup> Contribution of Working Group I to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change, 2007 (IPCC)



# Ensuring That Business Operations Help to Conserve Ecosystems and Biodiversity

## Corporate responsibility to conserve biodiversity

Human economic activities in the 20th century have jeopardized the health of the planet and human society. The “triple bottom line” (TBL) concept urges comprehensive assessment and balance in social, environmental, and financial performance. Yet TBL fails to adequately account for the depletion of planetary resources and the diversity of today’s stakeholders.

It is now widely understood that human economic activity depends on society and the global environment, which supports everything. In the business world, a healthy global environment is increasingly viewed as natural capital, a prerequisite for profitable economic activities.

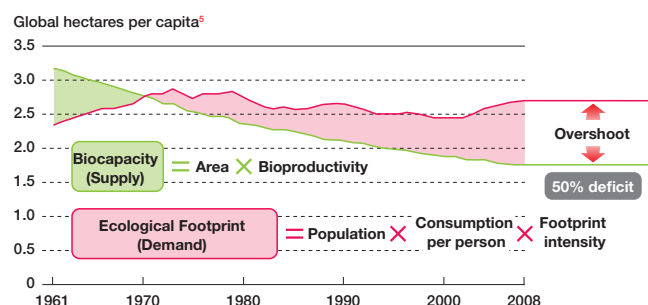
Research is showing that consumption and demand from humans is exceeding the planet’s biological production capacity. Moving forward, companies need to examine how they do business, to ensure that they meet growing demand from the people while working within the planet’s means.

The Aichi Biodiversity Targets of the Convention of Biological Diversity are specific global goals for realizing a 21st century green (sustainable) economy. They set the expectation that businesses “have taken steps to achieve or have implemented plans for sustainable production and consumption and have kept the impacts of use of natural resources well within safe ecological limits.” Companies are expected to move quickly to business models that are right for the planet; only this kind of responsible corporate activity will ensure sustainable growth.

Reference See “Pursuing CSR Procurement” on p. 47.

Reference See “The Ecological Business Model of the Ajinomoto Group” on p. 77.

## Trends in ecological footprint and biocapacity per person between 1961 and 2008



The term “ecological overshoot” refers to a state in which the annual human demand on the environment exceeds the planet’s annual capacity to regenerate itself. The decline in biocapacity per capita is primarily due to the increase in global population.

<sup>5</sup> One global hectare (gha) represents the average productivity of all biologically productive areas on earth measured by hectares of land.  
Source: Living Planet Report 2012 (World Wildlife Fund)

## Taking leadership in the area of corporate social responsibility

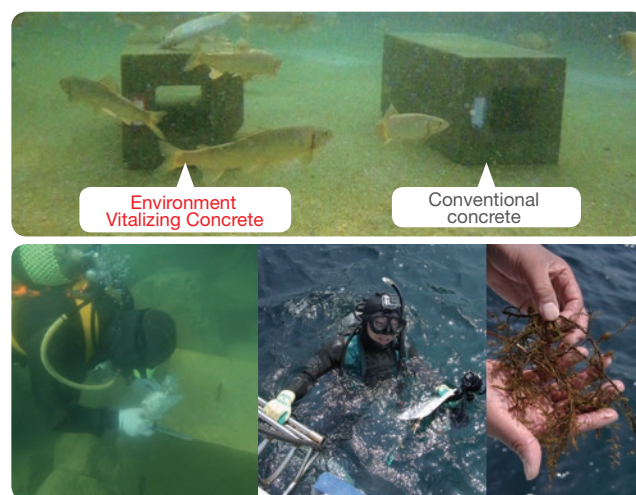
In this context, the Ajinomoto Group is closely watching the global environment and ecosystems while making every effort to reduce its impact on them. Most importantly, it strives to ensure that its business activities themselves contribute to—rather than detract from—efforts to conserve and improve the planet’s biological productivity. The Group takes special care to ensure the sustainable procurement and use of natural resources—the agricultural, forestry, and fishery resources that its business depends on, and also supports.

The Ajinomoto Group Environmental Philosophy and Basic Environmental Policies identify ecosystem conservation as of fundamental importance to the Group’s business, while the Ajinomoto Group Biodiversity Policy and Action Agenda introduced in 2012 designates biodiversity action as one of the most urgent issues facing the Group. The Ajinomoto Group also conducts various studies and practices management designed to ensure the sustainable procurement of important raw materials for business.

At the same time, global ecosystem and biodiversity issues are of a scale and complexity beyond what a single corporation can address. Collaboration and cooperation with external stakeholders is needed to realize far-reaching initiatives based on the big picture of the global environment. The Group is committed to working with like-minded companies and industries, and with communities, government agencies, NGOs, non-profits, research institutes, and will broadly pursue multistakeholder initiatives.

Reference See “The Ajinomoto Group Environmental Philosophy and Basic Environmental Policies” on p. 75.

Reference See “Conserving Ecosystems and Biodiversity” on p. 84.



Environment Vitalizing Concrete was developed jointly by the Ajinomoto Group, Nikken Kogaku Co., Ltd. (a leading supplier of wave dissipation blocks), and the University of Tokushima’s Department of Ecosystem Design (headed by Professor Yasunori Kouzuki). The blocks contain amino acids which promote algae growth, making the most of amino acid technology to vitalize marine environments.

# From Nature to Table, Sustainably

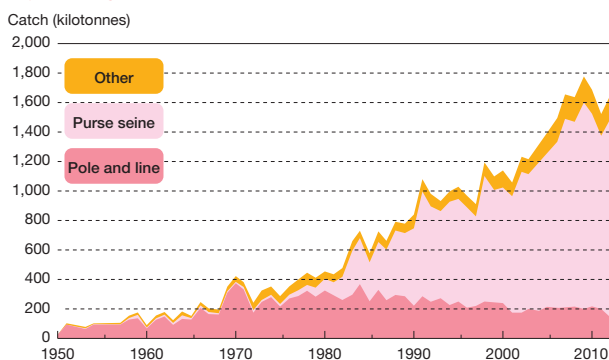
## Global skipjack stocks

Skipjack are a globally used marine resource broadly distributed in the tropical to temperate waters of all three oceans, wherever sea surface temperatures are 15 degrees Celsius or higher. During the 1950s, the global skipjack catch was around 200,000 tonnes, but with increased use of purse seine fishing since the 1980s, the global catch has kept rising. Today, it is estimated at around 2.6 million tonnes annually, a tenfold increase in 50 years. In the western and central Pacific Ocean, the main fishing ground for skipjack, the annual catch is around 1.7 million tonnes. Skipjack is consumed around the world and is typically processed into canned tuna.

The skipjack catch is one of the largest of any fish, making sustainable use of skipjack resources important to the world's food supply. The Commission for the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean (WCPFC<sup>1</sup>) advises that skipjack stocks should not be in an overfished state, nor subject to overfishing. Going further, rational and effective management strategies must be developed based on scientific knowledge of skipjack ecology in its current healthy state.

<sup>1</sup> An international organization which manages yellow fin and skipjack tuna resources in the Western and Central Pacific Ocean.

## Skipjack catch in western and central Pacific Ocean by fishing method (1950–2012)



## Joint project to conserve skipjack stocks

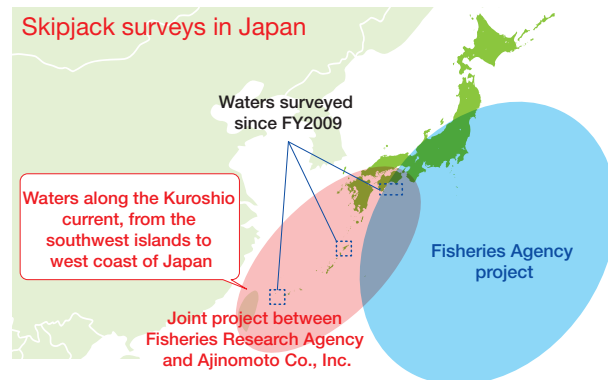
Skipjack, which is used to make *HON-DASHI*, is typically caught in tropical waters in the western and central Pacific Ocean. Ajinomoto Co., Inc. buys dried bonito made and processed by bonito producers, and has no direct involvement in skipjack fishing and stock management. However, as an indirect user in the supply chain, the company is dependent on skipjack stocks and benefits from skipjack resources, giving it a responsibility to assist with conservation and sustainable use of skipjack stocks.

Since fiscal 2009, Ajinomoto Co., Inc. has been involved in the Joint Tagging Survey of Skipjack off the Pacific Coast of Japan, in collaboration with the National Research Institute of Far Seas Fisheries (NRIFS) of the Fisheries Research Agency. It is the first project of its kind in which the agency is working with a private sector company that has no direct involvement in the fisheries or marine industry. The survey has groundbreaking importance as an example of basic research being conducted with a long-term social goal, which is to promote the sustainable use of natural resources. It is playing an important role in elucidating skipjack migration patterns in coastal waters and is providing parameters for resource evaluation models, assisting Japan's Fisheries Agency in its efforts to formulate an overall plan for the nation to track skipjack stocks.

### Reference

See "Joint Tagging Survey of Skipjack off the Pacific Coast of Japan sheds light on skipjack biology" on p. 86.

## Skipjack surveys in Japan







11th Annual Roundtable Meeting on Sustainable Palm Oil (RT11)



Meeting of the Consortium for Sustainable Paper Use

## Promoting sustainable palm oil in Japan

The Roundtable on Sustainable Palm Oil (RSPO) is a non-profit organization whose purpose is to promote the production and use of sustainable palm oil by developing certification standards. Ajinomoto Co., Inc., which uses some 3,000 tonnes of palm oil annually, and J-OIL MILLS, INC., which mainly engages in the oil milling business, are active members of RSPO.

Recognition in Japan of sustainable palm oil remains low. The volume of palm oil handled in the Japanese market is relatively small compared with other parts of the world, which hinders access to new information and is an obstacle to action by Japanese companies.

At the 11th Annual Roundtable Meeting on Sustainable Palm Oil held in Medan, Indonesia in November 2013, WWF Japan and RSPO member corporations from Japan agreed that like-minded Japanese corporations should work collaboratively to promote sustainable palm oil. As a result, discussion meetings are taking place with the involvement of a wide range of stakeholders in Japan, centering on corporations including Ajinomoto Co., Inc.

**Reference** See "Promoting certified sustainable palm oil" on p. 49.

**Reference** See "Conserving Ecosystems and Biodiversity" on p. 84.



Meeting of Japanese corporations interested in promoting sustainable palm oil



Active discussion at the RSPO's RT11

## Sustainable paper use

Paper is an essential resource for everyday life and corporate activities. Paper can only be recycled a certain number of times, so a certain amount of virgin pulp must inevitably be used. The same is true for applications where recycled paper cannot be used.

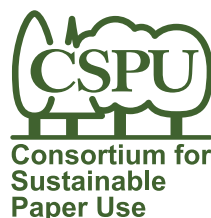
Japan is a heavy producer and consumer of paper, ranking third highest in the world, with per capita consumption four times higher than the average worldwide. Japan imports many paper products and raw materials and therefore it is deeply connected to issues that affect the planet's forest ecosystems.

The Ajinomoto Group issued the Guidelines for Procurement of Environmentally Responsible Paper in January 2012. The Group is working to procure and use paper sustainability and to promote sustainable paper use in the broader society, considering the impact of Japan's paper use on forest ecosystems. It is also involved in the Consortium for Sustainable Paper Use (CSPU), which was established by WWF Japan, Response Ability, Inc., and other companies leading the way in promoting sustainable paper use.

**Reference** See "Sustainable paper use" on p. 49.

**Reference** See "Conserving Ecosystems and Biodiversity" on p. 84.

**Link** Information on the Consortium for Sustainable Paper Use  
<http://gftn.panda.org/newsroom/newsletters/7220510/GFTN-Newsletter---April-2014>



CSPU logo



CSPU brochure prepared by WWF Japan



# Minimizing the Environmental Impacts of Production Activities

**Working together on global targets, each site doing its part**

Amino acid production uses a large amount of water and energy, and represents a significant part of the Ajinomoto Group's environmental impact. Fiscal 2005 was the first year of the Ajinomoto Group Zero Emissions Plan. The plan aims to minimize environmental impact generated in all business fields. It sets numeral targets for reduction of CO<sub>2</sub> emissions, pollutant load in wastewater, and waste. Performance data on these targets is reviewed in detail every year.

Under the 2011–2013 Ajinomoto Group Zero Emissions Plan, water-saving activities made significant progress, and the targets were achieved. Targets for CO<sub>2</sub> emissions per tonne of product were not achieved. The main cause was that the business sites which produce heavy products, i.e. beverages and transfusions, were excluded from the scope.

The 2014–2016 Ajinomoto Group Zero Emissions Plan started this year. The new plan was made after reviewing the results of the previous mid-term plan.

- <sup>1</sup> Settlement tank for wastewater treatment facilities, Bien Hoa Factory, Ajinomoto Vietnam Co., Ltd.
- <sup>2</sup> Aeration tank for wastewater treatment facilities, Kamphaeng Phet Factory, Ajinomoto Co., (Thailand) Ltd.
- <sup>3</sup> Settlement tank for wastewater treatment facilities, Valparaiso Factory, Ajinomoto do Brasil Indústria Com. de Alimentos Ltda.



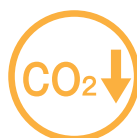
**Resource recovery ratio: 99.2%**

Resource recovery ratio for the Ajinomoto Group in fiscal 2013



**Water consumption: -71%**

Water consumption per unit of production for the Ajinomoto Group in fiscal 2013 (compared to fiscal 2005)



**CO<sub>2</sub> emissions: -26%**

CO<sub>2</sub> emissions per unit of production for the Ajinomoto Group in fiscal 2013 (compared to fiscal 2005)

Reference

See "Ajinomoto Group Zero Emissions Plan (AGZEP) and Fiscal 2013 Results" on p. 81.





## Comprehensive management to reduce water risks

There is growing emphasis today on water risks. As a company that relies extensively on water resources in its business activities, the Ajinomoto Group is committed to further addressing water risks.

The Ajinomoto Group has outlined standards for water quality and water supply when choosing the location of plants, and engages in ongoing development of processes to minimize water required for amino acid production.

In addition to these initiatives, the 2014–2016 Ajinomoto Group Medium-Term Environmental Plan calls for new groundwater measures. Groundwater is a valuable water resource, but it is vital to understand and control its particular risks, since it is difficult to recharge or circulate it once it is withdrawn. To assess the risks, the Group surveyed the state of groundwater usage at its plants around the world and found that groundwater is managed in compliance with local regulations and that risks are verified regularly. Based on this result, the Group believes that its groundwater risk is currently low. It will, however,

continue studying issues relating to local water sources and take any action needed.

The Group is also working on other issues that could become operating risks, such as discharged water volumes and quality. The Ajinomoto Group Zero Emissions Plan outlines specific target values for reducing discharged water volumes and lowering concentrations of substances that need to be processed in discharged water. The composition of discharged water from plants varies depending on the product that is being manufactured. For instance, the discharged water from amino acid production contains high levels of nitrogen. Accordingly, the Group introduces wastewater treatment facilities tailored to each plant and manages wastewater carefully.

Moving forward, the Group will investigate avenues for using ecosystems to purify discharged water, such as discharging water into man-made biotopes that reproduce local environmental conditions on its plant premises.

**Reference** See “Conserving Water Resources” on p. 98.

**Reference** See “Developing Technologies and Products That Contribute to Global Sustainability” on p. 87.

**Reference** See “Ajinomoto Group Medium-Term Environmental Plan” on p. 79.

### Highlight

## Wastewater management at the Kawasaki Plant

The Kawasaki Plant of Ajinomoto Co., Inc. was opened in 1914 near the Tama River, surrounded by untended fields and farming plots. Today, a century later, Kawasaki City has become a suburb of Tokyo and people now live next to the plant. The changes in the surrounding community have made it even more important to manage discharged water and odors from the plant.

New wastewater treatment facilities were built at the plant in 2012, in order to treat some 4,000 cubic meters of discharged water every day, an amount equivalent to the output from 5,000 households. The facilities employ microbial processes for organic and nitrogen decomposition and processes that separate sludge from supernatant water.

The Kawasaki Plant, which makes food and amino acids, manufactures different products from day to day, which changes the composition of the discharge water. In these circumstances, plant staff carefully control the operation of the wastewater treatment facilities to achieve and maintain the Ajinomoto Group Zero Emissions Plan Targets.





## Fiscal 2013 Activity Report

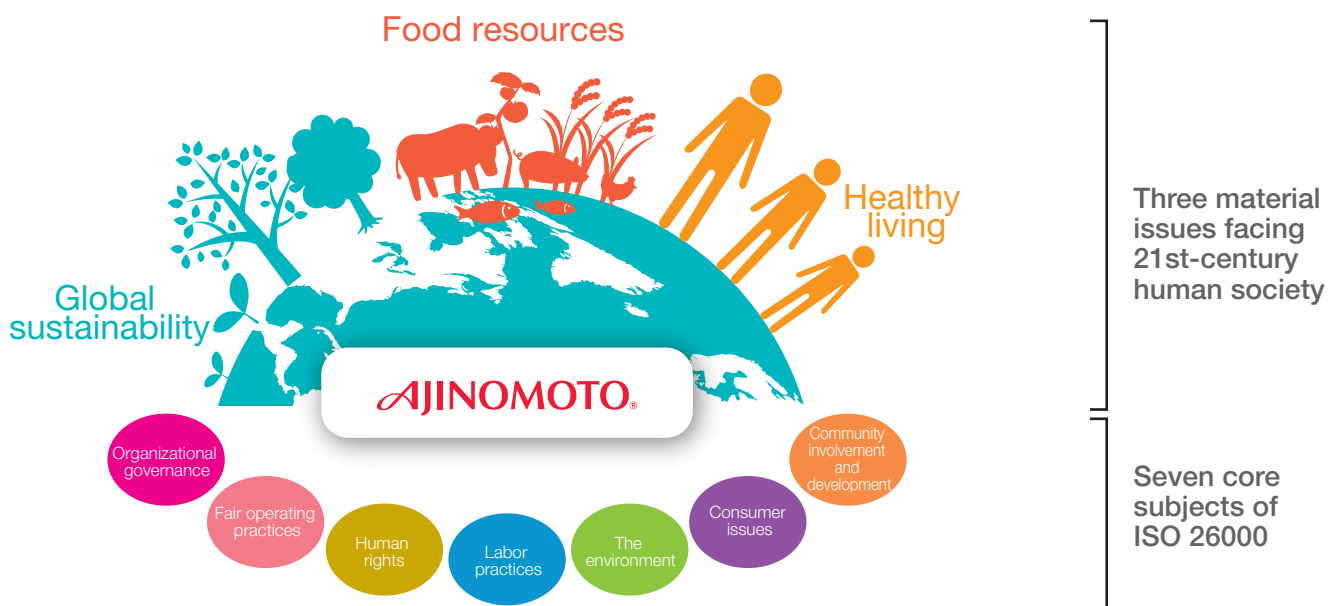
# Taking Responsibility for Global Sustainability Issues

The Ajinomoto Group recognizes that it has a corporate social responsibility to help build a more sustainable world. The Ajinomoto Group Philosophy guides the Group's efforts to help solve three material issues facing 21st-century human society: global sustainability, food resources, and healthy living.

The business activities of the Ajinomoto Group naturally involve solving various challenges confronting customers, business partners, communities, the global community, and the ecosystems without which none of these could exist. Meeting these social expectations is a vital element of the Group's corporate responsibility.

Across all of its business activities, the Ajinomoto Group is determined to contribute solutions to various social challenges, doing its part in building a sustainable future for people and the planet.

Since fiscal 2011, the Ajinomoto Group has been utilizing the ISO 26000 guidance standard on social responsibility as a tool for assessing its sustainability initiatives and identifying further issues to address.





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This section of the report describes the Ajinomoto Group's fiscal 2013 activities under the seven core subjects of ISO 26000.

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- P41 Compliance Framework
- P45 CSR Management

### Fair Operating Practices

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- P133 Smile Earth! Activities—Bringing Smiles to People and the Planet

# Sharing a United Approach to Sustainability

The Ajinomoto Group Principles (AGP) include the Ajinomoto Group Philosophy, Ajinomoto Group Way, and Ajinomoto Group Standards of Business Conduct. These principles clarify the Group's management objectives and its determination to make an even greater contribution to solutions for the three material issues facing 21st-century human society. In August 2014, the Ajinomoto Group Standards of Business Conduct were revised.

**Reference** See "Compliance Framework" on p. 41.

**Link** Corporate Philosophy / Vision  
<http://www.ajinomoto.com/en/aboutus/vision/>

## Ajinomoto Group Philosophy

We create better lives globally by contributing to significant advances in Food and Health and by working for Life.

## Ajinomoto Group Philosophy

### Create New Value

Create value with new ideas and continuous innovation based on unique technologies and science.

### Pioneer Spirit

Continue to constantly take on the challenge of creating new businesses and markets.

### Social Contribution

Accommodate social requirements with humility and honesty, with the objective of maximizing value for society through business activities.

### Value People

Respect the humanity of all the people involved in the Ajinomoto Group's businesses, and be an organization in which they can grow and display their abilities to the fullest extent.

## Ajinomoto Group Standards of Business Conduct (excerpt)

### Purposes

The Ajinomoto Group Standards of Business Conduct (hereinafter the "Standards of Conduct") describe the conduct that every member of the Ajinomoto Group must understand and practice every day in order to implement the Ajinomoto Group Philosophy in accordance with the Ajinomoto Group Way. The Standards of Conduct also represent the commitments made to all stakeholders by Ajinomoto Group companies.

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

We constantly aim to put the customer first and, through advanced technology and creativity, develop and provide highly safe, high-quality products and services to improve people's lives worldwide "by contributing to significant advances in Food and Health and by working for Life."

In order to establish and maintain the trust and expectations of customers and ensure their satisfaction, we provide appropriate information about our products and services and deal sincerely with inquiries.

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

We strive to contribute to the realization of a sustainable society that will allow future generations to enjoy better lives amid the riches of the natural environment.

We understand that our business activities are built upon the blessings of nature. We constantly work to reduce our negative impact on the global environment and ecosystems and to pursue recycling-driven business models that use resources and energy more efficiently.

We are encouraged as individuals to use resources and energy more efficiently and pursue environmentally responsible lifestyles.

#### 3. Fair and Transparent Transactions

We are dedicated to fairness and transparency in all of our transactions and maintain fair business practices, recognizing our contractors as valuable business partners.

As part of the Ajinomoto Group, which has a global presence, we endeavor to fully understand and comply with laws and regulations concerning competition in all countries in which we operate.

We make decisions on business partners by fairly comparing and evaluating terms such as price, quality and service when selecting subcontractors and suppliers of raw materials, products or services.

We involve our subcontractors and suppliers of raw materials, products and services in our efforts to fulfill our social responsibilities including environmental preservation and protection of human rights.

We comply with all laws prohibiting illegal political contributions or inappropriate payments or gifts to public officials and we maintain sound and normal relations with public or quasi-public officials and government.

We strictly avoid any involvement with organized criminal elements, which pose a threat to the order or safety of civil society.

#### 4. Approach to Human Rights

As a group of companies with global operations, we join the international community in respecting human rights. We fulfill our international human rights obligations and comply with related laws in the countries where we operate our business.

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

Ajinomoto Group companies do their best to provide meaningful employment opportunities and make every effort to provide their employees with opportunities to develop and exercise their skills and abilities in a manner that respects their diversity, character, and individuality.

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.

We support employees' efforts to build fulfilling lives and contribute to the prosperity of society through the continuous development of the Ajinomoto Group.

We build and maintain positive workplaces, based on open communication, which are free from discrimination or harassment, and in which people respect one another's human dignity.

We ensure that work environments are safe and comfortable.

#### 6. Working with Local Communities

In addition to the social contributions that we make by doing business as a part of healthy local communities, we work to enhance our communication with the broader society and to contribute to the economic, cultural and educational development of each community where we do business.

As members of local communities, we are encouraged as individuals to participate in social contribution activities.

#### 7. Responsibilities to Shareholders, Investors and Other Stakeholders

We make every effort to employ sound management practices, to provide appropriate returns to shareholders, and to increase corporate value.

We publicly disclose information in a timely and appropriate manner to assist shareholders, investors, and other diverse stakeholders, and we respond fairly and faithfully to the expectations and trust placed in us.

#### 8. Protection and Management of Corporate Assets and Information

We strictly protect and manage confidential information and tangible and intangible company assets, including trade secrets and intellectual property rights.

We manage all personal information in an appropriate manner.

We respect the legitimate intellectual property rights of third parties.

#### 9. Clear Separation of Business and Personal Affairs

We maintain a clear separation between business and personal affairs and do not use corporate assets or information or business rights or positions to pursue personal gain.

We respect personal beliefs and opinions while distinguishing them from the corporate positions.





## Organizational Governance

# Increasing Corporate Value through Responsible Management

Reinforcing and enhancing corporate governance is an important management priority for strengthening corporate competitiveness, maintaining a positive presence in society and increasing corporate value. Building a firm framework for compliance is also essential in the Group's aspiration to become a "Genuine Global Specialty Company."

All managers and employees of the Ajinomoto Group share the resolve to deliver on the Ajinomoto Group Philosophy by ensuring the Group's practices and their conduct always live up to the Ajinomoto Group Standards of Business Conduct.

## Contents

### P39 Corporate Governance

- Corporate governance system
- Risk management system

### P41 Compliance Framework

- Adhering to the Ajinomoto Group Standards of Business Conduct
- Ajinomoto Group Standards of Business Conduct revised
- Educating employees about compliance
- Compliance activities of the Business Conduct Committee
- Thorough information security

### P45 CSR Management

- CSR implementation structure

# Corporate Governance

For Ajinomoto Co., Inc., strong corporate governance is a top priority, both for improving competitiveness and for establishing a positive presence in society. The company is creating an effective system of business execution and supervision that incorporates global best practices and retains the positive aspects of Japanese-style management. Emphasizing group-wide management and efforts to strengthen business competitiveness, this system is strategically designed to increase corporate value.

## Corporate governance system

### Board of Directors and Management Committee

The Board of Directors of Ajinomoto Co., Inc. is the highest decision-making body within the management structure. The board makes decisions on matters relating to laws and ordinances and the company's by-laws as well as other important matters, and supervises the work of the directors and corporate executive officers.

The Management Committee is comprised of senior executive officers who are also directors. The committee deliberates on basic policies regarding management of the company and makes decisions on important matters regarding business execution. The business management organizations are divided into corporate, operational, and production groups. Each group is under the direction and supervision of a responsible executive officer and focused on its particular area of operations.

### Auditing and supervision

Outside directors have been appointed to supervise business execution from a neutral, independent standpoint. In addition, the Internal Auditing Department follows internal auditing rules and implements planned operational audits of the company as well as management and operational audits of group companies.

Corporate audits are conducted by five appointed corporate auditors, three of whom are outside auditors. The Board of Corporate Auditors conducts a preliminary review of the agenda of the Board of Directors, in addition to discussing and sharing its opinions on the status and results of the activities of each corporate auditor.

### Nominations and compensation

Ajinomoto Co., Inc. has established advisory committees on executive appointments and compensation to strengthen transparency and objectivity. Each committee, composed of several directors including outside directors, discusses and advises the Board of Directors on appointment plans and compensation of candidates.

### Internal controls

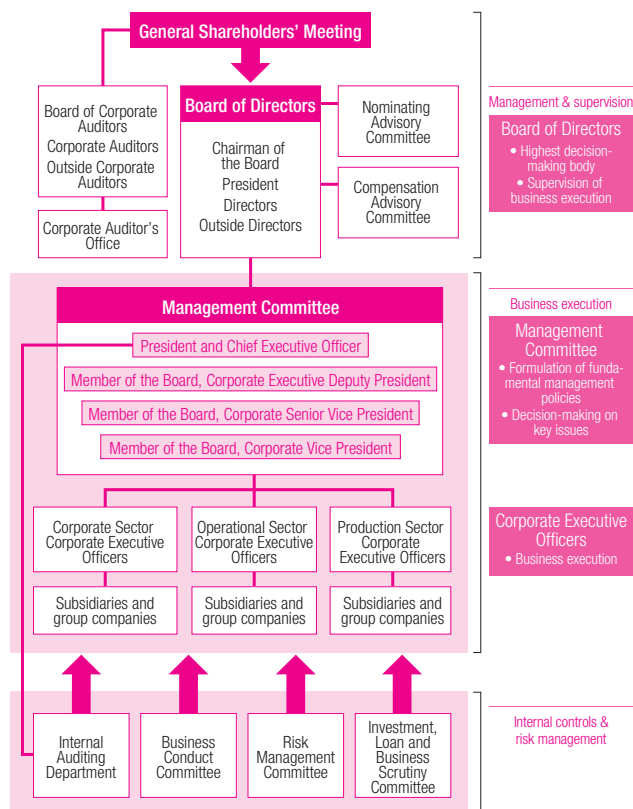
Ajinomoto Co., Inc. has established a company-level internal control system for financial reporting in accordance with Japan's Financial Instruments and Exchange Act and regularly reviews and seeks to improve its performance. The company identifies potential risks by analyzing business processes and establishes internal controls for each critical risk. Continuous monitoring helps the company to maintain a sound internal control system.

The company has been assessing the effectiveness of its internal controls concerning financial reporting through operating tests, mainly conducted by the Internal Control Assessment Group of the Internal Auditing Department at Ajinomoto Co., Inc., which is independent from the company's day-to-day operations. These assessments of internal controls have also been audited by Ernst & Young ShinNihon LLC.

The assessments conducted in fiscal 2013 verified the effectiveness of the Ajinomoto Group's internal controls as of the end of the fiscal year.

These activities demonstrate the company's commitment to fulfilling its corporate social responsibility to maintain effective internal controls and ensure the reliability of financial reporting.

### Corporate governance organization



Link

Corporate Governance/Management  
[http://www.ajinomoto.com/en/ir/about/corp\\_gov.html](http://www.ajinomoto.com/en/ir/about/corp_gov.html)



## Risk management system

The Ajinomoto Group established its Risk Management Committee in 2002 to carry out comprehensive risk management. The committee plans crisis response measures for dealing with accidents and incidents both in and outside Japan and identifies risks in advance in order to avert a crisis.

Since fiscal 2013, the Group has been strengthening risk management operations and promoting responses to key

company-wide risks. In particular, with global business expansion moving forward and advances into higher-risk countries and regions expected to increase, the Group has been establishing systems for safety and crisis management outside Japan.

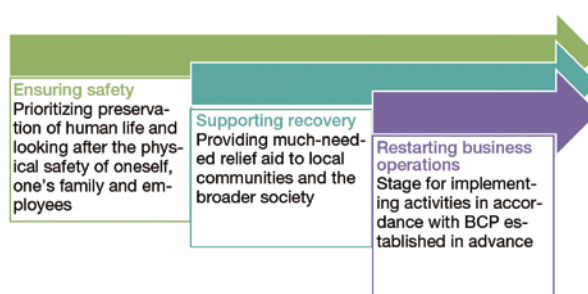
### Highlight

#### Creating a new Enterprise Continuity Plan

The Group established the ECP Management Subcommittee as a subordinate body of the Risk Management Committee to promote the formulation of its Enterprise Continuity Plan (ECP), which is being developed to incorporate a stronger emphasis on human life and helping local communities into its previous Business Continuity Plan (BCP), learning from the Great East Japan Earthquake in 2011.

In fiscal 2012, group companies in Japan formulated their own ECPs for a major earthquake scenario. In fiscal 2013, the entire Group, in and outside Japan, formulated an ECP for a pandemic scenario (spread of a new strain of influenza), which was assumed to halve the number of employees on the job. Specifically, the Group established three stages, which were ensuring safety, supporting recovery, and restarting business operations, and put in place measures for resolving the various challenges in each stage.

In fiscal 2014, the Group will focus on training to consolidate its ECP as a tool for ongoing risk management.



#### Reference

See "Preparing for natural disasters and protecting human life" on p. 70.

### Highlight

#### Compliance with anti-bribery laws

Violation of legislation prohibiting bribery of public or quasi-public officials in various countries outside Japan has recently come to be recognized as a major risk for Japanese corporations doing business around the world. This risk includes increased exposure for foreign corporations to the stipulations of the Foreign Corrupt Practices Act in the United States and the United Kingdom's Bribery Act, which has extra-territorial

application. Due to its global reach, the Ajinomoto Group is working to build a framework that will prevent violations of laws prohibiting bribery of public or quasi-public officials in various countries and ensure fair and transparent business.

#### Reference

See "Preventing Corruption" on p. 50.

# Compliance Framework

The Ajinomoto Group requires not only that all managers and employees comply with the law but also that they adhere to the Ajinomoto Group Standards of Business Conduct. With the aim of becoming a “Genuine Global Specialty Company,” the Group will work to further consolidate the framework which undergirds all of its compliance efforts.

## Adhering to the Ajinomoto Group Standards of Business Conduct

The Ajinomoto Group Standards of Business Conduct define model conduct that all managers and employees must understand and endeavor to practice every day in order to implement the Ajinomoto Group Philosophy in accordance with the shared values set out in the Ajinomoto Group Way. The Group is

working to ensure full awareness of the standards among managers and employees at group companies both in and outside Japan. The Business Conduct Committee also checks various initiatives and corporate activities.

## Ajinomoto Group Standards of Business Conduct revised

The Ajinomoto Group Standards of Business Conduct were revised in August 2014. The Group is in the process of publishing the Ajinomoto Group Standards of Business Conduct in the base languages of Japanese and English as well as 18 other languages. They will be disseminated to all managers and employees in the Group.

### Reason for revision 1

#### To establish consistent standards of conduct in order to strengthen global governance

In the past, each group company around the world was tasked with establishing its own specific code of conduct, based upon the Ajinomoto Group Standards of Business Conduct, and to apply its code at its own discretion. This led to some lack of consistency among standards at different group companies.

The recent revision of the Ajinomoto Group Standards of Business Conduct solves this by setting consistent standards for the entire Group. The revised standards are expected to help establish global governance befitting a “Genuine Global Specialty Company.”

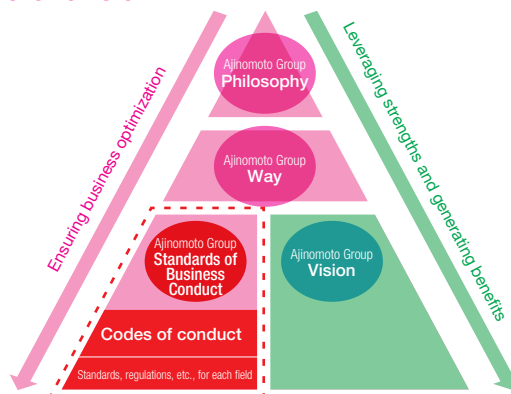
### Reason for revision 2

#### To enable quicker response to current global social standards

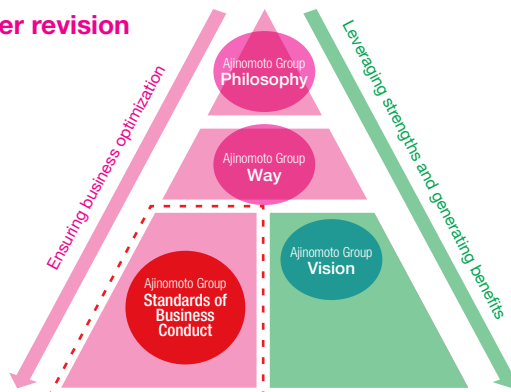
The previous Ajinomoto Group Standards of Business Conduct were not always in step with today’s rapidly evolving global social standards, particularly with regard to human rights. The recent revision included a new chapter on human rights and added to the coverage of the following themes.

1. Support for international human rights standards and international labor standards, clarifying expectations of business partners and requiring them to cooperate in putting these expectations into practice
2. Taking steps to identify the cause of the problem and prevent reoccurrence whenever there is a concern that a product or service may not meet quality standards
3. Using appropriate expressions in advertising and marketing (particularly in advertising and marketing aimed at children)
4. Creating internal systems, including employee training programs and safety equipment, to prevent disasters, accidents and incidents

### Before revision



### After revision



Ajinomoto Group Standards of Business Conduct

The Ajinomoto Group Standards of Business Conduct have been published in Japanese and English, and work is underway to publish them in the 18 other languages listed below. They will all be available in PDF on the company's website.

Arabic, Bengali, Chinese (simplified), Chinese (traditional), Dutch (Flemish), Filipino, French, Indonesian, Khmer, Korean, Malaysian, Polish, Portuguese, Russian, Spanish, Thai, Turkish, Vietnamese

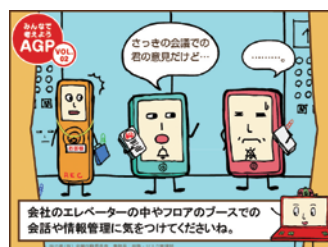


## Educating employees about compliance

The Ajinomoto Group is improving its education and training to ensure that employees are thoroughly aware of the Ajinomoto Group Standards of Business Conduct.

Ajinomoto Co., Inc. set information security as a key compliance theme in fiscal 2013. It distributed an information security inspection sheet to all worksites, checked the status of information control and provided reminders at each worksite. The company has also conducted training programs concerning awareness of legislation and internal rules on information security. These include a total of six training sessions on information security for line managers at group companies in Japan, attended by 289 people, as well as a range of training sessions and workshops on trending issues like etiquette and cautions

when using social media, with presentations about examples of the pitfalls and explanations of the risks.



Startup screen to promote awareness of the Ajinomoto Group Standards of Business Conduct



Poster to promote awareness of the Ajinomoto Group Standards of Business Conduct (Japanese version)

### Highlight

## Training and promotion for the Ajinomoto Group Principles at group companies

### 1. Internal newsletters

#### Ajinomoto Co., (Thailand) Ltd.

This company ran feature articles in its internal newsletter in four issues published in 2012 and 2013 regarding the Ajinomoto Group Principles (AGP) and Ajinomoto Group Standards of Business Conduct, explaining seven areas of the standards. A mascot was created for the standards and is used on posters.



Poster featuring the mascot

#### Ajinomoto Vietnam Co., Ltd.

This company produced an original poster to spread awareness of the AGP within the company.

### 2. Training and education

#### Ajinomoto Co., Inc. and group companies in Japan

These companies hold compliance training sessions for line managers of the group companies in Japan every two months, attended by approximately 300 employees over the course of a year.

#### Ajinomoto (China) Co., Ltd. and Shanghai Ajinomoto Seasoning Co., Ltd.

These companies utilize a Chinese translation of the case studies included in the training curriculum developed by the Business Conduct Committee of Ajinomoto Co., Inc.

#### Ajinomoto Co., (Thailand) Ltd.

This company broadcasts case studies over the internal public address system during lunch breaks. The company also held a workshop for managers in March 2013 with assistance from the Business Conduct Committee secretariat of Ajinomoto Co., Inc. Since then, the company has also rolled out compliance training.



#### PT Ajinomoto Indonesia

In 2012 and 2013, this company sent new managers to Japan for training which included content on the AGP. The Business Conduct Committee secretariat (General Affairs & Risk Management Department) of Ajinomoto Co., Inc. provided the lecture on the AGP.

#### FD Green (Thailand) Co., Ltd.

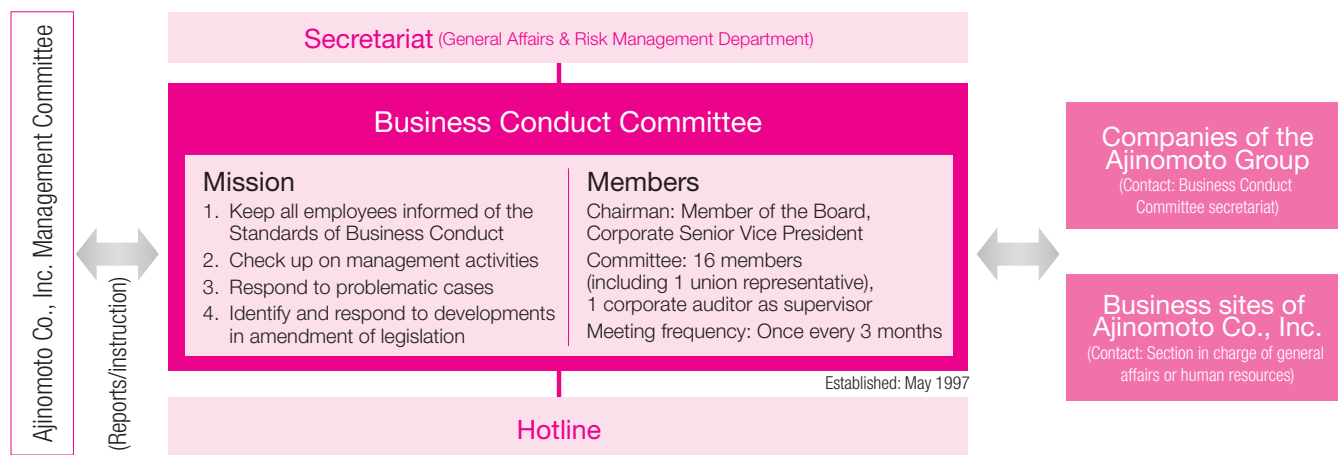
This company prepared and gives a quiz on the AGP and compliance to increase employees' understanding.

## Compliance activities of the Business Conduct Committee

In May 1997, Ajinomoto Co., Inc. established the Business Conduct Committee, tasking it with ensuring that all personnel are well informed of the Ajinomoto Group Standards of Business Conduct and verifying that business activities are compliant with the standards. The main group companies in Japan have also set up business conduct committees to address their unique issues.

The main group companies outside of Japan have also set up business conduct committees. They are also taking steps to increase employee awareness of the Ajinomoto Group Standards of Business Conduct.

### Role of the Business Conduct Committee



### Worksite review meetings on Ajinomoto Group Standards of Business Conduct

Members of the Business Conduct Committee have been visiting worksites at Ajinomoto Co., Inc. every year since 1998 to hold worksite review meetings on the Ajinomoto Group Standards of Business Conduct. At these meetings, they hear about issues concerning compliance in the worksite directly from employees. In fiscal 2013, 323 employees took part in a total of 30 meetings. Themes raised at the meetings which need to be tackled at a company-wide level are discussed by the Business Conduct Committee and incorporated into specific activities. The content of these worksite review meetings is posted on the intranet to keep all employees informed.

Similar worksite review meetings are also held at group companies in Japan.



### Questionnaire on awareness of Ajinomoto Group Principles

Every year in November, Ajinomoto Co., Inc. and its group companies in Japan conduct an anonymous questionnaire on the Ajinomoto Group Principles (AGP) to monitor understanding and implementation of the AGP and check for compliance issues. The results of the questionnaires are reported to the Business Conduct Committee and made available to all employees on the intranet.

### Whistleblower hotline and harassment advisory service

Ajinomoto Co., Inc. and its main group companies in Japan have established a whistleblower hotline, which serves as the centerpiece of the internal reporting system. The hotline enables anyone, including support workers from third-party companies, to make reports or seek advice by telephone, e-mail, facsimile, letters or other communication methods. The Hotline Operation Rules clearly state that the privacy of personnel using the hotline is guaranteed and that users will not be subject to any form of adverse treatment as a result of their reports. Ajinomoto Co., Inc. uses the intranet and posters to make employees fully aware that there are no adverse consequences for using the hotline.

Ajinomoto Co., Inc. and some of its group companies have also assigned in-house staff to a harassment advisory service to complement the dedicated service it has outside the company. The company makes employees fully aware of these options through the intranet and by distributing cards that show how to use them.



## Highlight

## Compliance promotion systems at group companies

**Ajinomoto do Brasil Indústria e Comércio de Alimentos Ltda.**

This company has a Brazil AGP Committee composed of the company's directors and managers, and an AGP Local Committee chaired by a company manager and consisting of members elected biennially by the employees of each site. The former meets quarterly, and the latter meets monthly.

**Ajinomoto del Perú S.A.**

This company has an AGP Committee consisting of five company directors and managers. The chairperson role rotates among the five members, and the committee meets monthly.

**Ajinomoto Co., (Thailand) Ltd.**

This company has a Business Code of Conduct Committee, where the company's directors and plant managers deliberate on policy and other matters, and a Sub-Committee on Business Conduct composed of local employees. The former meets quarterly, and the latter meets monthly.

**Ajinomoto Vietnam Co., Ltd.**

This company has a Business Conduct Committee chaired by the Vice President and composed of the company's 15 corporate officers and plant managers. It meets quarterly.

## Highlight

## Whistleblower systems at affiliates outside Japan

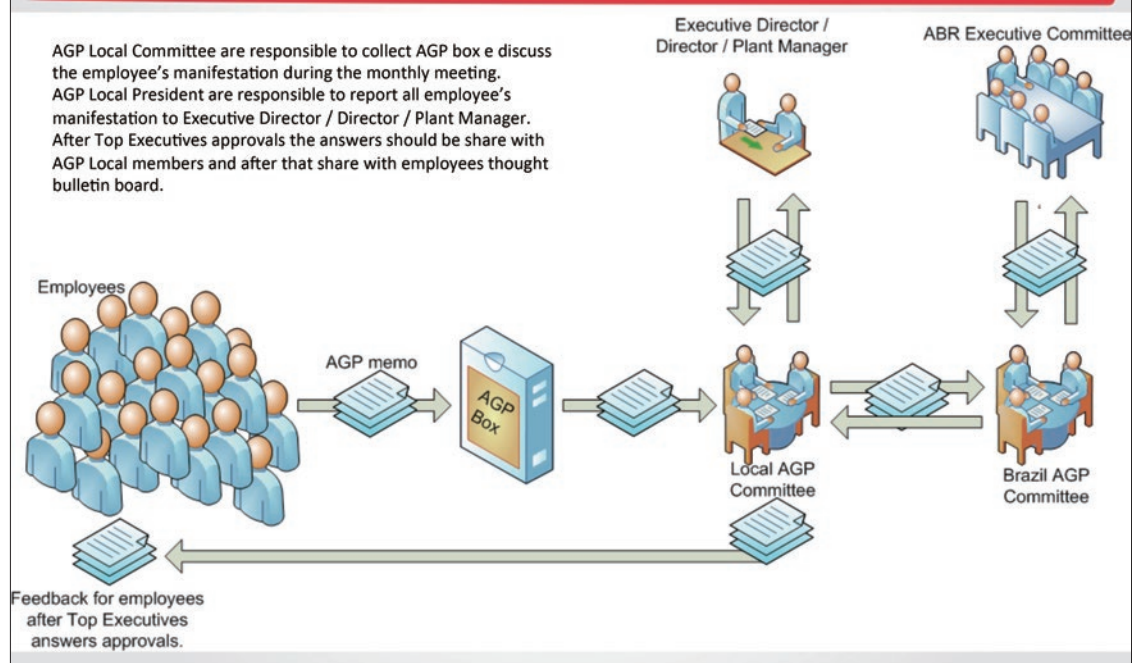
This company has set up an AGP box at all worksites, and whistleblower cases are collected following strict procedures every week by the AGP Local Committee, the members of which are elected by each worksite. The cases collected are discussed at the monthly AGP Local Committee meeting, and areas for improvement are referred to worksite management

**Ajinomoto do Brasil Indústria e Comércio de Alimentos Ltda.**

when necessary. Cases with a company-wide impact are escalated to the Brazil AGP Committee, which meets quarterly to formulate proper responses. The two committees' responses and the results of the steps they took on cases are posted on a bulletin board.

Reference See "Increasing employee awareness of human rights" on p. 55.

## Summary



## Thorough information security

To ensure proper handling of information, the Ajinomoto Group operates Plan-Do-Check-Act (PDCA) cycles for information security, constantly aiming to improve operations. This involves establishment and publicizing of rules and inspection of information handling.

### Formulation of new guidelines

The Ajinomoto Group formulated the Information Security Policy and the Information Management Regulations as the Group's security rules in April 2004. In fiscal 2013, the Group started working on Guidelines for External Cloud Use and Smart Device Guidelines, responding to the rapid changes in technology use in recent years. The Group intends to finish formulating these guidelines in fiscal 2014.

### Information security training

The Ajinomoto Group conducts security training seminars for new recruits and managers. In addition to this, the Group has prepared and runs job-specific online training courses.

### Information security inspections

The Group conducts information security inspections periodically at all worksites each year. The inspections mainly focus on the basics of proper information handling, including management of IT equipment, confidential information and personal information. In September 2013, the Group conducted a comprehensive inspection of the management status of all of its websites in and outside Japan.

### Response to new risks

The Ajinomoto Group has begun addressing the emerging risks expected to accompany advances in information technology. In fiscal 2013, the Group set up a security help desk tasked with rapidly collecting and sharing security information. The desk also coordinates technological steps such as detection of unauthorized communications and unauthorized software.

**Reference** See "Rigorous management of personal information" on p. 113.

**Link** Security Policy  
<http://www.ajinomoto.com/en/aboutus/vision/securitypolicy/index.html>

## CSR Management

**The Ajinomoto Group sees realizing the Ajinomoto Group Philosophy as a key part of its responsibility to society. By adding the concept "Working for Life" to the Ajinomoto Group Philosophy in 2009 on the occasion of its 100th anniversary, the Group declared its aspiration to respect all living creatures and the environment of the planet that supports them, and is unified in its efforts to realize this philosophy.**

## CSR implementation structure

At Ajinomoto Co., Inc., the CSR Department drives the implementation of group-wide CSR activities in collaboration with the General Affairs & Risk Management Department, which oversees CSR overall, as well as the Human Resources Department, the Quality Assurance & External Scientific Affairs Department, the Environment & Safety Department, the R&D Planning Department and the Group Procurement Center. The company holds regular liaison meetings with CSR staff from the main group companies in Japan to ensure more united efforts on CSR, for example better coordinating reconstruction aid for victims of the Great East Japan Earthquake. The company also liaises as appropriate with CSR staff at the main subsidiaries outside Japan to coordinate initiatives.

The Group had already implemented ISO 9001 and ISO 14001 management systems as well as the Ajinomoto Group Standards of Business Conduct to ensure business optimization and contribution to sustainability. Looking to confirm whether its steps were meeting the current requirements of the global community, the Group reexamined its initiatives against the ISO 26000 guidance on corporate social responsibility in fiscal 2012, which highlighted some new opportunities for improvement. While continuing to use its existing management systems, the Group will also utilize ISO 26000 in a complementary fashion. Relevant departments will consider which matters and social issues need to be addressed in light of ISO 26000.





## Fair Operating Practices

# Ethical and Honest Practices

The Ajinomoto Group practices socially responsible procurement in an effort to secure sustainable procurement into the future. As an essential part of its business activities, the Group aims to learn and grow together with suppliers and diverse stakeholders throughout the supply chain as it pursues this goal.

For the sake of fair and transparent trade, the Group is committed to ensuring that officers and employees refrain from behavior that obstructs fair, transparent, and free competition. Guidelines are put in place and communicated to officers and employees for their education and awareness.

## Contents

- P47** Pursuing CSR Procurement
  - Cooperating with suppliers on CSR procurement
  - Ensuring sustainable procurement of critical raw materials
- P50** Ensuring Fair Competition
- P50** Preventing Corruption
- P51** Protecting and Properly Using Intellectual Property

## Pursuing CSR Procurement

The Ajinomoto Group has suppliers in practically every corner of the globe. The Group seeks to take responsibility for environmental and social performance on issues such as human rights and labor safety across raw material-producing regions and the supply chain. This is the key to securing sustainable, stable procurement now and in the future. The Ajinomoto Group is committed to working closely with supply chain stakeholders to ensure that its procurement is socially responsible.

### Cooperating with suppliers on CSR procurement

#### Formulation of Supplier CSR Guidelines

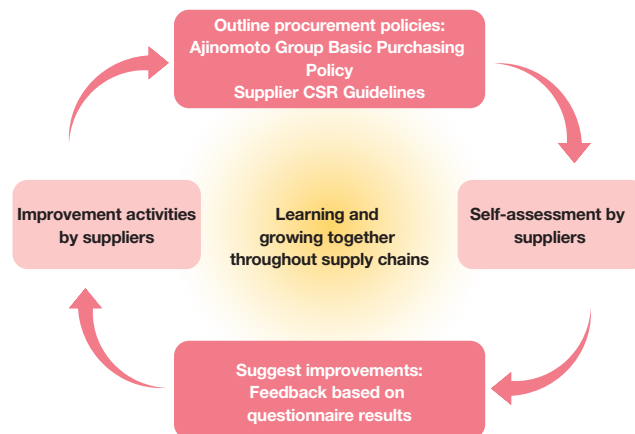
The Ajinomoto Group Basic Purchasing Policy was established in fiscal 2006. It makes the practice of corporate social responsibility (CSR) integral to transactions, and requires suppliers and other business partners to take their own CSR measures. By formulating Supplier CSR Guidelines as well as policies and guidelines for the sustainable procurement of agricultural, livestock, and fisheries products, the Group will ensure more effective implementation of socially responsible procurement across its supply chain.

Ajinomoto Co., Inc. formulated Supplier CSR Guidelines in fiscal 2013, detailing its expectations for suppliers to carry out socially responsible procurement under the Ajinomoto Group Basic Purchasing Policy. These guidelines encourage suppliers to institute improvements on their own, and they promote a common set of values and objectives for social responsibility between the company and its suppliers. These actions will build trust with communities by fostering collaboration on CSR as the company and its suppliers learn and grow together.

In fiscal 2013, the company developed a self-assessment questionnaire (SAQ) for suppliers to use in assessing their socially responsible procurement. The questionnaire was implemented by the Group Procurement Center of Ajinomoto Co. Inc. for its direct suppliers. The SAQ enables suppliers to check for issues that may exist at their companies with regard to social responsibility. Based on risks to socially responsible procurement to be identified in its supply chain, Ajinomoto Co. Inc. will ask suppliers to address problem areas and provide assistance where needed.

In fiscal 2014 and beyond, the company will expand the Supplier CSR Guidelines initiatives to encompass group companies in and outside Japan, so that they can assess their suppliers.

#### Self-assessment questionnaire cycle to achieve transparency



#### Formulation of policies and guidelines for sustainable procurement of agricultural, livestock, and fisheries products

Committed to sustainable practices that benefit local communities and economies, the Ajinomoto Group is systematically preparing policies and guidelines for the sustainable procurement of agricultural, livestock, and fisheries products. The Group is committed to working with raw material producers and suppliers to identify risks that impact ecosystem services in the manufacturing processes for ingredients used in products, and to identify social issues in the supply chain.

The Group has already formulated an Ajinomoto Group Biodiversity Policy and Action Agenda and Ajinomoto Group Guidelines for Procurement of Environmentally Responsible Paper. Moving forward, it will continue to work on specific procurement policies and action plans for important raw materials to ensure sustainable procurement.



Supplier CSR Guidelines of Ajinomoto Co., Inc. (in Japanese and English)



## Guidelines relating to CSR procurement

| Ajinomoto Group Principles (AGP)  |                  |  |  |                                 |   |
|---|------------------|--|--|---------------------------------|---|
| Ajinomoto Group Standards of Business Conduct   |                  | Ajinomoto Group Philosophy   |  | Ajinomoto Group Vision          |   |
| Ajinomoto Group Environmental Philosophy and Basic Environmental Policies   | Quality Policies | Ajinomoto Group "Disaster Prevention" and "Occupational Health and Safety" Philosophy/Policies | Security Policy  | Ajinomoto Human Resource Values | Ajinomoto Group CSR Vision  |
| Ajinomoto Group Basic Purchasing Policy   |                  |  |  |                                 |   |
| Supplier CSR Guidelines<br>Learning and growing together  |                  |  | Policies and guidelines for sustainable procurement of agricultural, livestock, and fisheries products   |                                 |   |
| <ul style="list-style-type: none"><li>Documents supplier expectations for social responsibility</li><li>Divided into sections on human rights, labor safety, the environment, and compliance, in accordance with the AGP, UN Global Compact, and ISO 26000</li><li>Advises suppliers to pursue, in line with the guidelines, initiatives for social responsibility on their own accord, and to extend such initiatives upstream in their supply chain, thus ensuring CSR initiatives are taken across the supply chain of the Ajinomoto Group</li></ul> |                  |  | <ul style="list-style-type: none"><li>Systematic formulation of principles and policies for sustainable procurement, by type of raw material</li></ul> |                                 |   |
|   |                  |  | Ajinomoto Group Biodiversity Policy and Action Agenda  |                                 | Ajinomoto Group Guidelines for Procurement of Environmentally Responsible Paper |

|           |  |
|-----------|--|
| Reference | See "Considering human rights in business activities" on p. 54.  |
| Link      | Ajinomoto Group Basic Purchasing Policy<br><a href="http://www.ajinomoto.com/en/aboutus/vision/purchase/">http://www.ajinomoto.com/en/aboutus/vision/purchase/</a> |

|      |  |
|------|--|
| Link | Ajinomoto Group Guidelines for Procurement of Environmentally Responsible Paper<br><a href="http://www.ajinomoto.com/en/activity/environment/pdf/2012/environ_responsible_paper_en_201201.pdf">http://www.ajinomoto.com/en/activity/environment/pdf/2012/environ_responsible_paper_en_201201.pdf</a> |
| Link | Ajinomoto Group Biodiversity Policy and Action Agenda<br><a href="http://www.ajinomoto.com/en/activity/environment/biodiversity-agenda/">http://www.ajinomoto.com/en/activity/environment/biodiversity-agenda/</a>   |

## Ensuring sustainable procurement of critical raw materials

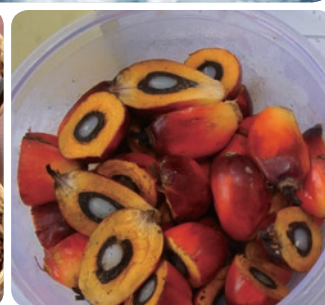
The Ajinomoto Group depends on natural capital and practices sustainable procurement of key raw materials. The Group chooses effective approaches based on the circumstances of each type of raw material.

Palm oil and paper are extensively used by industry. Procurement of these resources must be critically evaluated in order to conserve forest ecosystems, which significantly affect the global environment. Global certification schemes and initiatives for palm oil and paper<sup>1</sup> exist to establish sustainable social systems for production and consumption of these resources. The Ajinomoto Group is working with various stakeholders to incorporate these certifications and initiatives into its supply chain. Furthermore, Ajinomoto General Foods, Inc. has begun sourcing certified coffee beans based on internal policies for sustainable procurement.

The Ajinomoto Group is taking steps to achieve sustainable procurement of items such as raw materials for fermentation, skipjack, and shrimp. Since these items are procured through arrangements that are specific to the Group, it is possible for the Group and its suppliers to jointly create value across the supply chain. For example, Ajinomoto Frozen Foods Co., Inc. specifies that ecosystem factors be considered for procurement of shrimp, which is one of the major ingredients used by the company.

Population growth has led to scarcity of fresh water in many places worldwide, while the increase in extreme weather events has led to unusually serious damage from drought, flooding and other disasters. The Ajinomoto Group is carefully studying the escalating water resource risks as a business continuity issue.

The Ajinomoto Group will continue to work globally to ensure sustainable procurement of the diverse raw materials that are so vital to its business.



<sup>1</sup> Roundtable on Sustainable Palm Oil (RSPO) for palm oil and Forest Stewardship Council (FSC) for paper.

### Promoting certified sustainable palm oil

Palm oil is used worldwide for many products including foods and cosmetics. Although more than 85% of the world's production of palm oil comes from Indonesia and Malaysia, production is expected to increase in Central and South America and Africa, making the production and consumption of sustainable palm oil an important global issue. The Roundtable on Sustainable Palm Oil (RSPO)<sup>1</sup> was established as a non-profit international organization to promote the production and use of sustainable palm oil. Ajinomoto Co., Inc., which uses some 3,000 tonnes of palm oil annually, joined RSPO in August 2012, and its group company, J-OIL MILLS, INC., became a member in November 2011.

RSPO is working to transform markets to make sustainable palm oil the norm by encouraging the use of certified sustainable palm oil (CSPO) that meets RSPO standards. However, there are still many issues facing CSPO, such as

supply and cost concerns. Ajinomoto Co., Inc. is meeting with direct stakeholders in supply chains and value chains to tackle these issues and is actively involved in RSPO Roundtable Meetings and General Meetings, while working to adopt initiatives that have proven successful elsewhere.

Ajinomoto Co., Inc. began purchasing sustainable palm oil certified under the "Book and Claim" system in fiscal 2014. The company is also laying the groundwork for acquisition of RSPO Supply Chain Certification by its main business divisions, looking to upgrade to the more rigorous "Mass Balance" certification system, or even higher.

1 A non-profit organization whose purpose is to promote the production and use of sustainable palm oil by developing certification standards that are trusted globally and ensuring the participation of stakeholders. It is operated cooperatively by the seven groups involved in the palm oil industry: growers, processors and traders, consumer goods manufacturers, retailers, banks/investors, environmental NGOs, and social NGOs.

**Reference** See "Promoting sustainable palm oil in Japan" on p. 32.

### Sustainable procurement of coffee beans

Coffee beans are grown in regions that are rich in biodiversity and are largely sourced from small coffee farmers.

In January 2013, Ajinomoto General Foods, Inc. and its group companies participated in a meeting of the Common Code for the Coffee Community (4C Association),<sup>2</sup> an international non-profit that encourages sustainable coffee production and distribution. Ajinomoto General Foods, Inc. and its group companies also support Rainforest Alliance<sup>3</sup> certification, a scheme that helps to improve environmental conditions at farms and better the lives of farmers and farm workers. The companies procure coffee beans produced at farms

that adhere to 4C Association and Sustainable Agriculture Network standards.

2 Sets standards to support coffee growers in taking the critical first step to implementing sustainable practices in coffee production and processing.

3 Works to protect forests, rivers, wildlife habitats, workers and their families, and the rights and welfare of cooperatives, through certification of coffee farms.



### Sustainable paper use

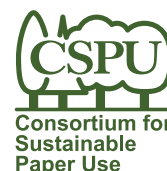
The Ajinomoto Group established its Guidelines for Procurement of Environmentally Responsible Paper in January 2012. The guidelines cover office-use paper (copier paper, envelopes, printed materials, etc.), paper used for containers and packaging, and paper used for promotional materials. The three main policies are: (1) preference for procuring paper certified by the Forest Stewardship Council (FSC) or 100% recycled paper; (2) procurement of paper considered as being environmentally responsible in terms of the conservation of forest ecosystems; and (3) avoidance of paper products without assurance that appropriate procedures have been followed in regard to logging of timber raw material, in keeping with forest regulations governing the area where timber is sourced. The Group is currently implementing initiatives tailored to the particulars of paper procurement by group companies in each country and region.

The Consortium for Sustainable Paper Use (CSPU) was established in November 2013 by Ajinomoto Co., Inc. and four other Japanese companies in partnership with WWF Japan, an NGO dedicated to international environmental conservation, and Response Ability, Inc. Two additional companies joined CSPU in June 2014. CSPU members have agreed to

work to promote environmentally and socially responsible paper use, in an effort to promote sustainable paper use throughout society.

#### Specific activities of CSPU

- Provide information for the promotion of sustainable paper use
- Regularly share information between members
- Disseminate information and raise awareness
- Expand efforts so that they encompass suppliers and business partners



**Reference** See "Sustainable paper use" on p. 32.

## Ensuring Fair Competition

The Ajinomoto Group Standards of Business Conduct (hereinafter the “Standards of Conduct”) ensure fair and transparent business transactions and require employees to fully understand and comply with laws and regulations concerning competition in all countries in which the Group operates.

Based on the Standards of Conduct, the Ajinomoto Group has developed corporate guidelines for compliance with antitrust law in Japan. Outside of Japan, the Ajinomoto Group has implemented corporate guidelines for compliance with United States antitrust law and European competition law, which apply to some 20 group companies. Ajinomoto Co., Inc. also implements Supplier CSR Guidelines prohibiting behavior that impedes equitable, transparent, and unfettered competition.

### Raising employee awareness

The Ajinomoto Group implements regular employee training on antitrust law at its group companies. In fiscal 2013, information sessions were conducted on corporate guidelines for compliance with United States antitrust law and European competition law, and sessions on antitrust law were conducted for procurement staff at group companies outside Japan. In fiscal 2014, the Group will conduct training on antitrust law for sales staff in Japan, as part of efforts to enhance the awareness of its employees.

### Ajinomoto Group Standards of Business Conduct (excerpt)

#### 3.1 Complying with antitrust and related laws

- 3.1.1 We take steps to ensure compliance with antitrust laws, competition laws and other laws and ordinances intended to ensure fair competition in each country where we do business, as well as with related internal guidelines, while pursuing free and fair transactions.
- 3.1.2 We implement policies to avoid collusion with competitors to arrange prices or sales/production volume, etc., and do not engage in behavior to limit competition (including participating in cartels) or in bid-rigging.
- 3.1.3 We implement policies to avoid employing unfair means, either alone or with other parties, to eliminate competitors from or block their entry into the market.

### Highlight

#### Familiarizing employees with legal issues and risks using *manga*

Ajinomoto Co., Inc. implements regular training on antitrust law for sales staff, as part of efforts to enhance legal compliance. The company also publishes a *manga* (comic book) featuring an original character named “Mame-Mame” (Beans), who explains about the law and compliance for all sales staff in Japan, seeking to reach employees with an accessible format.



Manga about the law and compliance

## Preventing Corruption

Bribery and corruption not only destroy trust in a company, but can also be a factor hindering the development of a region by inviting human rights violations, poverty, and environmental destruction. The Ajinomoto Group strives to prevent bribery and corruption by implementing the Ajinomoto Group Standards of Business Conduct.

### Ajinomoto Group Standards of Business Conduct (excerpt)

#### 3.4 Practicing appropriate socialization and courtesies

- 3.4.1 We act with good judgment regarding gifts, entertainment and other business-related customs and courtesies.
- 3.4.2 We do not engage in conduct such as offering inappropriate gifts, entertainment or money to customers or business partners for the purpose of building or maintaining business relationships.
- 3.4.3 We do not engage in conduct such as asking business partners for gifts, entertainment or money for our personal benefit.

#### 3.5 Prohibiting bribery and corruption

- 3.5.1 We do not provide gifts, entertainment, money or other benefits that could be considered bribes to domestic and foreign public or quasi-public officials, regardless of the means.





## Protecting and Properly Using Intellectual Property

The Ajinomoto Group recognizes that intellectual property is an important asset. Along with ensuring its proper use, the Group takes special care not to infringe upon the intellectual property rights of others. The Group has also established an invention compensation program that rewards employee inventors.

### ■ Trademark education

The Ajinomoto Group's rules for the display of trademarks are published in 14 languages for group companies worldwide to observe. They serve both to enhance employee appreciation of trademarks and prevent the *AJI-NO-MOTO*® trademark from being used as a generic term. Trademark seminars are also conducted at group companies worldwide to give employees basic knowledge on trademarks and the rules for displaying trademarks such as *AJI-NO-MOTO*®.

A total of 125 employees attended the seminars in Japan and the United States in fiscal 2013.



Trademark seminar conducted for employees of Ajinomoto North America, Inc.

### ■ Compensation for inventions

Ajinomoto Co., Inc. and its group companies strive to contribute to human health globally by continually creating unique value that benefits customers. The company is working to protect and effectively utilize intellectual property rights, including original technologies, content, and brands, in order to strengthen its technological expertise.

The company pays compensation for patent applications when employee inventions are transferred to the company, and for patent registrations when inventions are registered. It also pays performance-based compensation when inventions are implemented by the company. Most group companies that produce inventions have implemented similar programs.



## Human Rights

# Respecting the Rights of Everyone Our Business Touches

In recent years, global corporations are expected to address an increasingly wide range of human rights issues. The Ajinomoto Group holds dialogues with experts, pursuing guidance on addressing human rights concerns. One result of this process was the addition of a section on human rights to the Ajinomoto Group Standards of Business Conduct.

In addition, the Group promotes consideration of human rights in its business via a variety of assessments and audits, and it also provides training for employees to raise their awareness. The Group will continue to address human rights issues proactively, in line with the principle of “Value People” stated in the Ajinomoto Group Way.

## Contents

### **P53** Working to Identify Human Rights Issues and Deepen Awareness

- Formulation of basic human rights policy
- Considering human rights in business activities

### **P55** Human Rights Initiatives at Workplaces

- Human rights in employment
- Increasing employee awareness of human rights

# Working to Identify Human Rights Issues and Deepen Awareness

The Ajinomoto Group strives to “Value People,” as stated in the Ajinomoto Group Way, and to keep the commitment to “Working for Life,” which highlights the Ajinomoto Group Philosophy. The Group recently added a section on human rights to the Ajinomoto Group Standards of Business Conduct, clarifying its policy on the wide range of human rights issues that global corporations are expected to address. Going forward, the Group will launch new human rights initiatives.

## Formulation of basic human rights policy

Ajinomoto Co., Inc. has always expected all of its divisions to respect human rights in accordance with the Ajinomoto Group Standards of Business Conduct and the Ajinomoto Codes of Conduct. Today, the company is taking steps to deepen the understanding of staff in each division about the wide range of human rights issues that global corporations are expected to address. It is also actively assessing the current state of the Group’s human rights initiatives. One method it uses is surveys; every division was surveyed between April and May 2012 using self-assessment sheets based on ISO 26000. The results confirmed that there are currently no serious problems.

The Group recently revised the Ajinomoto Group Standards of Business Conduct to supplement content on the global human rights issues that global corporations are now expected to address. In August 2014, the Group established a new section

on human rights, clarifying the policy on addressing human rights in the Ajinomoto Group. Furthermore, the Group also included human rights in the scope of its responsibility for the value chain, upgrading its efforts to address human rights as a global corporation. The Group is now working hard to ensure the Ajinomoto Group Standards of Business Conduct become firmly entrenched.

In order to ensure due diligence in the area of human rights, the Group will identify anticipated high risk areas for human rights when conducting its human rights impact assessments, which are based on the checklist provided by the UN Global Compact. In this process, the Group will use case studies from other well-intentioned companies, to ensure that no stone is left unturned when it comes to respecting human rights.

### Ajinomoto Group Standards of Business Conduct (excerpt)

#### 4.1 Respecting human rights

- 4.1.1 We support international human rights standards, including the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, the United Nations Guiding Principles on Business and Human Rights, and the United Nations Global Compact.
- 4.1.2 We work together with a wide array of stakeholders to avoid any complicity in the violation of human rights.

#### 4.2 Upholding basic principles and rights related to labor

- 4.2.1 We respect the basic rights of our employees regarding freedom of association and collective bargaining.
- 4.2.2 We prohibit the use of forced or coerced labor in any form.
- 4.2.3 We understand the harmful effects of child labor and do not use, in any form, labor by persons who have not reached the minimum age for employment.
- 4.2.4 We do not discriminate in hiring or employment.

## Highlight

### Dialoguing with experts on global human rights issues

The Ajinomoto Group engages in dialogue with external stakeholders, seeking to shape its human rights initiatives appropriately, based on a solid understanding of diverse contexts around the world.

Ajinomoto Co., Inc. arranged a dialogue with the Danish Institute for Human Rights (DIHR) in July 2012. In October, company representatives visited the Institute for Human Rights and Business (IHRB), a specialist human rights organization headquartered in London, to discuss issues global corporations face in terms of human rights due diligence and review case studies. The company reflected the results of these dialogues in the revised Ajinomoto Group Standards of Business Conduct.

A further dialogue was arranged during a September 2014 visit to Japan by John Morrison of the IHRB, who evaluated and provided advice on the Supplier CSR Guidelines, the human rights policy in the revised Ajinomoto Group Standards of Business Conduct, and the activities included in the Sustainability Report.



The dialogue in September 2014



John Morrison of the IHRB



## Considering human rights in business activities

The Ajinomoto Group works hard to respect human rights across the value chain—from manufacturing to the delivery of products to customers. The Group carries out quality, environmental and various other assessments when constructing a new plant or office, and when launching a new product or business. Human rights are taken into consideration by evaluating the impact on people and the local community.

The Ajinomoto Group Basic Purchasing Policy states that the Group “confirms that the products it purchases directly are free of any connection to the violation of human rights, including

child labor and illegal employment, during either production or distribution.” Accordingly, the Group requires its raw material suppliers to cooperate in the effort to protect human rights; it issued and commenced operation of the Supplier CSR Guidelines, which explicitly state this requirement, in October 2013. Further, the revised Ajinomoto Group Standards of Business Conduct clearly state expectations regarding human rights, labor, the environment, prevention of corruption and the other topics that are listed in the Guidelines, requiring cooperation in putting these expectations into practice.

### Highlight

#### Food defense audits also review labor conditions and human rights, propose improvements

Ajinomoto Frozen Foods Co., Inc. has consistently conducted specialized food defense<sup>1</sup> audits of all its suppliers in addition to regular audits of quality and other areas since 2008, with priority on China, but also focusing on Japan and other countries. Food defense audits include a review of labor conditions and human rights at raw material suppliers.

In general, a food defense audit primarily audits physical aspects of food security with the aim of preventing terrorism such as intentional adulteration. However, Ajinomoto Frozen Foods Co., Inc. also audits human aspects of security, including whether workers have a safe working environment,

whether there is sufficient communication with managers, and whether the human rights of workers are respected. Based on the concept that “Enabling workers to do their jobs with enthusiasm determines quality,” Ajinomoto Frozen Foods Co., Inc. will continue to audit labor conditions and human rights and to propose improvements, as part of its food defense audits.

<sup>1</sup> Measures to prevent the intentional introduction of foreign matter into food products. Monitoring is carried out in every stage from raw material procurement to product sales, in order to prevent anyone from adding poisons or other substances to food products.

### Highlight

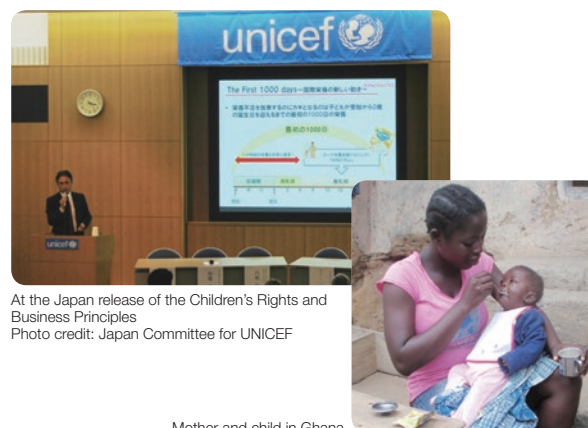
#### Ghana Nutrition Improvement Project: a case study in defending the human rights of children

On May 16, 2014, the Global Compact Network Japan, the Japan Committee for UNICEF, and Save the Children Japan hosted a special event to mark the Japanese release of the Children’s Rights and Business Principles. The Ghana Nutrition Improvement Project led by Ajinomoto Co., Inc. was featured as a case study in corporate defense of the human rights of children.

Nutrition deficits in developing countries threaten the right of every child to life, healthy development and a bright future. Adequate nutrition, which is required by growing children, ought to be guaranteed by the government, as a child’s right to receive essential services. Where government services are lacking, international organizations, bilateral aid organizations and NGOs step in, but they often cannot accomplish all that is needed. The Ajinomoto Group saw an opportunity to help by making healthy products easily accessible to children in need of better nutrition, particularly the poorest. In doing so, the Group aimed not only to supplement underdeveloped government services, but also to explore a promising new business opportunity. The Group developed the *KOKO Plus*<sup>TM</sup> supplement to boost the nutrition of children during the weaning period from 6 to 24 months of age, when nutritional

deficiencies have the worst impact. Collaborating with various actors from the other sectors, the Ajinomoto Group has developed a successful business model for supplying *KOKO Plus*<sup>TM</sup> to the most vulnerable children.

When people think of children, human rights, and global corporations, they are usually concerned about child labor in the supply chain. But the Ajinomoto Group has gone further, seeking to defend children’s rights in a positive way.



At the Japan release of the Children’s Rights and Business Principles  
Photo credit: Japan Committee for UNICEF

Mother and child in Ghana

# Human Rights Initiatives at Workplaces

The Ajinomoto Group welcomes people of all nationalities to become part of its workforce, recognizing that diversity supports the future of the Group. All employees are provided with fair opportunities to develop and exercise their abilities. The Ajinomoto Group strives to “Value People,” as stated in the Ajinomoto Group Way, while also working to protect and promote human rights in the workplace based on the Ajinomoto Group Standards of Business Conduct and the Ajinomoto Codes of Conduct.

## Human rights in employment

The Ajinomoto Group respects the values and abilities of each individual as mandated by the Ajinomoto Group Standards of Business Conduct. While striving to treat all people fairly, the Group proactively hires people worldwide who feel an affinity for the Ajinomoto Group Way.

### Reemployment system for retiring human resources

Ajinomoto Co., Inc. has been providing a reemployment system for employees at the mandatory retirement age of 60 since April 2006. It is open to all staff and managers. In fiscal 2013, approximately 45% of employees at the mandatory retirement age took advantage of the system. In addition, the company established a new system to foster career autonomy for managers, which went into operation in April 2014, seeking to help with the diverse career options for managers.

Each group company in Japan has updated its own reemployment system accompanying the enforcement of Japan’s revised Act on Stabilization of Employment of Elderly Persons in April 2013. They all provide career support after the mandatory retirement age.

### Expanded employment for persons with disabilities

At the 28 main group companies in Japan, the average employment rate for persons with disabilities was 1.85% in fiscal 2013. Thirteen of the companies achieved a rate that met or exceeded the Japanese government’s mandated rate of 2.0%. The Ajinomoto Group respects the principle of normalization, and will prioritize the hiring of persons with disabilities, by enhancing recruitment activities, creating accessible workplace environments, and developing work suited to persons with disabilities.

#### Ajinomoto Group Standards of Business Conduct (excerpt)

- 5.1 Providing equal employment opportunities and fair human resource policies**
- 5.1.1 We hire and develop diverse human resources from various countries and regions, who will support and lead the future of the Ajinomoto Group.
  - 5.1.2 We value independent, growth-oriented employees and provide them with equal opportunities to develop and deploy their skills.
  - 5.1.3 We respect the values and abilities of individuals and treat all employees fairly in all personnel affairs.
  - 5.1.4 We fairly evaluate the abilities, responsibilities and results produced by individual employees and treat employees appropriately in all personnel affairs.

## Increasing employee awareness of human rights

Each group company worldwide promotes understanding of the Ajinomoto Group Standards of Business Conduct and its own code of conduct, both of which prohibit any form of discrimination or harassment. Human rights awareness training is provided to group employees around the world.

In fiscal 2013, this training was provided to all new hires and promoted managers at Ajinomoto Co., Inc. Furthermore, employees reaffirmed the principle of “Value People” in Ajinomoto Group Way Sessions made available to all group employees. To date, approximately 19,000 employees have taken part in the training.

Ajinomoto Co., Inc. is also committed to preventing workplace harassment. It carries out regular surveys on workplace

harassment for all employees, and then compiles opinions and specific cases into a workplace harassment casebook for all employees. To promote awareness, the company solicits human rights awareness slogans from employees of the Ajinomoto Group in Japan and their families ahead of Human Rights Week in December. In fiscal 2013, 2,453 people entered a total of 3,627 slogans.

Going forward, the Ajinomoto Group will keep working to ensure that all employees respect the human rights of all people.

**Reference** See “Ajinomoto Group Way Sessions raise awareness of the Group’s shared values” on p. 58.

#### Slogans chosen for honorable mention by the Industrial Federation for Human Rights, Tokyo

“With a little courage, you can change yourself, and then the new you can change the world around you.”  
Family of Kikuko Murata, Kawasaki Plant, Ajinomoto Co., Inc.

“Let’s feel people’s hurts and their kindness.”  
Family of Wakana Kitaoka, Consumer Foods Department, Hokkaido Ajinomoto Co., Inc.

“Simple words of caring and gratitude, such as ‘are you OK?’ and ‘thank you,’ can make a person feel really good.”  
Family of Takeo Inoue, Kanto Plant, Ajinomoto Packaging Co., Inc.

#### Ajinomoto Group Standards of Business Conduct (excerpt)

##### 5.3 Prohibiting discrimination and harassment

- 5.3.1 We respect the laws and culture of each country and region and prohibit discrimination against anyone on the basis of race, ethnic group, nationality, religion, belief, birthplace, gender, age, sexual orientation, disability, or any other characteristic.
- 5.3.2 We prohibit sexual harassment in the workplace, including any kind of sexually suggestive language or behavior.
- 5.3.3 We prohibit the exploitation of a job position to abuse the human rights of others in the workplace.



## Labor Practices

# Building a Company Where Employees Can Reach Their Full Potential and Derive Job Satisfaction

The Ajinomoto Group employs about 30,000 people worldwide. Each of these employees represents an invaluable human asset, essential for realizing a “Genuine Global Specialty Company.”

Along with labor-management dialogue, the Ajinomoto Group offers proactive human resource programs and takes steps to foster work-life balance. The Group is committed to fully respecting the human rights of all of its employees, providing equal treatment regardless of gender, nationality or other personal characteristic, so that each and every individual can grow as a person. The Group is also promoting initiatives for disaster prevention as well as occupational health and safety, aiming to create even safer workplaces.

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- P57 Developing and Promoting Diverse Human Resources from a Global Perspective**
  - Ajinomoto Group HR Platform for globally optimal personnel assignment
  - Various initiatives for global HR development
- P59 Improving Work-Life Balance**
  - Realizing the Ajinomoto Group Work-Life Balance Vision
  - Various workplace-specific initiatives
  - Growing usage of other employee support programs
- P62 Labor-Management Relations**
  - Ajinomoto Group's initiatives in Japan
- P63 Ensuring Employee Health and Safety**
  - Promoting a medium-term plan for disaster prevention and occupational health and safety
  - Occupational health and safety management
  - Occupational health and safety education for employees
  - Supporting the physical and mental health of employees
  - External evaluation of occupational health and safety activities
  - Preparing for natural disasters and protecting human life
  - Disaster drills



# Developing and Promoting Diverse Human Resources from a Global Perspective

To become a “Genuine Global Specialty Company,” an objective stated in the Group’s FY2014–2016 Medium-Term Management Plan, the Ajinomoto Group is pursuing world-class talent diversity and profit-generating efficiency. The Group is working to develop and promote diverse human resources regardless of nationality or career track.

## Ajinomoto Group HR Platform for globally optimal personnel assignment

The Ajinomoto Group HR Platform is a common platform for human resources management designed to enable the group-wide development and promotion of diverse leaders from group companies. It seeks to put the right people in the right jobs, worldwide. The platform employs several mechanisms to share information on management personnel and open posts, along with systematic HR development programs and a consistent compensation policy.

Starting in fiscal 2014, the Group will introduce a new global human resources system to accelerate development of world-class management personnel capable of taking the Group to the next level. This is a part of the Group’s efforts in establishing a solid base of global human resources, in addition to appointing local corporate officers outside Japan and promoting more women to management positions, as it strives to become a “Genuine Global Specialty Company.”

## Various initiatives for global HR development

The Ajinomoto Group has been carrying out five types of training for developing leaders corresponding to job grades. The training is based on the Group’s three fundamentals for global human resources: the Ajinomoto Group Way, the Ajinomoto Global Leadership Competencies, and a global mindset.

### Managerial job grades



### Major training programs for developing leaders

| Training                                       | Participants                       | Frequency and number of participants                     | Content   |
|--|------------------------------------|--|---|
| Executive Coaching                             | Officers, Group Executive Managers | —  | Personalized training on top management execution   |
| Ajinomoto Global & Group Leader Seminar (GGLS) | Job Grade 1                        | Once a year; approx. 25 people                           | Action learning about global issues faced by the Group, presentations to the HR Committee   |
| Ajinomoto Global Future Leader Seminar (AGFLS) | Job Grade 2                        | Once a year; approx. 25 people                           | Lectures by top management, lectures on cross-cultural communication, planning of strategic scenarios using internal case studies |
| Ajinomoto Group Leader Seminar (AGLS)          | Managers in Japan                  | Once a year; 20–30 people                                | Self-assessment, review of a leader’s role in an organization, planning of individual objectives as a leader                      |
| Ajinomoto Regional Leader Seminar (ARLS)       | Job Grade 3                        | Once a year at each regional division; approx. 20 people | Self-assessment, training on coaching and cross-cultural communication  |



AGFLS seminar



AGFLS participants

## Highlight

## Ajinomoto Group Way Sessions raise awareness of the Group's shared values

The Ajinomoto Group has been holding sessions on the Ajinomoto Group Way<sup>1</sup> since fiscal 2011. These sessions take place during leadership and grade-specific training. The aim is to promote deeper awareness and understanding of the Ajinomoto Group Way, which forms the basis for human resources development in the Group and is a required element for global employees. As of the end of fiscal 2013, about 19,000 group employees worldwide had taken the sessions.

Participant comments included: "I realized once again the importance of the four elements of the Ajinomoto Group Way, by looking at them with respect to my job," and "My

motivation is up and I am proud of my company and job," and "I want to apply the four elements of the Ajinomoto Group Way to my job and produce results."

The aim is for all 28,000 group employees to complete an Ajinomoto Group Way Session by the end of fiscal 2014. In order to ensure better understanding of the corporate values, Ajinomoto Group Way Communication Sessions were begun in fiscal 2013 as part of the new manager training program. The participants draft plans for raising awareness in their respective organizations and implement their plans in their workplaces.



A documentary DVD for studying the Ajinomoto Group Way, using past examples



Session during middle management training



Session at Ajinomoto Vietnam Co., Ltd.

<sup>1</sup> The Ajinomoto Group's basic approach to work, outlined as common values shared throughout the Group: create new value, pioneer spirit, social contribution, and value people.

## HR initiatives to support the development of all employees

In addition to global training for developing leaders and the Ajinomoto Group Way Sessions, the Group conducts cross-regional, division-specific training and various other training programs in each country and site.

### Division-specific training examples

- Compliance and legal training (p. 42)
- Occupational health and safety education (p. 66)
- Environmental education (p. 103)
- Quality assurance training (p. 108)
- Sales training
- Marketing training
- Intellectual property and trademark training (p. 51)



Safety education at Ajinomoto (China) Co., Ltd. (Beijing, Shanghai, Guangzhou)

## Highlight

## Career development programs to support the growth of individual employees

Ajinomoto Co., Inc. is actively developing and supporting employees who take on challenging goals. This is based on the concepts that the growth of individual employees forms the basis of corporate growth, and that everyone is the actor in his or her own personal development.

The company has implemented and is promoting training programs so that employees can build the careers they dream of. Programs are designed for each stage of an employee's growth, and fall into three main areas: grade-specific programs (new employees' training, follow-up training, new managers' training, etc.), elective programs (a logical thinking course, e-learning/correspondence courses, and management school), as well as global programs (internal training for developing leaders, and external programs).

## HR development programs at Ajinomoto Co., Inc.

### Training programs for each job grade

Learning the standard abilities needed for each role/year

- ▶ Training for managers
- ▶ Training for non-managers

On-the-job training, site/division-specific training, promotions/transfers, evaluation sheet creation and interviews, and career support programs

Awareness

### Elective programs

Further improvement of core abilities and business skills

- ▶ On-site training: Development of core abilities
- ▶ Correspondence education and e-learning programs for developing business skills

On-the-job training, site/division-specific training, promotions/transfers, evaluation sheet creation and interviews, and career support programs

Enhancement

### Global programs

Faithfully following the Ajinomoto Group Way, having a broader perspective, and demonstrating abilities

- ▶ Development program for group leaders in Japan
- ▶ Development program for global leaders
- ▶ External programs

On-the-job training, site/division-specific training, and promotions/transfers

Further advancement

# Improving Work-Life Balance

The Ajinomoto Group is working to realize the Ajinomoto Group Work-Life Balance Vision. Its aim is to contribute to the prosperity of society and the realization of fulfilling lives for its employees by supporting both the growth of every employee and the further development of the company.

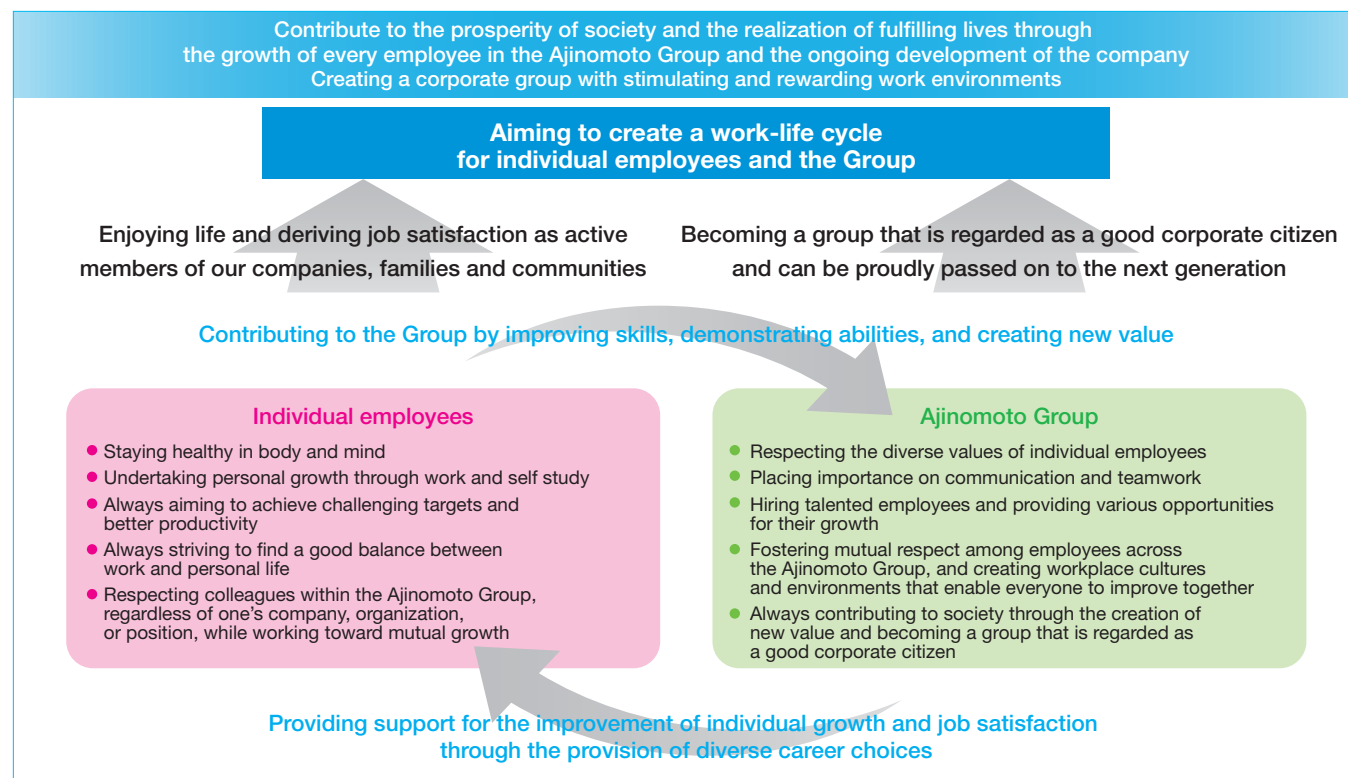
## Realizing the Ajinomoto Group Work-Life Balance Vision

Ajinomoto Co., Inc. has launched the Work-Life Balance Improvement Project, cooperating with the labor union under the Ajinomoto Group Work-Life Balance Vision. The company is steadily improving its work environments and helping employees to better understand one another and change the way they work.

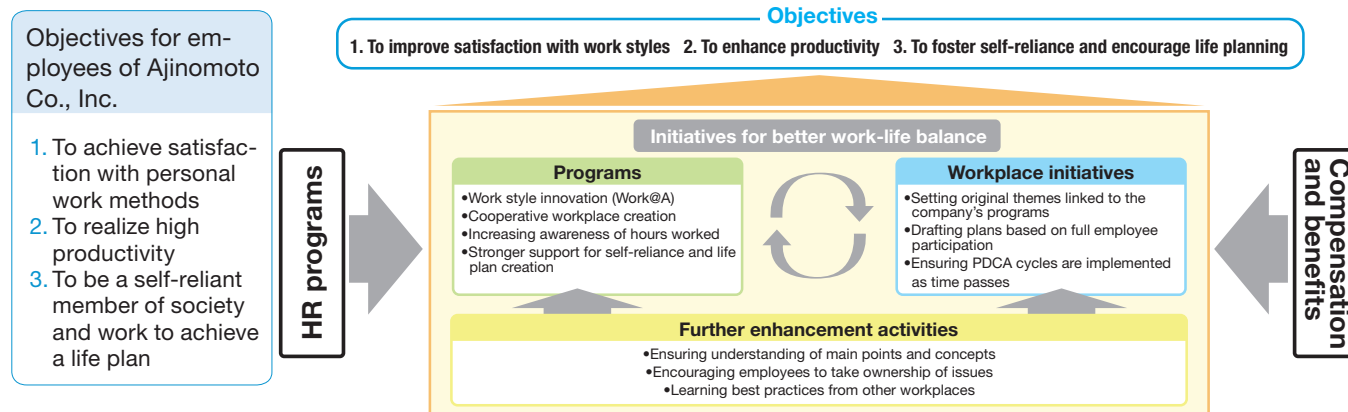
In fiscal 2012, workplace-based initiatives were launched to realize three objectives for employees of Ajinomoto Co., Inc.

(listed at the bottom of the page). In fiscal 2014, the company started the following initiatives to further improve work-life balance: (1) creating programs for telecommuting based on “Work@A,” the company’s work style innovation project; (2) holding workplace workshops and other activities to promote mutual understanding; and (3) sharing best practices among workplaces.

### Ajinomoto Group Work-Life Balance Vision



### FY2014–2016 initiatives at Ajinomoto Co., Inc.





## Work@A: Work style innovation at Ajinomoto Co., Inc.

In order to offer diverse work styles to its diverse human resources, Ajinomoto Co., Inc. has launched a work style innovation project. In fiscal 2014, new work style programs will be introduced, including IT-based initiatives.

### Basic strategies

Diverse human resources   Diverse work styles

**Work@A**

Work style innovation at Ajinomoto Co., Inc.

In order to improve productivity by keeping track of work and hours, each employee sets targets (i.e., work to finish in a set period) and selects working hours and location.

### New system

1. Discontinuing core time for flex-time, and super flex-time
2. Introducing hourly paid leave
3. Introducing a telecommuting system (planned for October 2014)

## Various workplace-specific initiatives

Since fiscal 2012, the workplaces of Ajinomoto Co., Inc. have been accelerating their efforts to foster work-life balance. At the beginning of each timeframe, each workplace discusses work-life balance, prepares its own work-life balance initiatives, and then

carries them out. Worksites then review their efforts at the end of the fiscal year and draft a plan for the coming year to ensure continual improvement.

### Workshops promote mutual understanding and work-life balance

Workshops to promote work-life balance have been held in many workplaces across Japan since fiscal 2012. The workshops involve: (1) sharing individual life plans; (2) confirming the vision and mission of the workplace; and (3) preparing an action plan. Participants are able to learn about one another's lives outside of work, which helps to build a more supportive work environment. When people keep individual and workplace objectives in mind, the workplace is more unified and productive. Going forward, these workshops will be held at more workplaces.

#### Workshop aims

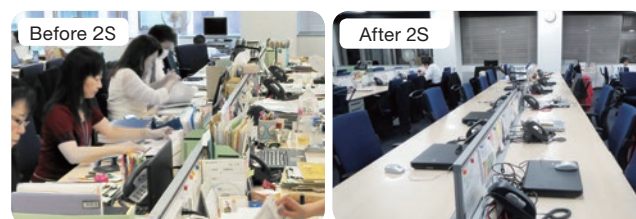
- To learn firsthand about the life plans, values, and personal situations of one's co-workers, and to understand the importance of this knowledge for workplace management
- To foster feelings of mutual support by having individuals share their values and objectives, and to create a strong sense of unity in the workplace
- To build a mutually supportive workplace where individuals share their situations when an unexpected life event occurs that requires them to change their work methods

#### Feedback from participants

- "The workshop enabled me to understand some of the dreams, values, and thoughts of others in my organization, which I did not know about before. After reaching unanimity, we were able to create a single action plan and foster a greater sense of unity."
- "I was able to think about the role of my organization beyond individual positions. It reminded me that the organization, too, has needs, not just the individual."

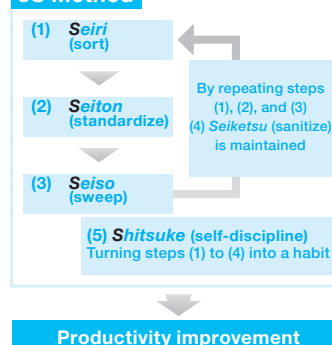
### Promoting the 5S methodology

The Japanese method of 5S—*seiri* (sorting), *seiton* (standardizing), *seiso* (sweeping), *seiketsu* (sanitizing), and *shitsuke* (self-discipline)—helps to improve work speed and productivity. Improving efficiency via 5S activities not only raises customer satisfaction but also helps create extra time, which individual employees can use productively. To start, workplaces were encouraged to practice 2S activities (*seiri* and *seiton*). Now the company is working to expand the number of 2S workplaces, while asking the early adopters to upgrade to 5S. The aim is to entrench these practices as habits company-wide.



A regular 2S activity time is held during the work day throughout the workplace.

#### 5S Method



#### Feedback from workplaces that implemented 2S activities

- "We improved workplace cleanliness, sharing of documents, and operational efficiency."
- "Working toward the 2S targets brought our workplace together as a united team."
- "We want to continue these activities to enable everyone to get a real sense of the workplace improvements."

## Growing usage of other employee support programs

Ajinomoto Co., Inc. is developing and implementing creative programs to make workplaces as supportive and rewarding as possible.

In fiscal 2013, 17% more employees used the Rejuvenation Leave and other programs than in the previous year,

marking another year of significant increase. The company is promoting use of these programs to encourage self-reliance and life planning.

### Employee usage of programs offered by Ajinomoto Co., Inc. related to work-life balance in fiscal 2013

| Program or initiative                           | Details   | Number of users                        |
|---|---|--|
| Parenting Leave                                 | Leave can be taken until the last day of April following the child's 1st birthday (can legally be extended for 6 months). A total of 15 days paid leave from the first day of leave is provided.  | 107 (including 4 male employees)       |
| Part-Time Parenting and Work                    | Part-time work is allowed until the child enters the 4th grade of elementary school. Leave can be taken up to 2 hours and 30 minutes per day.   | 149                                    |
| Childcare Leave                                 | Employees with children who have not yet entered junior high school can take up to 10 days of childcare leave per fiscal year per child. Leave can be taken in half-day units.  | 53                                     |
| Family Care Leave                               | Absences or suspension of work can be taken to care for a spouse, parents, or family within the 2nd-degree of kinship whom the employee supports. Leave can be taken up to 1 year.  | 0                                      |
| Part-Time Family Care and Work                  | Part-time work is allowed when certain family members are in need of nursing care. Leave can be taken up to 2 hours and 30 minutes per day until the family member no longer needs care.  | 1                                      |
| Accumulated Paid Leave                          | A maximum of 40 days of accumulated paid leave can be taken in half-day units to care for or visit in hospital family members within 2nd-degree of kinship who are suffering from a non-work-related illness or injury, or who need care due to temporary school closure.                     | 63                                     |
| Rejuvenation Leave                              | Rejuvenation leave can be taken once during each age category (25–32, 33–40, 41–48, 49–56) for the specified number of days from 9 to 30 days, and can be combined with paid leave and weekends.  | 238                                    |
| Volunteer Leave                                 | Up to 8 days of volunteer leave can be taken per fiscal year by qualified employees. Eligible volunteer work includes helping people with disabilities, providing nursing care of seniors, helping children, protecting the environment, providing disaster relief, and donating bone-marrow. | 38                                     |
| Re-employment system                            | Employee may register for re-employment in the event that retirement was unavoidable due to childbirth and newborn care, family and child care, or relocation because of marriage or spouse's job transfer.   | 54 employees registered; 2 re-employed |
| Initiative to reduce working hours              | No-overtime days are held at business sites, and the latest office closure time was changed from 10 p.m. to 9 p.m. Employees also reduce work time by using different work styles.  | —                                      |
| Initiative to improve rate of taking paid leave | Paid-leave usage campaigns are implemented at business sites, and employees find ways to take more leave by using different work styles. Simultaneous paid leave (3 days) in the summer for all employees.  | —                                      |
| Financial assistance for babysitter hire        | Provides employees with 1,700 yen each occasion a babysitter is hired.  | 9                                      |

### Highlight

#### Top-ten prospective employer for the third straight year

In February 2014, as part of the Randstad Award 2014,<sup>1</sup> Ajinomoto Co., Inc. was ranked No. 8 among companies in Japan based on appeal as a potential employer. The company has been ranked among the top-ten in this survey for three straight years.

Continuing to "Value People" as stated in the Ajinomoto Group Way, the company will accelerate its efforts to promote work-life balance. The aim is to keep raising confidence and being a highly attractive company for employees.

<sup>1</sup> Randstad is a global company that offers comprehensive human resources services. It conducts surveys to rank the relative attractiveness of employers based on ten key factors. In Japan, questionnaires were sent out to 8,000 men and women aged 18 to 65 for their evaluation of 170 companies. Randstad uses its own method to rank employers based on the factors, emphasizing respondents' familiarity with and desire to work for each potential employer. It then calculates overall scores to rank each company's attractiveness and employer brand.



Award ceremony

# Labor-Management Relations

The Ajinomoto Group endeavors to create a stimulating and rewarding work environment for its employees. The Group maintains direct dialogue and good-faith consultation with employees and their representatives, based on the applicable laws and circumstances in each country.

## Ajinomoto Group's initiatives in Japan

The Ajinomoto Group in Japan has established a labor-management council where management policies are regularly discussed as well as a labor condition assessment committee.

In fiscal 2013, top management met with labor union representatives at each group company for a lively exchange of views on progress made on the FY2011–2013 Medium-Term Management Plan and the future outlook. At Ajinomoto Co., Inc., labor and management have been working together to help employees achieve a fulfilling work-life balance since fiscal 2008.

### Results of the fiscal 2013 spring labor negotiations (Ajinomoto Co., Inc.)

The company responded to union wage requests based on a comprehensive determination on matters including: (1) corporate social responsibility based on social conditions; (2) putting trust in employees who have supported business performance and carried out restructuring initiatives; and (3) high expectations concerning future initiatives for productivity improvement.

### Main labor-management consultation themes

| Theme                  | Details   |
|------------------------|---|
| HR programs            | HR programs totally reviewed based on operational realities. Started revising programs to address current issues.   |
| Work-life balance      | In fiscal 2012, workplace initiatives based on company-wide themes were launched to realize three objectives for employees of Ajinomoto Co., Inc. In fiscal 2013, the company began to look into discontinuing core time in the flex-time system, as well as offering hourly paid leave and new telecommuting systems. These new systems are scheduled to go live in fiscal 2014.       |
| Family care leave      | Conducted review of family care leave system focusing on: (1) providing employees with more opportunities to learn about family care; (2) creating an environment where it is easy to discuss; and (3) improving the needed programs and administration. Set up an employee help desk in April 2014 for consultation on family care leave. Seminars and other efforts are also planned. |
| Expatriate work issues | Reviewed systems and scope of the hardship allowance for employees posted outside Japan, health management leave, and new regulations   |

## Employee data (As of March 31, 2014)

### Number of employees

|                               | Full-time employees |        |        | Temporary staff |
|-------------------------------|---------------------|--------|--------|-----------------|
|                               | Male                | Female | Total  |                 |
| Ajinomoto Co., Inc.           | 2,433               | 965    | 3,398  | 446             |
| Group companies in Japan      | 4,784               | 1,287  | 6,071  | 7,899           |
| Group companies outside Japan | 12,810              | 5,300  | 18,110 | 3,557           |
| Total                         | 20,027              | 7,552  | 27,579 | 11,902          |

### Number of new hires (incl. new graduates) in year

|                               | Total |
|-------------------------------|-------|
| Ajinomoto Co., Inc.           | 100   |
| Group companies in Japan      | 209   |
| Group companies outside Japan | 7,288 |

### Number of personnel with disabilities

|                          | Total | Percent of work-force rate |
|--------------------------|-------|----------------------------|
| Ajinomoto Co., Inc.      | 85    | 1.82%                      |
| Group companies in Japan | 194   | 1.85%                      |

### Number of managers<sup>2</sup>

|                   |                     | Male  | Female | Total |
|-------------------|---------------------|-------|--------|-------|
| Japan             | Ajinomoto Co., Inc. | 924   | 74     | 998   |
|                   | Group companies     | 1,321 | 51     | 1,372 |
| Asia              |                     | 645   | 307    | 952   |
| Europe and Africa |                     | 230   | 74     | 304   |
| The Americas      |                     | 321   | 100    | 421   |
| Total             |                     | 3,441 | 606    | 4,047 |

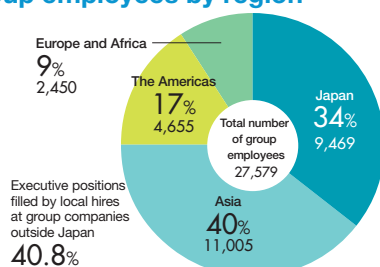
<sup>2</sup> Employees in the position of section manager, a position equivalent to section manager, or a position higher than section manager (excluding executives).

### Full-time employees

|                               | Average age | Average years of employment | Average annual working hours | Paid leave utilization rate <sup>3</sup> | Employment turnover rate |
|-------------------------------|-------------|-----------------------------|------------------------------|--|--------------------------|
| Ajinomoto Co., Inc.           | 41.7        | 18.3                        | 1,986                        | 79.8%                                    | 1.1%                     |
| Group companies outside Japan | 34.2        | 7.9                         |                              |  |                          |

<sup>3</sup> Including managers' utilization rates.

### Group employees by region



### Number of retirees and re-employed persons in fiscal 2013 (ended March 2014)

|                               | Number of retirees |  | Re-employed after retirement <sup>5</sup> |                                      |
|-------------------------------|--------------------|--|---|--------------------------------------|
|                               | Retired            | Resigned for personal reasons <sup>4</sup> | After retirement                          | After resigning for personal reasons |
| Ajinomoto Co., Inc.           | 29                 | 38   | 18  | 2                                    |
| Group companies in Japan      | 86                 | 163  | 86  | —                                    |
| Group companies outside Japan | 4,222              |  |   |                                      |

<sup>4</sup> Contract staff not included in this category.

<sup>5</sup> Re-employed from retirees and personnel resigned for personal reasons such as job transfer of spouse.



# Ensuring Employee Health and Safety

The Ajinomoto Group “Disaster Prevention” and “Occupational Health and Safety” Philosophy and Policies set out the Group’s conviction that disaster prevention and occupational health and safety are among its most important responsibilities. Accordingly, the Group takes great care to ensure that employees can work securely in all of its workplaces.

## Ajinomoto Group “Disaster Prevention” and “Occupational Health and Safety” Philosophy

We, Ajinomoto Group companies respect each person and act on the recognition that “disaster prevention and occupational health and safety” are one of the most important components of corporate activities.

## Ajinomoto Group “Disaster Prevention” and “Occupational Health and Safety” Policies (Established April 1, 2010)

The Ajinomoto Group will:

1. Identify and evaluate potential risks, and take preventive actions using management resources, under the Occupational Safety and Health Management System, in order to achieve the complete elimination of disaster and incident.
2. Take initiatives to continually improve occupational health and safety activities by thoroughly complying with public regulations and in-house rules and encouraging mutual efforts to do so.
3. Strengthen the corporate system and facilitate quick response to minimize damage in the event of an emergency and/or disaster.
4. Proactively provide support for each employee so they work safely and in good health.

## Promoting a medium-term plan for disaster prevention and occupational health and safety

### Results of the 2011–2013 medium-term plan

Each day, about 30,000 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.

Based on the Ajinomoto Group “Disaster Prevention” and “Occupational Health and Safety” Philosophy and Policies, the Group is working on health and safety education and the identification, evaluation, mitigation, and elimination of these risks. The goal is to reduce the number of occupational accidents to zero, ensuring that all employees and other people working on the Group’s premises can work securely and in good health. Ensuring thorough application of the health and safety philosophy, the three-year Ajinomoto Group Occupational Accident Prevention Plans have kept progress on target.

In the 2011–2013 plan, the Ajinomoto Group prioritized efforts to eliminate the accidents of falling and getting caught/trapped, the two most common occupational accidents in the Group. In fiscal 2013, there were no such serious accidents with packaging machines. The results were credited to improvement of the packaging machines and hands-on safety training.

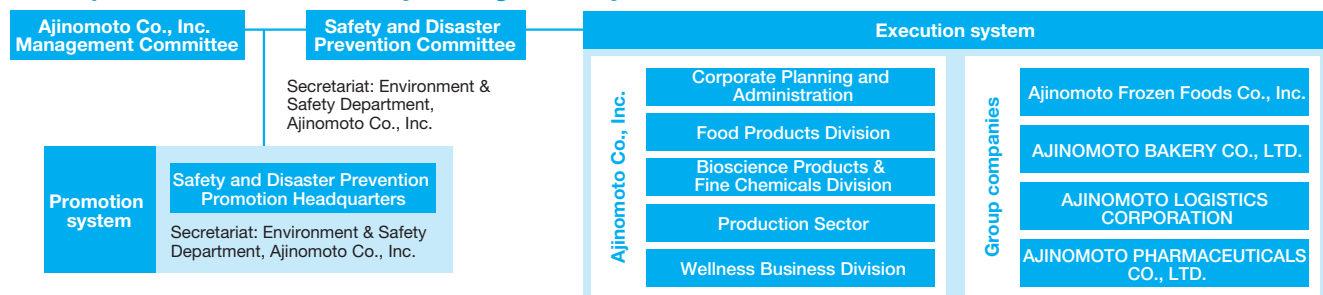
To prevent falling accidents, the Group has been implementing measures to reduce environmental factors such as wet or icy

walking surfaces. In Japan, falling accidents involving workers 50 or older tend to result in serious fracture injuries requiring hospitalization or surgery. Consequently, the Group is strengthening safety initiatives with an emphasis on human factors, in addition to equipment and management factors.

### Overview of the 2014–2016 medium-term plan

The 2014–2016 Ajinomoto Group Occupational Accident Prevention Plan focuses on eliminating serious accidents involving employees getting caught/trapped in equipment, a priority issue for the Ajinomoto Group. Safety measures are being implemented for machinery lacking these measures. Another aim is to eliminate serious falling accidents. Causes of falls such as water, oil and powder on the floor are being controlled, and prevention activities will be carried out, especially for older workers.

## Occupational health and safety management system in fiscal 2013



## Activities to prevent falling accidents

In fiscal 2013, the Group launched an initiative featuring fall-prevention exercises recommended by the Ajinomoto Health Insurance Society to help employees maintain their physical fitness based on self-checks of their physical ability.

To conduct the initiative, knowledge and skills training was provided to workplace leaders, who in turn implemented fall-prevention workshops suitable for their respective work environments at the Group's workplaces throughout Japan. The training course, unique to the Ajinomoto Group, is based on the fall-prevention seminar of the Japan Industrial Safety and Health Association, and also includes fall-prevention exercises along with the radio calisthenics which are broadcast on national public radio in Japan. The Group conducted the training twice in fiscal 2013 and once in the first half of fiscal 2014. It also

prepared materials to support the workplace leaders in implementing fall-prevention workshops at their own workplaces.

This initiative was featured in the March 2014 issue of the professional magazine, *Anzen-Eisei no Hiroba (Safety and Health Plaza)*.

### Materials for fall-prevention workshops at workplaces

- DVD (*Hold a Fall-Prevention Workshop!*)
- Preliminary questionnaire form
- Form to record fitness measurement results
- Small poster with fall-prevention exercises
- How to interpret the results on a radar chart
- Paper measuring tape (3 meters)
- Binder



Fall-prevention workshop at Ajinomoto Co., Inc.



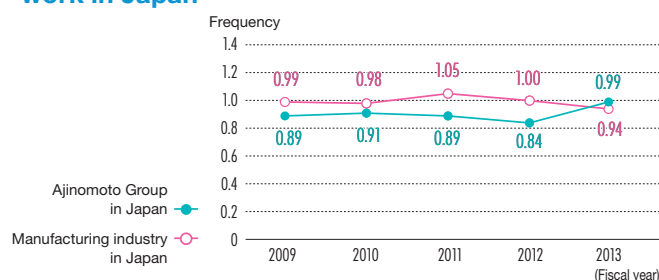
Fall-prevention workshop at Knorr Foods Co., Ltd.



Fall-prevention exercises at Delica Ace Co., Ltd.

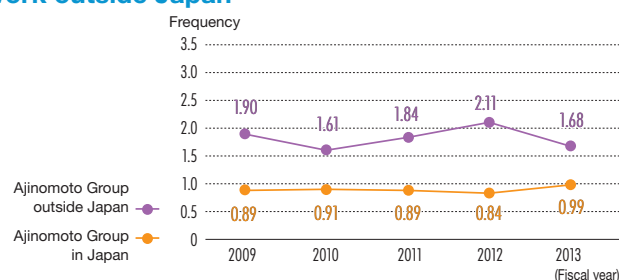
## Data for accidents resulting in time off work in the Ajinomoto Group (As of March 31, 2014)

### Frequency of accidents<sup>1</sup> resulting in time off work in Japan



<sup>1</sup> Frequency rate (accident occurrence rate) = Number of occupational accident victims who required time off work of one day or more / Total actual operating hours x 1,000,000

### Frequency of accidents<sup>1</sup> resulting in time off work outside Japan

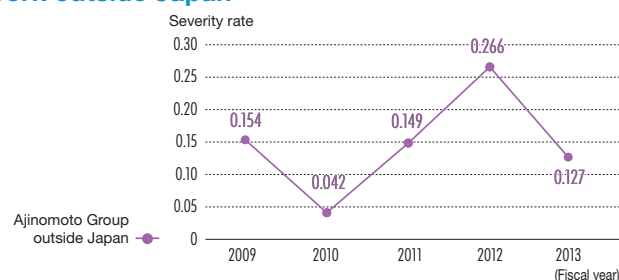


### Severity rate<sup>2</sup> of accidents resulting in time off work in Japan



<sup>2</sup> Severity rate (accident severity) = Total lost working days / Total actual operating hours x 1,000

### Severity rate<sup>2</sup> of accidents resulting in time off work outside Japan



## Occupational health and safety management

During the various activities performed at work every day, there is always the risk that a moment of inattention could lead to a serious accident. The Ajinomoto Group has established an occupational health and safety system headed by its Management Committee. Comprehensive measures are being carried out based on a group-wide plan to prevent accidents and disasters, including equipment inspections, audits, as well as education and assessment. The Occupational Health and Safety Assessment Series (OHSAS) is used for each safety management system, and PDCA cycles are also applied.

### Safety assessments

The Ajinomoto Group performs safety assessments to prevent occupational accidents. They are mainly performed in the planning stage for 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 onsite inspections at new plants. The actual deployment of workers in the traffic flow and related factors are investigated to ensure that safe operations can 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.

To improve the effect of this kind of risk assessment, in fiscal 2013 a Risk Assessment Study Group was set up to look at improvements. Its members are safety managers from the Kawasaki Administration & Coordination Office of Ajinomoto Co., Inc., as well as from Ajinomoto Frozen Foods Co., Inc., Knorr Foods Co., Ltd., and Ajinomoto Packaging Co., Inc. They share issues and best practices, and work together to prevent accidents.

### Safety audits and checks

The Ajinomoto Group conducts internal audits at its companies and sites based on an occupational health and safety 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. performs on-site emergency safety checks, in order to investigate the causes of the accident, determine remediation measures, and prevent reoccurrence.

In fiscal 2011, the Group revised the threshold of accident seriousness so that status checks are conducted for less serious accidents which could develop into more serious ones in the future. Reciprocal safety audits are also carried out with the participation of safety staff from different sites, which provides opportunities for them to learn about good safety practices and differences between regions and operations.

### Equipment inspection for safe and stable production

Plant equipment must always be in a condition that ensures safe and stable production, and this requires preventive maintenance and inspections.

Across the Ajinomoto Group, employees conduct careful daily maintenance of the equipment they use. In addition, while many production plants operate 24 hours a day throughout the year, production is periodically shut down completely to allow employees and specialists to perform the mandatory intensive maintenance inspections. As non-routine work, maintenance is potentially hazardous. Proper risk assessment is performed before starting maintenance work or restarting a process to ensure work safety.

### Safety inspections at new plants

Safety inspections are performed at factories built in new locations, and at plants that have joined the Ajinomoto Group through merger or acquisition. Since new plants employ many new hires and build organizations from scratch, safety training and follow-up are performed, in cooperation with related organizations. The aim is to establish zero-accident facilities with management that complies with the policies and occupational accident prevention plans established by the Group.

### Highlight

#### Safety inspection at the Yopougon Plant of AJINOMOTO AFRIQUE DE L'OUEST S.A.

In Côte d'Ivoire, a safety inspection was conducted when a new plant operated by AJINOMOTO AFRIQUE DE L'OUEST S.A. went online in fiscal 2013. To follow up, basic tidiness and hazard prediction training was offered, since many employees have less experience as plant workers. Safety guards were installed on most packaging equipment to prevent employees from getting caught/trapped in machinery. Also, since road conditions and traffic-related laws and regulations can be challenging in West Africa, safety training for sales vehicle drivers was also made a priority.



(Top left) Yopougon Plant  
(Bottom left) Packaging process



(Top right) Sales vehicle maintenance  
(Bottom right) Packaging equipment with safety guard



## Occupational health and safety education for employees

Safety for every employee starts with routine education and training tailored to various employee grades. The Ajinomoto Group provides occupational health and safety training designed specifically for each job. This includes classes on new legal requirements and seminars for managers, as well as hazard prediction training for manufacturing supervisors.

Group companies also provide safety education for their own particular operations, including hands-on safety training on each piece of equipment used in manufacturing, packaging or

conveying, as well as safety education to new hires, using their own unique safety videos. Learning opportunities have also been expanded by inviting group company employees to participate in training at sites of Ajinomoto Co., Inc.

Approaches and initiatives for occupational health and safety vary in different countries, regions, and cultures, but one thing remains the same: the Ajinomoto Group's worldwide commitment to employee safety.

### Education at all group companies in Japan provided by Ajinomoto Co., Inc.

| Name of training  | Details  |
|---|--|
| Hazard prediction training                                | Instruction to develop leaders that can train human resources to identify possible hazards. Training for leaders in production, R&D, logistics and construction-related departments, as well as employees to be posted outside Japan (two-day course, twice a year)  |
| Occupational health and safety seminar for top management | Seminar for top managers at group companies in Japan to acquire the necessary health and safety knowledge (e.g., responsibility to consider safety) and to learn how to promote health and safety in a company (full-day course, once a year)  |
| Training for human error prevention                       | Training to provide basic knowledge on human error, and how to prevent it (half-day course, once a year)   |
| Fall-prevention seminar                                   | Training leaders to introduce and promote fall-prevention measures directly in workplaces (full-day course, three times a year)  |
| Training for new internal auditors for OHSAS <sup>1</sup> | Basic education for checking PDCA cycles for the occupational health and management system and making recommendations for improvement (four times a year) (full-day course, twice a year; two-day course, twice a year)  |
| New legal requirement training                            | Study session on Japan's revised Industrial Safety and Health Act, which has new provisions regarding food processing machinery  |
| Site-sponsored education and lectures                     | Health and safety education and lectures held at three sites of Ajinomoto Co., Inc. With participation of group company employees, a total of 19 sessions were held in fiscal 2013, including a lecture on the High Pressure Gas Safety Act (Kawasaki Administration & Coordination Office), a mental health lecture and an exhibit of safety equipment (Tokai Plant), and a heat stroke seminar (Kyushu Plant). |

<sup>1</sup> OHSAS is an international standard for occupational health and safety management systems.

### Education at group companies outside Japan

| Name of training                                      | Purpose  |
|---|--|
| Hands-on safety training                              | Basic training used by food product manufacturing plants of the Ajinomoto Group in many countries  |
| Safety School (China)                                 | Annual safety training for managers at group companies in China. In fiscal 2013, participants talked in groups about ways to prevent commuting accidents, and then declared goals for their own organizations. |
| Safety awareness program                              | S.A. Ajinomoto OmniChem N.V. provides safety training to employees by incorporating hazard recognition as well as measures to prevent inadequate foresight and care into a safety enhancement plan.            |
| Hazard prediction video and improvement ideas contest | At Ajinomoto del Perú S.A., employee safety awareness is being raised and accidents are being reduced through dynamic safety activities.   |
| Production quality innovation competition             | At Ajinomoto Vietnam Co., Ltd., employees are learning about safety measures in conjunction with reliability improvement.  |



Hazard prediction training



Safety awareness program (S.A. Ajinomoto OmniChem N.V.)



Hazard prediction video contest (Ajinomoto del Perú S.A.)



Safety School participants (China)



Group discussions at the Safety School (China)



New legal requirement training (study session on revised Japanese law on food processing machinery)

## Highlight

### Safety equipment exhibit at the Tokai Plant of Ajinomoto Co., Inc.

The Tokai Plant of Ajinomoto Co., Inc. provides opportunities for the employees to learn about disaster prevention and occupational health and safety, both inside and outside the company. The plant recently held a hands-on exhibit, bringing together many employees from group companies. Attendees learned about safety equipment and its proper use and management by viewing and handling the actual equipment and listening to the experts.

Manufacturers of respirators, hard hats, safety harnesses, and other equipment set up booths at the exhibit. They provided explanations and demonstrations on equipment usage, boosting the knowledge and understanding of exhibit visitors. In recognition of this and other efforts, Hiroshi Ozaki, then manager of the Safety & Health, Disaster Prevention Group in the Tokai Plant's Safety and Environment Department, received the fiscal 2014 Occupational Health Achievers Award from the Yokkaichi Labor Standards Association.

The Group will continue to adopt innovative teaching methods to increase safety awareness among employees.



Award ceremony



Safety equipment exhibit

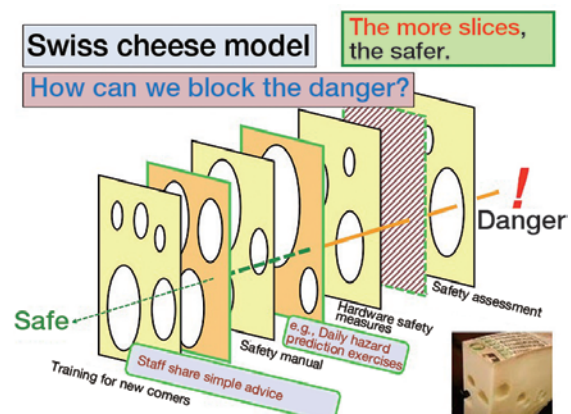
### Fostering a culture of safety

A production quality innovation competition was held on March 31, 2014, at a group company in Vietnam. The event included a lecture entitled, "Everyone Working Together to Create a Culture of Safety." The speaker used the example of hole-ridden Swiss cheese as a model for combining safety measures using different approaches; even if a particular measure has a weakness, the overall reliability of safety measures can be greatly improved. The participants were able to reaffirm the importance of safety activities involving all employees.



Lecture at a production quality innovation competition in Vietnam

### Safety activity effectiveness



## Highlight

### Presenting Group safety activities at the National Industrial Safety and Health Convention

At the annual National Industrial Safety and Health Convention, occupational health and safety activities are presented to industry members from across Japan. At the recent convention, a representative of the Ajinomoto Group presented examples of the Group's health and safety training at plants outside Japan, followed by a lively discussion with audience members on the best ways to provide education guidance to employees in different countries with different cultures. The lively exchange of opinions continued even after the event.

Through dialogue with people in different sectors, the Ajinomoto Group is helping to improve safety levels at all Japanese companies with overseas operations.



National Industrial Safety and Health Convention held in Osaka



## Group initiatives featured in industry magazines

The occupational health and safety initiatives of the Ajinomoto Group have been featured in *Anzen-Eisei no Hiroba* (Safety and Health Plaza) and *Anzen to Kenko* (Safety and Health), magazines published by the Japan Industrial Safety and Health Association. In fiscal 2013, one of the magazines featured the Ajinomoto Group's fall-prevention-exercise initiatives, which help employees maintain their physical fitness based on self-checks of their physical ability. The article received a lot of positive responses from readers.

Many other activities have been featured in the magazines, such as one of the group companies which designated a month for heatstroke prevention enhancement.



Anzen-Eisei no Hiroba  
(Safety and Health Plaza)

## Supporting the physical and mental health of employees

Every company in the Ajinomoto Group is taking steps to help all of its employees maintain their physical and mental health.

Ajinomoto Co., Inc. is promoting employee health initiatives with a focus on the importance of good self-care. Since new hires, mid-career employees, and managers face different health issues, occupational health physicians offer training for each kind of employee. New managers and mid-career employees not only learn about health management, but also about specific ways to identify signs of health problems among subordinates and colleagues. In addition, the company holds annual health interviews with all employees in Japan, conducted by medical experts who provide guidance on physical and mental health maintenance based on the health checkup results. In fiscal 2013, the company established a procedure for following up on the health of employees after returning to work following mental health leave. Employees on international assignments also have

the results of their annual health checkups monitored by medical staff in Japan and receive follow-up guidance as well as health-related advice pertaining to immediate family members living with them.

The Group has been looking into area-based integrated health management systems among group companies in Japan. Starting in fiscal 2012, the Group began joint annual checkups for the group companies in the Kyushu region, and expanded the initiative to include some other group companies in western Japan in fiscal 2013.

### Health promotion system at Ajinomoto Co., Inc.

9 occupational health physicians, 11 medical staff members (nurses and hygienists), a Wellness Promotion Center general manager, and 11 staff members

## External evaluation of occupational health and safety activities

The Ajinomoto Group has received a lot of external recognition for the health and safety activities that its employees carry out on a daily basis. The Group continues to ensure that accident prevention measures are taken at each site to reduce occupational accidents. These efforts will be expanded to include the

activities of individual employees. By also working on accident and disaster elimination at group companies, these efforts will contribute to local communities.

## Main awards received in fiscal 2013 for disaster prevention and occupational health and safety activities in Japan

| Recipient   | Award name   | Details  |
|---|--|--|
| Chikako Shibata, Sapporo Transport Office, Hokkaido Ace Logistics Co., Ltd. | Fourth place in the women's division of the 45th National Truck Driver Contest | Scored excellent results at a competition that tests safe driving expertise and driving skills   |
| Kyoko Matsumoto, Atsugi Transport Office, Chuo Ace Logistics Corporation    | Fifth place in the women's division of the 45th National Truck Driver Contest  | Scored excellent results at a competition that tests safe driving expertise and driving skills   |
| Koji Ozaki, Tokai Plant, Ajinomoto Co., Inc.                                | Fiscal 2014 Occupational Health Achievers Award                                | Recognized by the Yokkaichi Labor Standards Association for active promotion of stronger management of chemical substance operations, operational environments, and employee health, as well as contributions to accident and disaster prevention in the workplace |
| Tokai Plant, Ace Kounai Service, Co., Ltd.                                  | Fiscal 2014 Occupational Health Outstanding Workplace Award                    | Recognized by the Yokkaichi Labor Standards Association for occupational health management activities and significant contribution to raising the bar in this field  |
| Fukushima Plant, AJINOMOTO PHARMACEUTICALS CO., LTD.                        | Fukushima Prefecture Hazardous Materials Safety Association Award              | Recognized for proactive efforts to improve hazardous material facilities and material management, as well as a record free of fire accidents for many years   |



## Highlight

## Improving safety and quality in truck transport

The Ajinomoto Group has many logistics operators which haul products and raw materials. In order to demonstrate safe driving techniques, some of these operators participated in the 45th National Truck Driver Contest, sponsored by the Japan Trucking Association, on October 26 and 27, 2013. A total of about 2,000 drivers took part in regional competitions, and 131 winners, including four employees from group companies, went on to demonstrate their expertise and driving skills in the national contest. Chikako Shibata from Hokkaido Ace Logistics Co., Ltd., and Kyoko Matsumoto from Chuo Ace Logistics Corporation took fourth and fifth places, respectively, in the women's division.



The four national contestants from the Ajinomoto Group (from left to right): Hideaki Arai of Kanto Ace Logistics Corporation, Chikako Shibata of Hokkaido Ace Logistics Co., Ltd., Kyoko Matsumoto of Chuo Ace Logistics Corporation, and Fuyuki Misono of Tohoku Ace Logistics Corporation



Kyoko Matsumoto, Chuo Ace Logistics Corporation



Garage parking competition in the contest

## Highlight

## Health and safety activities for onsite logistics

The Tokai Plant of Ace Kounai Service, Co., Ltd. is responsible for raw material supply, product packaging, and onsite logistics operations. Since operations involve many heavy objects, employees have to ascertain site conditions correctly and engage in exercises to prevent lower back pain before performing work, in order to reduce burden on the legs. During the summer, handy heat-stress measurement devices using wet bulb globe temperature (WBGT) are distributed to workers, who are also instructed to drink fluids frequently to avoid heatstroke. In recognition of these efforts, the plant was awarded the fiscal 2014 Occupational Health Outstanding Workplace Award by the Yokkaichi Labor Standards Association.



Compact WBGT heat-stress measurement device



Award ceremony



Ensuring proper lifting procedures with the correct posture



Exercises to prevent lower back pain



Using equipment to reduce heavy lifting

## Highlight

## Fire-free since the start of operations: Fukushima Plant of AJINOMOTO PHARMACEUTICALS CO., LTD.

As a facility with no fire incidents since it began operation in 1986, the Fukushima Plant of AJINOMOTO PHARMACEUTICALS CO., LTD. was recognized with the Fukushima Prefecture Hazardous Materials Safety Association Chairman's Award. Both flammable materials and power distribution panels are identified as significant fire hazards, and strictly controlled.

As part of hazardous material management, daily inventory levels and usage amounts are managed in real time. Once a month, power distribution panels are checked for abnormal heat levels using thermographic equipment to detect hazards in advance and prevent fires. Also, notification of the inspection results enables employees to work with peace of mind. Safety inspection patrols are carried out every month by the fire prevention and safety officers.

In addition to annual disaster drills for the entire plant, there are special drills for transporting injured persons. These activities place emphasis on encouraging employees to think

individually about the best course of action in the response to fires and accidents.



Representatives that accepted the award on behalf of the Fukushima Plant, AJINOMOTO PHARMACEUTICALS CO., LTD.



Award ceremony



Early detection of power distribution panel problems using thermography



Daily checking of hazardous material inventories



Fire prevention officer responsible for daily fire prevention efforts



Life Gem respirator



Daily drills are conducted to ensure the respirator can be put on as quickly as possible.

## Preparing for natural disasters and protecting human life

Everyone on the planet must live with unavoidable natural phenomena such as earthquakes, floods, and tsunamis. However, by preparing for disasters in advance, it is possible to minimize human suffering and property damage.

With top priority on protecting lives, the Ajinomoto Group plans natural disaster preparation measures and conducts the necessary training and awareness-raising activities. This is based on the Ajinomoto Group "Disaster Prevention" and "Occupational

Health and Safety" Philosophy and Policies, as well as the Ajinomoto Group Disaster Management Basic Policies that are prescribed by its enterprise continuity plan (ECP).

Reference See "Creating a new Enterprise Continuity Plan" on p. 40.

Reference See "Ajinomoto Group 'Disaster Prevention' and 'Occupational Health and Safety' Philosophy and Policies" on p. 63.

### Ajinomoto Group Disaster Management Basic Policies

We set priorities as 1. Person, 2. Society, and 3. Business:

1. We give the highest priority to human life, and ensure the safety of oneself, one's family and colleagues.
2. We provide support for local community and society, on the basis of saving human life.
3. We make an effort for early restoration of business activities in order to fulfill our business responsibility, as the Ajinomoto Group that is working for Life.



### ■ Updating 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.

Since the Great Hanshin-Awaji Earthquake in 1995, the Ajinomoto Group in Japan has been implementing seismic reinforcement of its business facilities. After the Great East Japan Earthquake and tsunami in 2011, the Group strengthened measures for earthquake and flood resistance, based on earthquake and flood damage predictions from the national and local governments. While placing top priority on protecting lives, the Group has revised its preparedness measures for buildings and production facilities, and has also prepared a new capital investment plan. For example, the earthquake resistance of the Head Office of Ajinomoto Co., Inc. was re-investigated. After confirming that structural supports have suffered no significant deterioration, ceilings, walls, shelves, and equipment are now being reinforced and secured based on the evaluation results.

The Sendai Refrigerated Transport Center of AJINOMOTO LOGISTICS CORPORATION and the Fukushima Plant of AJINOMOTO PHARMACEUTICALS CO., LTD. were heavily damaged in the Great East Japan Earthquake. The reconstruction plan has the latest design features and equipment to help them withstand any future disasters.

Group companies and sites are reviewing their earthquake evacuation procedures and carrying out drills based on revised damage predictions published in 2012 for a possible major quake centered under Tokyo, and one in the offshore Nankai Trough triggering a major tsunami. To strengthen disaster preparedness group-wide, secondary emergency response headquarters are ready to be set up at different sites in the event of a major natural disaster, and drills are being carried out.

### ■ Enhancing lines of communication for initial disaster response

Ajinomoto Co., Inc. introduced a system for inquiring about employees' safety in 2006 and keeps it up to date. Other group companies are also introducing similar systems, and system operation trainings are carried out periodically.

When an earthquake strikes, communication networks and other lifelines can be cut, and even when they are not, networks are congested. Consequently, Ajinomoto Co., Inc. has set up an emergency communication system that uses satellite phones and email, which are relatively robust under disaster conditions. These phones have now been deployed at each site and the homes of executive officers who reside in Japan. Emergency communication drills are also carried out periodically, based on a scenario in which a disaster occurs in the evening or on a holiday.

## Highlight

### Reconstruction of the Sendai Refrigerated Transport Center of AJINOMOTO LOGISTICS CORPORATION

The Sendai Refrigerated Transport Center resumed operations in March 2014 after remediating the major damage suffered in the Great East Japan Earthquake on March 11, 2011. With total floor area of about 10,000 square meters, the center includes refrigerated, frozen, and regular-temperature storage areas. Part of the company's nationwide network, it provides high-quality logistics services 24 hours a day, 365 days a year, serving as base for the six prefectures of the Tohoku region. With BCP objectives in mind, the rebuilt center incorporates lessons learned from the earthquake and tsunami in these features:

- In-house power generation equipment and fuel tanks
- Parking and evacuation space on the second floor of the building
- First floor receiving docks mainly on the side of the building facing away from the ocean
- An entrance space with a door behind the receiving docks, in order to create a buffer zone against flooding
- Power equipment placed in high locations
- Rooftop evacuation area for employees, along with evacuation routes.



Newly rebuilt Sendai Refrigerated Transport Center



Sendai Refrigerated Transport Center and surrounding area immediately after the disaster



Inside the new warehouse



In-house power generation equipment



Staff of the Sendai Refrigerated Transport Center



## Disaster drills

The Ajinomoto Group carries out disaster drills tailored to regions and business areas. In addition to drills at individual sites, the Ajinomoto Group in Japan carries out group-wide disaster drills every September. The Group's emergency response headquarters gathers information on employee safety and site damage conditions from each group company and site, and gives instructions as needed.

In fiscal 2013, the Group conducted drills with the objective of providing initial response more quickly in the first stage after

a disaster, and then promptly transitioning to the second stage of assistance and recovery. Emergency response drills were also conducted for the first time regarding tasks that the Head Office planning and business support departments as well as business divisions need to perform, in order to minimize confusion at the time of a disaster and quickly restore business operations. In fiscal 2014 and beyond, the Group will continue to hold drills that include BCP objectives.

### Drill at the Head Office of Ajinomoto Co., Inc.



Personnel roll call and damage situation confirmation are performed by each floor captain, who then contacts the Kyobashi emergency headquarters.



The Group's emergency response headquarters is set up by an initial response team right after a disaster to get an overall picture of the situation.



Drill for setting up an alternative emergency headquarters to deal with a major natural disaster

### Drills at various sites



Employees at the Kyushu Plant, Ajinomoto Co., Inc.



Top: Kawasaki Administration & Coordination Office, Ajinomoto Co., Inc.  
Bottom: Tokai Plant, Ajinomoto Co., Ltd.



Kyushu Plant, Ajinomoto Co., Inc.

### Drill at the Fukushima Plant of AJINOMOTO PHARMACEUTICALS CO., LTD.



Disaster drill at the Fukushima Plant



## Highlight

### Raising disaster awareness: Disaster prevention lecture for group employees

Every year since fiscal 2008, Ajinomoto Co., Inc. has been holding disaster prevention lectures attended by concerned staff at group companies and many other employees.

The fiscal 2013 (6th) lecture was given by Eiji Majima, then vice president of Ajinomoto Co., (Thailand) Ltd., covering the reconstruction and support activities of the Ajinomoto Group in Thailand after the major flooding in Bangkok in November 2011.

In fiscal 2014, the lecture covered needs for reconstruction after an earthquake, based on the experience after the Great East Japan Earthquake. About 70 group employees attended the lecture. It was given by Seiichiro Maehara, general manager of the CSR Department of Ajinomoto Co., Inc., who is stationed at the Tohoku Branch.

The participants reacted to the lecture with a variety of comments. "Even several years after the earthquake, assistance is still needed." "I sensed the importance of providing ongoing support in a different form than immediately after the disaster, and in a way that is unique to our company." "Even for the sake of the disaster victims, it is vital that business recovery be achieved as soon as possible, along with the resumption of product supply."

While sharing unforgettable experiences from disasters, the lectures will continue to address relevant topics to remind employees of the need for preparedness.



6th disaster prevention lecture (Sept. 2013)



7th disaster prevention lecture (Sept. 2014)

Reference See "Creating a new Enterprise Continuity Plan" on p. 40.

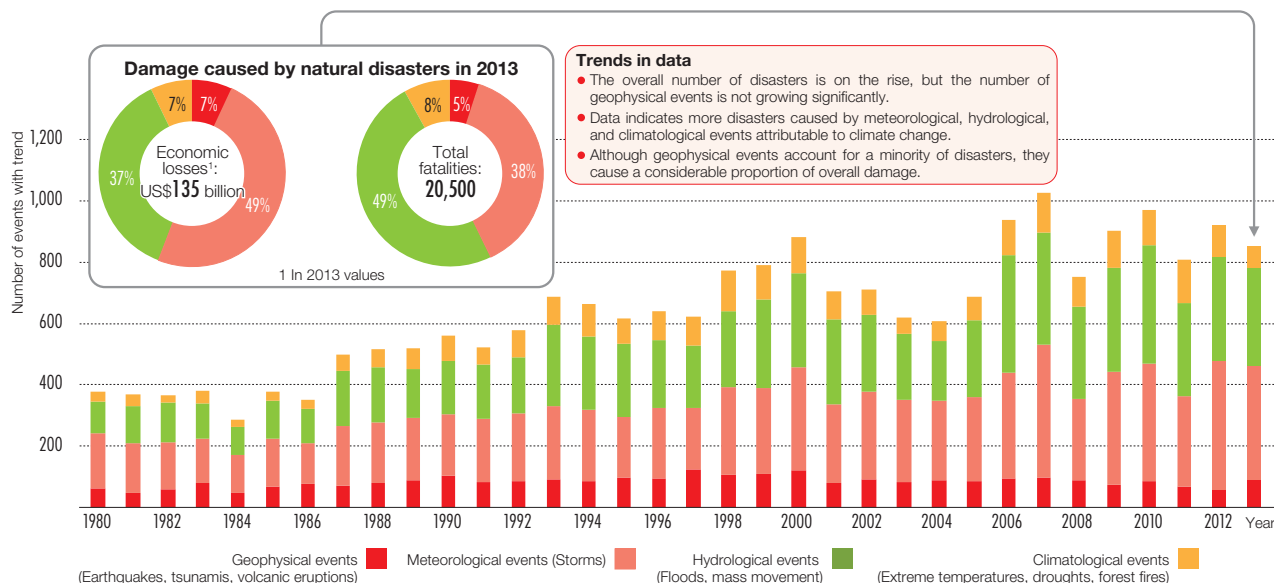
Reference See "Supporting Areas Struck by Natural Disaster" on p. 129.

## Data

### Natural disasters worldwide

Many record-breaking natural disasters have been seen around the world in recent years. Japan, too, has been hit with torrential rains, tornados, and other extraordinary weather

events. More than ever before, companies must always be prepared for a natural disaster to strike at any time.







## The Environment

# Ensuring the Planet's Sustainability, as the Foundation for All Life

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## Scope of the environmental report

This section of the report covers the environmental initiatives of the 120 companies subject to the Ajinomoto Group Environmental Management Measures as defined in the company's Environmental Regulations (102 companies are fully subject to the regulations, and 18 are partially subject, as of March 2014). These companies include Ajinomoto Co., Inc., its consolidated subsidiaries, and other group companies that play a significant role in the Group's environmental management. Performance statistics are for the 108 major business sites (the number decreased by one since last year's report; three eliminated and two added) following site reorganization as well as plant dissolution and new construction, which substantially represent the environmental performance of the entire Ajinomoto Group<sup>1</sup> under the consolidated financial accounting system.

<sup>1</sup> The Ajinomoto Group refers to Ajinomoto Co., Inc. and its consolidated subsidiaries and group companies subject to financial reporting under the equity method.



# The Ajinomoto Group Environmental Philosophy and Basic Environmental Policies

The Ajinomoto Group Environmental Philosophy and Basic Environmental Policies were revised in 2006 in light of trends in compliance and efforts to minimize the environmental impact of business activities. They express the Group's commitment to contributing to a sustainable society as a responsible global company.

Since the revision, issues concerning the sustainability of the global environment and human societies have become even more serious. It is clear that the expectations of the Ajinomoto Group are higher, amid significant changes in the circumstances and structures surrounding corporate activities.

On its centenary in 2009, the Ajinomoto Group pledged to work for life. In order to further articulate this pledge and state even more explicitly its determination to ensure that its business activities help to build a sustainable global society, the Ajinomoto Group Environmental Philosophy and Basic Environmental Policies were revised again in April 2011. In addition, the Group established the Ajinomoto Group Biodiversity Policy and Action Agenda in January 2012.

Link

Ajinomoto Group Environmental Philosophy and Basic Environmental Policies  
<http://www.ajinomoto.com/en/activity/environment/e-philosophy/>

Link

Ajinomoto Group Biodiversity Policy  
<http://www.ajinomoto.com/en/activity/environment/biodiversity-agenda/index.html>

## Ajinomoto Group Environmental Philosophy and Basic Environmental Policies

### Environmental Philosophy

#### Preamble

The business activities of the Ajinomoto Group are sustained by the trust<sup>1</sup> of international society and people in each region of the world, and rely upon a healthy global environment<sup>2</sup> and people living in peace and prosperity.<sup>3</sup> Health and prosperity are closely related to the local diversity of ecosystems and society.

Modern society, however, continues to expand beyond the limits of what our planet can sustain—in terms of the use of resources and energy, as well as environmental impacts and emissions such as greenhouse gases, waste, and chemical substances. Human activities are threatening biodiversity, causing climate change, and increasing the scale of natural disasters, water shortages, food shortages and other problems. These threats are leading to a crisis for all life, and they affect human daily life. Rapid economic development in developing countries is also escalating the seriousness of global environmental issues.<sup>4</sup> The world needs models of economic development that do not diminish local diversity.<sup>5</sup>

The business activities of the Ajinomoto Group also have impacts and are affected by those impacts. We strongly hope that society will continue to need what the Ajinomoto Group can offer. For that to occur, we believe it is necessary to conduct business activities that contribute to the transformation of modern society into a low-carbon, resource-recycling society in harmony with nature.

#### Main Text

The Ajinomoto Group works to benefit all life (hence our slogan "Work for Life") and contributes to the realization of sustainable society.

We conduct our business activities and grow together with society, while aiming to sustain the interrelationships between the functioning of unique and diverse forms of life in each region on Earth, and to ensure that all people, including future generations, are able to enjoy a better life in a healthy global environment.

### Basic Environmental Policies

#### Understanding Interdependence and Impacts

At both the global and local levels, we ascertain and evaluate in a timely manner the state of the global environment and society upon which the Ajinomoto Group's business activities depend. We also ascertain and evaluate, both quantitatively and systematically, the impacts that the Ajinomoto Group's business activities have on them.

#### Minimizing Impacts

We fully comply with environmental regulations in each country and region, and adhere carefully to international standards and codes. We also establish our own voluntary standards to challenge and achieve,<sup>6</sup> and seek to minimize the impacts on the environment and ecosystems that arise from all business activities<sup>7</sup> of the Ajinomoto Group.

We strive to achieve optimal efficiency in the use of resources and procure natural resources in amounts and with methods that conserve biodiversity and ecosystems.<sup>8</sup>

#### Providing Value

We offer products and services and propose technologies and systems that contribute to the

lives of people, and to life on Earth, by preserving and nurturing food sustainability and ecosystems, aiming for the transformation of modern society into a low-carbon, resource-recycling society in harmony with nature. We do this by making use of the knowledge, technologies, capacities, and assets of the Ajinomoto Group.<sup>9</sup>

#### Cooperating with Others

We work to have a positive impact on the global environment and society through our business activities with related parties in the supply chain, including customers, suppliers, and others.<sup>10</sup> At the global and local levels, we promote meaningful collaboration and cooperation with a variety of stakeholders, such as non-governmental organizations, specialized institutions, local communities, and more. We contribute actively to dialogue and consensus-building in our society by offering proposals on the creation of new societal frameworks.<sup>11</sup>

#### Providing Information

We systematically summarize and regularly report on the approaches, programs and achievements of the Ajinomoto Group. We

engage in dialogue with stakeholders, and through this dialogue verify whether the self-evaluations of our activities are accurate, and consider necessary improvements and new initiatives. We make an effort to ensure that each of our facilities seeks to see things from the local community perspective and has an open attitude to the public.

#### Managing Our Group

In order to conduct these activities effectively, systematically, and sustainably, and to make greater contributions, the Ajinomoto Group makes use of environmental management systems in all of its member organizations. We integrate these environmental management systems with other management systems and work to make continuous improvements.

We engage in systematic education and awareness-raising activities so that each member of the Ajinomoto Group understands his or her role and required competence, and this understanding leads to concrete action.

Revised in April 2011

- 1 Society's license that permits corporations to exist, operate and grow.
- 2 The ecological (environmental) resources needed to continue operating. These include the essential raw materials, energy, and genetic resources necessary for the productive activities of the Ajinomoto Group, and also the very basis of life on Earth that provides diverse and abundant ecosystem services so essential for human life. Healthy ecosystems support and maintain biodiversity.
- 3 The social and economic resources needed to continue operating. The business segments of the Ajinomoto Group—including food, bioscience and fine chemicals, and health and pharmaceutical products—are in markets that have an important role in human lives.
- 4 Developing countries have ecosystems that play important roles within the total Earth system. Developed countries have already followed a path that places an excessive burden on ecosystems. If rapid economic development in developing countries follows the same path, the result will lead to risks to the fragile local ecosystems and the local communities that depend upon them, and ultimately, to global risks.
- 5 When pursuing efficiencies at the global level, the challenge is to avoid losing diversity at the local level as one of the negative impacts of economic globalization.
- 6 The entire scope of our businesses, including supply chains and the life cycles of our products and services.
- 7 Example:
  - Ajinomoto Group Zero Emissions Plan
- 8 Under the Aichi Targets—the new strategic plan adopted by the 10th Conference of the Parties to the Convention on Biological Diversity in October 2010—one strategic target agreed through international consensus was to keep the impacts of the use of natural resources well within safe ecological limits by 2020, at the latest.
- 9 Examples:
  - Making greater richness of taste possible and bringing greater happiness to society, even with less consumption of food resources
  - Contributing to the recovery and restoration of ecosystems and ecosystem services
  - Providing and proposing useful products, services, technologies, and systems that when used will result in significant reductions (i.e., substantially positive impacts) that can offset the use of resources and energy due to our business activities (i.e., substantially negative impacts). Ideally, the net effect of all impacts will be positive (i.e., "net positive").
  - The development of products and technologies that use life sciences knowledge and technologies to utilize the functions of ecosystems and biological resources.
- 10 Examples:
  - Support to secure safe and sustainable food resources for primary producers of agricultural, livestock, and fishery products
  - Proposing environmentally friendly options for consumers
- 11 Examples:
  - Policy proposals
  - Participating in international conferences, being involved in the establishment of international codes, standards, guidelines, etc.
  - Demonstrating initiative (leadership) through cross-sectoral voluntary activities
  - Participating in the initiatives of international, expert, non-governmental, and non-profit organizations, etc.

## Ajinomoto Group Biodiversity Policy and Action Agenda

The business activities of the Ajinomoto Group are hugely reliant on natural blessings such as agricultural, livestock, fisheries resources and genetic resources. These natural blessings are brought by ecosystems and biodiversity, which are formed and supported by diverse creatures and their mutual interactions. Biodiversity is one of the most essential elements for the continuation and development of our business, therefore, it can be said that biodiversity serves as the "basis of business activities." Biodiversity is also the "basis of all life on Earth" which supports human life and living.

In recent years, however, biodiversity is being lost at an unprecedented rate, and biodiversity conservation becomes one of the most urgent global issues.

In the Ajinomoto Group Environmental Philosophy, we, the Ajinomoto Group, pledge to work to benefit all life. We wish to make a contribution to realizing the sustainable society in which people can lead healthy and prosperous lives in peace, and wish to meet the expectations of society and our customers now and in the future. To do this we recognize that it is one of the most important tasks for the Group to undertake initiatives in biodiversity. We will tackle the challenges of biodiversity conservation and sustainable use of biological resources, since biodiversity is the "basis of business activities" and "basis of all life on Earth."

We define hereby the Biodiversity Action Agenda as follows:

### Biodiversity Action Agenda

#### [Addressing biodiversity issues]

1. Issues of biodiversity are closely bound up with other environmental issues such as climate change, dwindling water resources, and waste treatment. They are interconnected and cannot be considered separately. With the recognition of the interrelations, we take initiatives to address the issues: conservation of biodiversity and sustainable use of biological resources, reduction of green gas emissions, efficient use of resources, waste reduction and reduction of other environmental impacts, so that the result of our activities can produce multiple beneficial effects.
2. We ascertain the relationship between the business activities of the Group and biodiversity. In other words we will have a clear grasp of how the activities are dependent on and what impacts they have on ecosystems and ecosystem services.
3. On the basis of this understanding, we strive to reduce impacts of the business activities on biodiversity, and improve the activities to be conducted both within the reproduction capacity of ecosystems and the capacity of material cycle. We recognize that impacts of the business activities can become net positive<sup>12</sup> and aim to contribute to restoration of ecosystems.

4. We comply with international rules and regulations concerning biodiversity.

#### [Managing supply chains]

5. We promote the use of raw material that is produced with consideration for ecosystems and biodiversity.
  - We comprehend the situation of regions supplying raw material.
  - We avoid procurement from sources or supply chains that involve the destruction of ecosystems or biodiversity.
  - We contribute to stock assessment and management of natural fishery resources and others.
6. We apply transportation methods to conserve ecosystems and biodiversity.
  - Bearing in mind the issues of invasive alien species, we give consideration to selecting transportation methods not to disrupt local ecosystems by bringing non-native species through transportation of raw material or products.

#### [Providing value]

7. We develop products, services, technologies and systems, which contribute to life of people and life on Earth with minimal impact on ecosystems and biodiversity.

#### [Managing premises]

8. We create our business sites that are harmonious with local ecosystems and communities in terms of the environment.

- With the aim of the improvement both on the basic functions of business sites and their surrounding ecosystems, we design, construct and manage landscapes, flora and fauna in the premises.
- We manage the use of water resources including water withdrawal, consumption and discharge, with the consideration of regional water cycle.

#### [Cooperating with others]

9. We promote initiatives for biodiversity conservation in cooperation with the society.
  - We disclose our activities and the situation concerning biodiversity conservation and sustainable use of biological resources, and make use of the feedback from the society to improve our activities.
  - We cooperate with governments, specialists, NGOs, local communities, other companies, etc., in order to develop our initiatives for biodiversity conservation more efficiently.
10. We contribute to promoting the understanding of biodiversity not only amongst our employees but also at all levels of the society, through educational activities and other means.

Established in January 2012

<sup>12</sup> Having a positive impact after considering all the positive and all the negative factors

# The Ecological Business Model of the Ajinomoto Group

The job of the Ajinomoto Group is to add extra value to the nourishing gifts of nature and deliver them to customers. The greater the scale of this job, the more the Group can contribute to the creation of a healthier global environment and a more prosperous world community. The ecological business model of the Ajinomoto Group aims to ensure that the Group's business activities help to resolve the issues facing 21st-century human society.

## Helping to resolve the issues of the 21st century based on a partnership with the earth and society

The Ajinomoto Group is promoting environmental initiatives for the entire product life cycle, based on a partnership with the earth and a partnership with society.

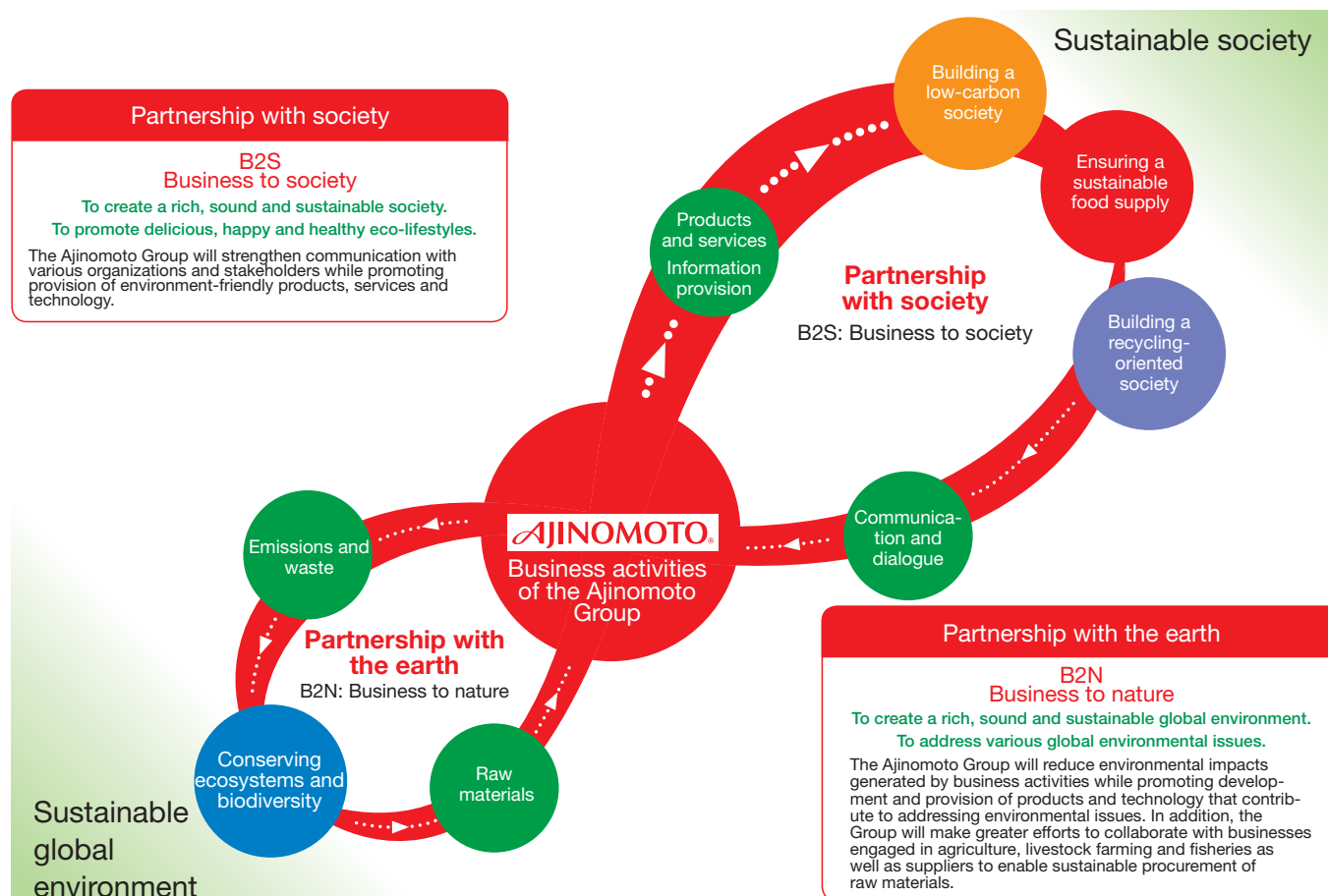
In aiming to make an environmental contribution through its business activities, the Ajinomoto Group is actively involved in helping to create a sustainable global environment and society. This means that the Group's efforts are not limited to its own business operations, but broadly focused to include upstream and downstream parts of the supply chain.

In the past, the manufacturing industry saw resources and raw materials that came from the planet and its ecosystems merely as something to be purchased. However, in order to promote a healthy and sustainable global environment, the Ajinomoto Group believes it is important to strengthen cooperation with primary industries such as agriculture, livestock, and fisheries, making the most of its technologies and other advantages for this purpose.

While being aware of the need to promote sustainable societies, the Ajinomoto Group seeks to learn from the broader society and make a positive impact. Utilizing opinions and outstanding mechanisms from various social organizations and companies, the Group strives to increase the environmental value of existing products and services, and to create new environmental value to ensure its core business is socially useful. The Group also helps to promote ecological business practices and eco-lifestyles in various ways, including advertising and in-store promotions.

Based on a partnership with the earth and a partnership with society, the Ajinomoto Group is working to help realize a sustainable future for people and the planet. It will do this by increasing its own environmental efficiency and value, while minimizing its environmental impact and maximizing its social and environmental contributions. This is the definition of the Ajinomoto Group's ecological business model.

### The ecological business model of the Ajinomoto Group





# Environmental Initiatives throughout the Entire Product Life Cycle

Rather than limiting efforts to its immediate business operations, the Ajinomoto Group is promoting environmental initiatives throughout the product life cycle, from the procurement of raw materials, to transport, production, sales, consumer use, and disposal. With an eye on environmental impact and contribution value for all its business activities, the Group is cooperating with various external stakeholders to pursue even more diverse initiatives.



## Procurement

Making efforts to achieve sustainable procurement

### Key initiatives

- Conservation of biodiversity
- Partnering with and supporting agriculture, fisheries, and livestock farming
- Effective utilization and diversification of raw materials

...> **P84**



## Development

Developing environmentally friendly businesses, products and technologies with environmental contribution characteristics

### Key initiatives

- Basic research
- Business and product development (assessment)
- Lifecycle-CO<sub>2</sub> research

...> **P87**



## Production activities (at plants and offices)

Making the most efficient use of materials and minimizing environmental impact

### Key initiatives

- Increasing the value of by-products so that they can be fully utilized
- Building a business system based on recycling
- Zero emissions
- Improving eco-efficiency

...> **P96**



## Logistics

Improving the efficiency of logistics to reduce environmental impact

### Key initiatives

- Fulfilling responsibilities as a consignor
- Collaboration with logistics companies
- Efficient shipping and delivery

...> **P100**



## Products and services

Providing highly eco-efficient and functional products to create a sustainable society

### Key initiatives

- Development of environmentally friendly products by taking advantage of the functions of amino acids
- Contribution to eco-living through food products

...> **P91**



## Communication

Listening to public opinion and providing helpful information for eco-living

### Key initiatives

- Promoting eco-living starting at the dining table
- Contributing to the creation of social frameworks
- Exchanging views with stakeholders

...> **P114**

### Foundation for initiative promotion

Ascertaining environmental effect **P88**

(Ascertaining environmental impact throughout the entire life cycle)

Environmental management **P101**

(ISO 14001 certification, auditing, education, performance evaluation, etc.)

Raising environmental awareness of employees **P103 P133**

(Smile Earth campaign, etc.)

# Ajinomoto Group Medium-Term Environmental Plan



The Ajinomoto Group Medium-Term Environmental Plan is re-established every three years, and forms the basis for the Group's environmental initiatives. Activities are currently underway based on the plan for fiscal 2011–2013.

## Review of the 2011–2013 Ajinomoto Group Medium-Term Environmental Plan

The Ajinomoto Group Zero Emissions Plan (AGZEP), part of the overall environmental plan, was largely achieved, but some targets such as CO<sub>2</sub> emissions per unit of production were not. Meanwhile, the Group worked to preserve biodiversity and pursued sustainable procurement of paper, palm oil and other materials. Efforts to quantify environmental benefit by product—to measure how the Group's business is contributing to the environment—were extended from amino acids to the leading products in the food segment. The Group also partnered with local distribution companies in the agriculture business, adding value to local agricultural products by supplying its “co-products” as fertilizers.

The Group communicates its environmental efforts in the *Sustainability Report*, which since fiscal 2012 has combined the content of the former *CSR Report* and *Environmental Report*. The Group's efforts to enhance its reporting were recognized when the *Sustainability Report 2013* was awarded the prize of excellence at the 17th Environmental Communication Awards. The Ajinomoto Group has been an award winner for eight consecutive years.

The 2011–2013 Ajinomoto Group Medium-Term Environmental Plan concluded with very strong results and has now been succeeded by the 2014–2016 Ajinomoto Group Medium-Term Environmental Plan.

## 2011–2013 Ajinomoto Group Medium-Term Environmental Plan

| Main objective  | Priority points  | Fiscal 2013 results and future challenges   |
|---|--|---|
| <b>Business to nature: Partnership with the earth</b>                                     |  |   |
| Minimize emissions generated by business activities, and promote the AGZEP                | Each organization/company incorporates the AGZEP for 2011–2013 into its own three-year plan for implementation   | <ul style="list-style-type: none"> <li>Per-unit CO<sub>2</sub> emissions of production fell 26% compared with base year of 2005, failing to meet target (target: at least 35%).</li> <li>Per-unit consumption of water and discharged water from production fell 71% compared with base year of 2005, meeting target (target: at least 70%).</li> <li>Resource recovery ratio (waste + by-products) was 99.2%, continuing to meet target (target: 99%).</li> </ul>  |
|   | Assess products and their entire life cycles based on carbon footprint (CFP) and utilize such assessment   | Method for calculation of the influence on the environment from individual products over their life cycle was established and conformity with ISO 14067/TS 2013 was checked and assured by certification body.  |
|   | Develop energy saving processes  | Introduction of low environmental impact process (fermentation) progressed as scheduled at each site.   |
| Conserve biodiversity and use sustainable ecosystem services                              | Apply the Corporate Ecosystem Services Review (ESR) to vital raw materials <ul style="list-style-type: none"> <li>New program on skipjack life cycle research, the main raw material in making HON-DASHI</li> </ul>  | Skipjack survey: continued to implement the electronic tagging survey, which gained positive appraisals from relevant sectors, resource management organizations, and academic societies.   |
|   | Establish procurement guidelines on raw materials with high risk (e.g., rainforest products), assess use of land on business sites to maintain local biodiversity, and implement monitoring tools  | <ul style="list-style-type: none"> <li>Palm oil: established a company-wide promotion system at Ajinomoto Co., Inc. and initiated task force for RSPO-certified procurement in the food industry.</li> <li>Coffee: launched a product certified by Rainforest Alliance based on policy of Ajinomoto General Foods, Inc.</li> <li>Land use for sustainability: The Tokai Plant of Ajinomoto Co., Inc. coordinated with Mie Prefecture, Yokkaichi City and local companies to use its business sites to conserve local ecosystems surrounding the plant, and worked with Mie Prefecture Museum to start regenerating areas of water.</li> </ul> |
|   | Improve fermentation process so that it requires fewer resources (utilization of inedible raw material, etc.)  | Progress made according to plan on use of inedible raw material in fermentation.  |
| <b>Business to society: Partnership with society—contribution to environmental issues</b> |  |   |
| Contribute to the environment through business activities, products, and services         | Each organization/company considers ways to contribute to the environment through business activities, products, and services, and incorporates the ideas into business policies/plans for implementation  | <ul style="list-style-type: none"> <li>Product recycling assessment: completed calculation and quantification for seven leading products in the food sector</li> <li>Eco-friendly packaging innovations: steadily increased the number of products bearing the “Aji-na-Eco” mark, a voluntary label for products with environmentally friendly packaging, to 157 (up 29 products from fiscal 2013 as of July 2014). Expanded the number of categories to eight with the intention of increasing the environmental appeal of the “Aji-na-Eco” mark.</li> </ul>   |
|   | Foster cooperation between R&D departments and divisions to develop products that contribute to the environment and save resources, in order to achieve new growth   | Launched sales of “co-product” enriched agricultural material and foliar fertilizer in Japan; promoted sales expansion of AjiPro®-L lysine for dairy cattle.  |
| Promote information provision as well as communication and collaboration with society     | Disclose, as necessary, information on business contribution to food resources and global sustainability, and reduction of environmental impact through business activities; implement mechanisms for incorporating external feedback into operations  | <ul style="list-style-type: none"> <li>The <i>Sustainability Report 2013</i> received the prize of excellence at the Environmental Communication Awards. Since fiscal 2006, the Ajinomoto Group has been an award winner for eight consecutive years.</li> </ul>  |
|   | As a leading food company, the Group understands the importance of environmental impact reduction and contribution through food. It strives to take the initiative and provide support in these areas.<br><br>Activities for eco-living starting at the dining table: Promoting the “Eco-Uma Recipe” program and encouraging environmental awareness   | <ul style="list-style-type: none"> <li>Held dialogue with consumers in cooperation with Kao Corporation to present a vision for a future of communication with consumers about the environment.</li> <li>In Japan, ran the “Eco-Uma Recipe” Campaign 2013 to solicit and collect eco-friendly recipes via television and newspapers, in store, product packaging, and the website. The campaign won the judge's prize at the 15th Green Purchasing Awards sponsored by the Green Purchasing Network.</li> </ul>   |
| <b>Steady management</b>  |  |   |
| Strengthen compliance with laws and regulations   | Strengthen systems to ensure each division/department complies with laws and regulations, based on ISO 14001   | Established management standards, enhanced checks on operations as corrective actions, took measures on incidents that occurred at Ajinomoto Co., Inc. from the second half of fiscal 2012 through the first half of fiscal 2013 in violation of Japan's Waste Management and Public Cleansing Act.   |
| Improve effectiveness of environmental management system (EMS)                            | Establish EMS networks on a business, operational, or regional basis   | Promoted cooperation on waste disposal management in the Tokai and North Kanto regions. Continued examination of a scheme in the Shizuoka region.   |
|   | Encourage integrated management of safety, quality, and environmental targets  | Encouraged integrated management of safety, quality, environmental targets and reviews.   |
|   | Establish EMS so that environmental issues and risks can be noticed easily by the Group and top management <ul style="list-style-type: none"> <li>Promote education and awareness throughout the Group including top management</li> <li>For EMS activities outside Japan, local staff are expected to take the lead in providing education and practice opportunities under the guidance of managers posted from Japan</li> </ul> | Promoted environmental accounting and aggregation and analysis of environmental impact performance in addition to monitoring trends in legal amendments in Japan and sharing the information with affiliates. <ul style="list-style-type: none"> <li>Provided education for new environmental administrators and staff, environmental law training sessions, showed environmental education videos, and carried out grade-specific and legal training programs according to plan.</li> <li>Conducted education and training at each group company outside Japan, according to plan.</li> </ul>  |

## How the Ajinomoto Group should be

The Ajinomoto Group contributes to issues facing human society—global sustainability and food resources—and fosters the pursuit of healthy lives through its business.

### 2014–2016 Ajinomoto Group Medium-Term Environmental Plan

In light of the good results of the 2011–2013 Ajinomoto Group Medium-Term Environmental Plan, the Group formulated the 2014–2016 Ajinomoto Group Medium-Term Environmental Plan to reflect social trends and expectations, as well as to strengthen its basic commitment to the environment. The Group aims to make the most of its businesses to help resolve the issues facing humankind in the 21st century.

The AGZEP for 2014–2016 is part of the overall plan. It calls for further reductions in environmental impact, building on accomplishments under the 2011–2013 plan. It also mandates

greater focus on conserving biodiversity, and tasks R&D divisions with incorporating an environmental approach into their research strategies. To ensure that its businesses are contributing to the environment and delivering value to customers, the Group will quantify the environmental value of even more of its products and services across the entire supply chain. The Ajinomoto Group is determined to take the lead in addressing social issues by proposing unique contributions to the environment related to food.

### 2014–2016 Ajinomoto Group Medium-Term Environmental Plan

| Main objective  | Targets for FY2016   | Initiatives to achieve the FY2016 targets (2014–2016)   |
|---|--|---|
| <b>Business to nature: Partnership with the earth</b>                                     |  |   |
| Minimize emissions generated by business activities, and promote the AGZEP                | <ul style="list-style-type: none"> <li>Achieve all targets under the AGZEP</li> <li>Establish water recycling system to minimize water consumption and environmental impact of discharged water</li> </ul>   | <ul style="list-style-type: none"> <li>Establish and implement a road map at each business site</li> </ul>  |
| Conserve biodiversity and ensure sustainable use of ecosystem services                    | <ul style="list-style-type: none"> <li>Build framework for sustainable procurement of agricultural, forestry, and fishery raw materials</li> <li>Establish plans on land use of sites (vegetation and water areas) to contribute to local ecosystems as a member of local society</li> </ul> | <ul style="list-style-type: none"> <li>Establish implementation plans while ascertaining actual conditions step by step, according to the characteristics of raw materials</li> <li>Establish implementation plans while ascertaining actual conditions step by step, according to the characteristics of local ecosystems</li> </ul> |
| <b>Business to society: Partnership with society—contribution to environmental issues</b> |  |   |
| Contribute to the environment through business activities, products, and services         | <ul style="list-style-type: none"> <li>Ensure most components of the products and services supplied by the Ajinomoto Group are made up of elements that contribute to the environment</li> </ul>   | <ul style="list-style-type: none"> <li>Utilize agricultural, forestry, and fishery raw materials efficiently</li> <li>Develop products and technologies that can replace agricultural, forestry, and fishery raw materials</li> </ul>   |
| Promote information provision as well as communication and collaboration with society     | <ul style="list-style-type: none"> <li>Take the initiative on social issues by proposing unique contributions to the environment related to food</li> <li>Put in place systems for accurately assessing and quantifying environmental risks and opportunities</li> </ul>                     | <ul style="list-style-type: none"> <li>Promote communication with society on the Group's environmental initiatives in each region and at each business site</li> <li>Communicate with society to confirm public evaluation of the Group's initiatives and reflect this evaluation in future initiatives</li> </ul>                    |
| <b>Steady management</b>  |  |   |
| Strengthen compliance with laws and regulations   | <ul style="list-style-type: none"> <li>Ensure information on legal amendments is accurately understood and promptly reflected in environmental controls</li> </ul>   | <ul style="list-style-type: none"> <li>Secure sources of information on legal amendments, both inside and outside the company</li> <li>Reliably operate mechanisms to reflect information obtained on legal amendments in management standards and procedures</li> </ul>  |
| Improve effectiveness of environmental management system (EMS)                            | <ul style="list-style-type: none"> <li>Ensure ISO 14001 is applied independently and utilized effectively in business activities</li> </ul>  | <ul style="list-style-type: none"> <li>Improve competence in applying the PDCA cycle in EMS to business activities</li> </ul>   |



# Ajinomoto Group Zero Emissions Plan (AGZEP) and Fiscal 2013 Results



With the aim of minimizing environmental impact arising from its various business operations, the entire Group is now implementing the AGZEP for 2014–2016. While checking progress via an annual performance review, the Group also revises the scope and targets whenever the plan is updated in order to further reduce impact.

## AGZEP for 2011–2013 and performance on targets in fiscal 2013

The AGZEP for 2011–2013 was implemented as part of the 2011–2013 Ajinomoto Group Medium-Term Environmental Plan. In fiscal 2013, the final year of the plan, the results were as follows.

- Annual CO<sub>2</sub> emissions in Japan: 348 kilotonnes  
Target achieved (Target: 472 kilotonnes or less, 7% reduction compared to fiscal 1990)
- CO<sub>2</sub> emissions per unit of production: 26% reduction compared to fiscal 2005  
Target not achieved (Target: at least 35%)
- Water consumption and discharged water per unit of production: 71% reduction compared to fiscal 2005  
Target achieved (Target: at least 70%)
- Waste per unit of production: 0.6% reduction compared to fiscal 2006  
Target not achieved (Target: at least 20%)
- Resource recovery ratio: 99.2%  
Target consistently achieved (Target: 99%)
- Reduction of pollutant load in wastewater (BOD: 10 ppm or lower, total nitrogen, or TN: 5 ppm or lower): Target achieved at 23 out of 36 sites

Under the AGZEP for 2011–2013, initiatives at each site made progress and achieved per-unit-of-production targets for consumption and emissions per tonne of product for water resources. However, progress in the area of CO<sub>2</sub> emissions per unit of production was impacted by the removal from plan scope of the Calpis Group, which accounts for 15% of the Ajinomoto Group's total production by volume, as well as three sites of AJINOMOTO PHARMACEUTICALS CO., LTD., which account for 3%, during the term of the 2011–2013 Ajinomoto Group Medium-Term Environmental Plan. After the impact of this change is excluded from calculations, it is clear that initiatives at the other sites made steady progress.

The main reason why progress on waste per unit of product fell far short of the target was that new forms of waste (including sludge from wastewater treatment facilities and cinders from biomass boilers) have arisen due to the introduction of new facilities after the base year of fiscal 2006. This waste is recycled in appropriate ways. Sites that could not achieve targets for the pollutant load in wastewater (BOD, TN) will continue to make efforts to meet the targets during the term of the next plan.

## Key targets and results of the AGZEP for 2011–2013

|                           | Item   | Scope  | Targets to be achieved   | Fiscal 2013 results                   | Fiscal 2012 results                   | Fiscal 2011 results                   | (Reference) Provisional calculations for 2013 <sup>2</sup> |
|---------------------------|--|--|--|---------------------------------------|---------------------------------------|---------------------------------------|--|
| Water resources           | Pollutant load in wastewater: BOD and TN         | All production sites of the Group                      | BOD ≤ 10 ppm, TN ≤ 5 ppm   | Target achieved at 23 out of 36 sites | Target achieved at 20 out of 37 sites | Target achieved at 24 out of 39 sites | –  |
|                           | Water consumed per unit of production            | All production sites of the Group                      | Reduce by at least 70% (compared to fiscal 2005)   | 71% reduction                         | 61% reduction                         | 65% reduction                         | 75% reduction  |
|                           | Discharged water per unit of production          | All production sites of the Group                      | Reduce by at least 70% (compared to fiscal 2005)   | 71% reduction                         | 67% reduction                         | 69% reduction                         | 76% reduction  |
| CO <sub>2</sub> emissions | CO <sub>2</sub> emissions per unit of production | Entire Group (production sites + non-production sites) | Reduce by at least 35% (compared to fiscal 2005)   | 26% reduction                         | 26% reduction                         | 31% reduction                         | 38% reduction  |
|                           | Total CO <sub>2</sub> emissions                  | All production sites in Japan                          | ≤ 472 kt <sup>1</sup> (reduce by 7% compared to fiscal 1990 and by 8% compared to fiscal 2005) | 348 kt                                | 374 kt                                | 433 kt                                | 418 kt   |
| 3Rs of waste              | Resource recovery ratio (waste + by-products)    | Entire Group (production sites + non-production sites) | ≥ 99%  | 99.2%                                 | 99.2%                                 | 99.3%                                 | 99.2%  |
|                           | Waste per unit of production                     | Entire Group (production sites + non-production sites) | Reduce by at least 20% (compared to fiscal 2006)   | 0.6% reduction                        | 5.0% increase                         | 10.3% reduction                       | 16% reduction  |

<sup>1</sup> Base year (1990): 508 kt (Changed due to removal of Calpis Group from scope of plan)  
<sup>2</sup> Provisional calculations based on the original scope (incl. Calpis Group, etc.)

## Environmental award system for excellent business sites

The Ajinomoto Group is united in its efforts to further reduce environmental impact in all business areas. In order to provide additional incentive for such activities, business sites that have made the biggest contribution to achievement of the AGZEP for 2011–2013 were honored as “excellent business sites.”

“Excellent business sites” meet criteria such as establishing a roadmap and steadily promoting it, as well as achieving numerical targets. The Group honored five sites that had saved energy in their offices or logistics operations or reduced waste in fiscal 2013. It also honored one production site which achieved all targets by stably operating a new waste water treatment facility. The head office of Ajinomoto Co., (Thailand) Ltd. also became the first site outside Japan to be named an “excellent business site.”



Kiyoshi Tanaka (left), GM of Environment & Safety Dept., presenting Hiroyuki Tanaka (right), President of AJINOMOTO LOGISTICS CORPORATION, with a plaque



Kiyoshi Tanaka (right) presenting Etsuhiro Takatou, President of Ajinomoto Co., (Thailand) Ltd., with a plaque

### Excellent Business Sites (Office Division)

Logistics Planning Dept., Ajinomoto Co., Inc.  
General Affairs & Risk Management Dept., Ajinomoto Co., Inc.  
Hokkaido Main Office, AJINOMOTO LOGISTICS CORPORATION  
Kanto Low Temp. Main Office, AJINOMOTO LOGISTICS CORPORATION  
Head Office, Ajinomoto Co., (Thailand) Ltd.

### Excellent Business Sites (Production Division)

The Kawasaki Plant, Ajinomoto Co., Inc.

## AGZEP for 2014–2016

The 2014–2016 Ajinomoto Group Medium-Term Environmental Plan sets the targets shown below. Each business site has

already established a new roadmap and, based on it, launched activities to achieve the Ajinomoto Group’s 2016 targets.

### Main points of the plan

Newly added target

**Increase the renewable energy use ratio (To at least 15% for the Group)**

The business sites outside Japan in each region have been examining utilization of biomass derived energy, taking the lead in increasing the renewable energy use ratio. All business sites in and outside Japan will increase the renewable energy use ratio for the Group by promoting smart energy use initiatives to avoid waste and minimizing energy consumption.

Revised target from previous plan

**“Zero waste caused by trouble” is set as the target for waste volume reduction**

All business sites will promote the following activities for achieving “Zero waste caused by trouble”<sup>3</sup>

- Maintain stable production
- Improve processes (saving resources and efficiency improvement)
- Establish and execute business plans to minimize waste of raw materials and packaging
- Maintain appropriate procurement and management of raw materials (in cooperation with suppliers)

3 Products, material in process and raw materials that were discarded due to trouble.

## Key targets of the AGZEP for 2014–2016

|                           | Item   | Scope  | Targets to be achieved                           |
|---------------------------|--|--|--|
| Water resources           | Pollutant load in wastewater: BOD and TN         | All production sites of the Group                      | BOD ≤ 10 ppm, TN ≤ 5 ppm                         |
|                           | Water consumed per unit of production            | All production sites of the Group                      | Reduce by at least 70% (compared to fiscal 2005) |
|                           | Discharged water per unit of production          | All production sites of the Group                      | Reduce by at least 70% (compared to fiscal 2005) |
| CO <sub>2</sub> emissions | CO <sub>2</sub> emissions per unit of production | Entire Group (production sites + non-production sites) | Reduce by at least 35% (compared to fiscal 2005) |
|                           | CO <sub>2</sub> emissions                        | All production sites in Japan                          | ≤ 496 kt (reduce by 11% compared to fiscal 2005) |
|                           | Renewable energy use ratio                       | Entire Group (production sites + non-production sites) | ≥ 15%  |
| 3Rs of waste              | Resource recovery ratio (waste + by-products)    | Entire Group (production sites + non-production sites) | ≥ 99%  |
|                           | Volume of waste                                  | Entire Group (production sites + non-production sites) | “Zero waste caused by trouble”                   |

# Fiscal 2013 Input and Output Balance



The Ajinomoto Group is working to minimize its impact on the environment, based on its Medium-Term Environmental Plan and Ajinomoto Group Zero Emissions Plan (AGZEP). The Group always pursues the most efficient use of the resources needed for its business activities, including raw materials, energy, and water.

## Input and output balance

### Scope of reporting:

Including Ajinomoto Co., Inc. and its consolidated subsidiaries, there were 108 business sites playing a significant role in the Ajinomoto Group's environmental management at the end of fiscal 2013. This number decreased by one (three eliminated and two added) since fiscal 2012 due to the consolidation of business sites and other reasons.

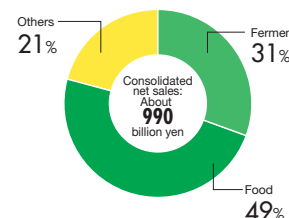
### Reporting period:

April 1, 2013 to March 31, 2014

### Reported data:

Estimated values are included. The sum of all values in a graph may not equal the total due to the effect of rounding.

### Consolidated net sales (reference)

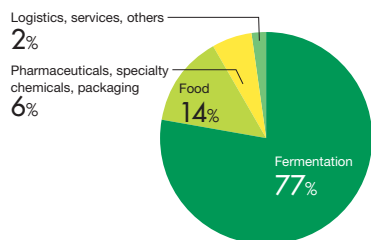


Note:  
The Ajinomoto Group's business segments are categorized according to the characteristics of the environmental impact incurred by the various manufacturing methods, excluding cooperative ventures, such as edible oils and coffee products. These categories are different from the business segments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

## Input and output balance for the Ajinomoto Group

### Input: Energy, water, raw material

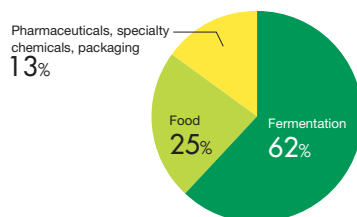
#### Input of energy 35,342 TJ<sup>1</sup>



|                       |  |
|-----------------------|--|
| Purchased electricity | 2.07 million MWh (7,443 TJ)            |
| Purchased steam       | 1,196 kt (3,233 TJ)                    |
| Gas                   | 416 million m <sup>3</sup> (17,798 TJ) |
| Oil                   | 63 million l (2,500 TJ)                |
| Coal                  | 70,188 t (2,085 TJ)                    |
| Biomass               | 2,283 TJ                               |

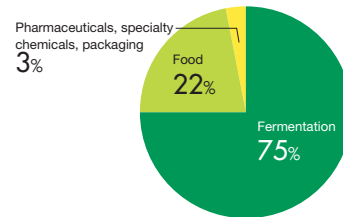
1 TJ: terajoule, T (tera) = 10<sup>12</sup>

#### Water consumption 82,092 kt



|                            |           |
|----------------------------|-----------|
| River water                | 28,198 kt |
| Industrial water           | 31,040 kt |
| Well water                 | 17,230 kt |
| Tap water, municipal water | 5,622 kt  |
| Others (rainwater, etc.)   | 2,000 t   |

#### Raw material consumption 3,994 kt

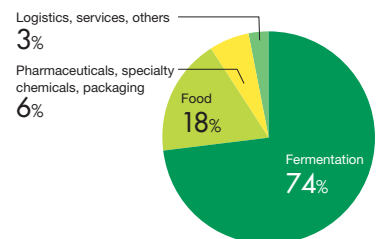


|                     |          |                           |       |
|---------------------|----------|---------------------------|-------|
| <b>Raw material</b> |          | <b>Packaging material</b> |       |
| Main raw material   | 1,707 kt | Plastic                   | 34 kt |
| Sub raw material    | 2,109 kt | Paper, cardboard          | 94 kt |
| Acids/alkalis       | 617 kt   | Other                     | 51 kt |
| Other               | 1,492 kt |                           |       |



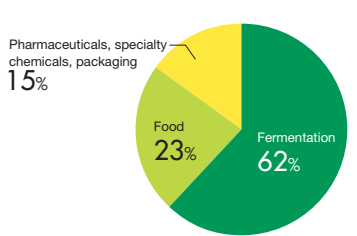
### Output: Release to atmosphere, discharged water, waste

#### CO<sub>2</sub> emissions 2,197 kt



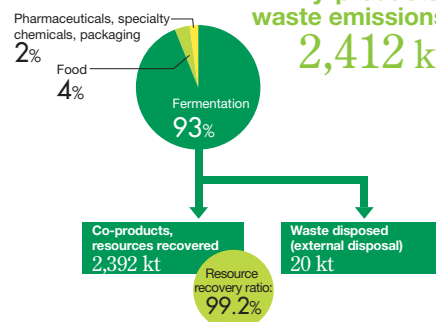
|                       |          |
|-----------------------|----------|
| <b>CO<sub>2</sub></b> |          |
| Combustion            | 1,259 kt |
| Purchased energy      | 914 kt   |
| Vehicle fuel          | 24 kt    |
| NO <sub>x</sub>       | 2,548 t  |
| SO <sub>x</sub>       | 1,398 t  |
| Soot and dust         | 1,897 t  |
| CFCs, HCFCs, HFCs     | 10.3 t   |

#### Discharged water 73,792 kt



|   |           |
|---|-----------|
| <b>Discharged to</b>                                |           |
| Public waterways (indirect cooling water, etc.)     | 33,835 kt |
| Public waterways (discharged after treatment, etc.) | 28,747 kt |
| Public sewerage                                     | 9,829 kt  |
| Water for irrigation use                            | 1,381 kt  |
| BOD   | 347 t     |
| Nitrogen  | 487 t     |

#### By-products, waste emissions 2,412 kt



#### Volume of production 2,264 kt





# Conserving Ecosystems and Biodiversity



The business activities of the Ajinomoto Group involve a deep relationship with the bounty of nature, and they influence ecosystems and biodiversity in a variety of ways while making the most of nature's blessings. The Group is promoting initiatives to "monitor life and foster life," in order to conserve biodiversity and realize sustainable use of ecosystem services.

## Fiscal 2013–2014 results of the Ajinomoto Group

- Ajinomoto Co., Inc. received an Excellence Award at the Third Japan Awards for Biodiversity, for the Joint Tagging Survey of Skipjack off the Pacific Coast of Japan project and a series of cooperative projects and educational activities. These efforts were also highlighted in a television program broadcasted in and outside of Japan.
- Ajinomoto Co., Inc. released a statement detailing plans to adopt RSPO-Certified Sustainable Palm Oil (CSPO)
- Ajinomoto Co., Inc. participated in the Consortium for Sustainable Paper Use (CSPU) and launched initiatives for sustainable paper use
- Ajinomoto Co., Inc. started developing a plan for the restoration and conservation of the Ajinomoto Bird Sanctuary in Yokkaichi, which is at the center of an ecosystem network improvement project for the Yokkaichi region

## Working in partnership with diverse stakeholders

The 2011–2013 Ajinomoto Group Medium-Term Environmental Plan reflects the Group's business model for utilizing biological resources sustainably. Efforts are focused on three priority themes: (1) developing systems for sustainable procurement of raw materials; (2) avoiding risks associated with the destruction of forest ecosystems; and (3) promoting sustainable land use.

Many stakeholders care about natural capital, biological resources and their ecosystems. The Group works with external stakeholders to tackle issues directly related to its business activities, looking at the big picture from a medium- and long-term perspective. It also focuses on promoting public and industry understanding of issues related to global sustainability and food resources.

In the area of sustainable raw material procurement, the Ajinomoto Group is focused on three areas of particular importance to its business activities and their ecosystems: the marine resource of skipjack, and the forest resources of palm oil and paper.

For skipjack, Ajinomoto Co., Inc. has been involved in a tagging survey in collaboration with the National Research Institute of Far Seas Fisheries (NRIFS) of the Fisheries Research Agency since fiscal 2009.

For palm oil, the company became a member of the Roundtable on Sustainable Palm Oil (RSPO)<sup>2</sup> in August 2012 and began studying a roadmap for using sustainable palm oil. In 2013, the company released a statement detailing plans to adopt RSPO-Certified Sustainable Palm Oil (CSPO), and is currently laying the groundwork for the acquisition of RSPO certification in its supply chain.

The Group pursues sustainable paper under the Ajinomoto Group Guidelines for Procurement of Environmentally Responsible Paper. Ajinomoto Co., Inc. participates in the Consortium for Sustainable Paper Use (CSPU), which was established to promote eco-friendly and socially responsible paper use throughout society.

Ajinomoto Co., Inc. is also a member of the Japan Business Initiative for Biodiversity (JBIB). Working with other member companies, the company is making use of land at its business

locations to ensure that business growth is balanced with local communities and ecosystems. The company's Tokai Plant is part of a consortium of local businesses that is working with Mie Prefecture and Yokkaichi City on an ecosystem network improvement project for the Yokkaichi region. These efforts focus on the Ajinomoto Bird Sanctuary, located at the Tokai Plant. The company is also working with the Mie Prefectural Museum to develop a plan for the restoration and conservation of the sanctuary, and is working to raise community awareness of biodiversity.

These are just a few of the ways in which the Ajinomoto Group is partnering with external stakeholders on community-based efforts to conserve biodiversity across the global supply and value chains.

2 A non-profit organization whose purpose is to promote the production and use of sustainable palm oil by developing certification standards that are trusted globally and ensuring the participation of stakeholders.

### Reference

See "Ensuring That Business Operations Help to Conserve Ecosystems and Biodiversity" on p. 30.

## Column

## Ajinomoto Bird Sanctuary in Yokkaichi (Tokai Plant, Ajinomoto Co., Inc.)

### Respecting local ecosystems, providing a home for rare wildlife

Corporate land that is used for offices and manufacturing is part of the local natural environment. Green spaces on corporate land can play 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 parcel of land includes a freshwater pond surrounded by trees. Ever since the plant was built in the 1960s, employees have helped to maintain the green space and plant trees, and the sanctuary has long attracted wild birds. After further maintenance, the green space was officially designated the Ajinomoto Bird Sanctuary in Yokkaichi in 2002, and it now serves as a biodiversity conservation area covering 1.27 hectares.

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 habitats with pure water. The sanctuary also serves as a stopping point for migrating birds.

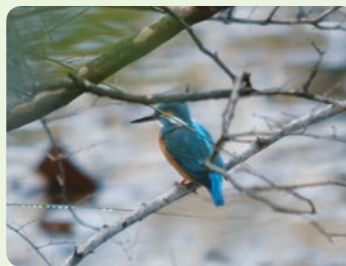
### Improving ecosystem networks in the Yokkaichi Region

Ajinomoto Co., Inc. is part of the JBIB's working group on sustainable land use, and it seeks to ensure that land use actively enhances local ecosystems. The company is part of a consortium of JBIB member companies that launched an ecosystem network improvement project for the Yokkaichi region in June 2013. The initiative is forming ecosystem networks that link green spaces on corporate lands with public green spaces to enhance the overall ecosystem in the region.

In fiscal 2012 and 2013, flora and fauna experts conducted a fact-finding assessment of business locations and surrounding areas. The assessment confirmed that the Ajinomoto Bird Sanctuary was home to a colony of rare Intermediate Egret, while also identifying overcrowding in breeding seasons and excessive droppings as well as a great deal of invasive water lilies in the pond. The company will systematically address these issues and ensure that the sanctuary is properly maintained and managed, by studying and implementing measures with the support and cooperation of the local governments, Mie Prefecture Museum, the experts of the JBIB working group, and local communities.



Japan Business Initiative for Biodiversity (JBIB)  
<http://www.jbib.org/en/>



Common Kingfisher (top left), rare dragonfly (top right), ducks (bottom left), and herons (bottom right)

After seeing significant growth of invasive water lilies, the pond was drained in March 2014 for the first time in 20 years for maintenance and inspection. More than 90 people from the Ajinomoto Group and the local community helped with the work under the guidance of experts from the Mie Prefecture Museum.



Illustration of ecosystem network in Yokkaichi region



©Eco-Asset Consortium, Sustainable Land Use Working Group of Japan Business Initiative for Biodiversity



## Column

## Joint Tagging Survey of Skipjack off the Pacific Coast of Japan sheds light on skipjack biology

### Archival electronic tags reveal skipjack swimming behavior and biology

Since fiscal 2009, Ajinomoto Co., Inc. has been involved in the Joint Tagging Survey of Skipjack off the Pacific Coast of Japan together with the National Research Institute of Far Seas Fisheries (NRIFSF) of the Fisheries Research Agency. In fiscal 2011, the project started using advanced archival electronic tags for a large-scale, ongoing tag-and-release survey. At the leading edge of international research, these tags can store a whole year of data about the daily location, water depth, water temperature, and body temperature of tagged skipjack, sampled every 30 seconds.

Through September 2014, 10 out of the 206 tagged skipjack had been recaptured. The data from the recovered tags reveal that skipjack, which had been thought to migrate north on the Kuroshio current, in fact migrate on one of four routes from the subtropics to Japanese coastal waters.

The data further reveal that skipjack swim at deep depths during the day and shallow depths at night, and frequently swim to depths as great as 600 meters. It was also noted that they swim deep in the subtropics and shallow in areas along the Kuroshio current and Tohoku coast.

The data suggest that skipjack migratory routes and swimming depths are strongly connected to their preferred water temperature, which could impact skipjack find rates in the fishing industry. The survey will continue to collect data to elucidate skipjack biology even more clearly.

### Raising awareness of the survey and gaining cooperation

The tagging survey would not be possible without the cooperation of fishing operators, who catch and turn over the tagged skipjack. Employees of Ajinomoto Co., Inc. regularly visit fishery communities situated along the Kuroshio current to keep cooperatives informed about the survey.

Ajinomoto Co., Inc. is trying to raise consumer awareness about sustainable raw materials and resources. Information about the tagging survey is included in packaging for *HON-DASHI*, which is made from skipjack. The company also published the *Bonita Bonito* online storybook in June 2014 to educate consumers about the survey.

The company also advocates for conservation and sustainable use of marine resources by participating in events such as the Eco-Products Exhibition, and by giving presentations and classroom workshops for children.

#### Reference

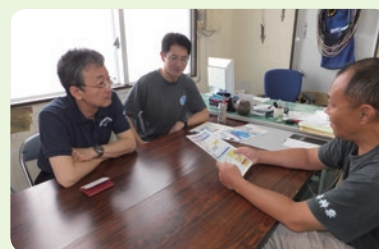
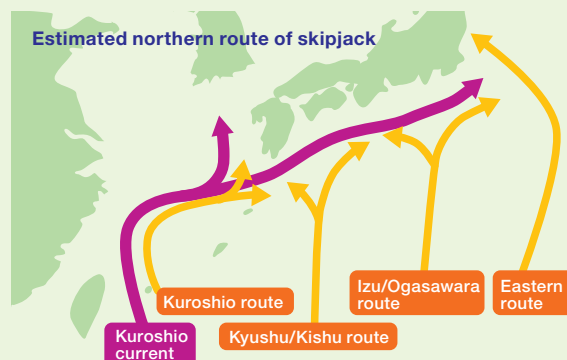
See "Proposing Sustainable Lifestyles, Starting with the Dinner Table" on p. 114.

Small archival electronic tags for skipjack



Researcher tags a skipjack

### Migratory routes of skipjack discovered in data from archival electronic tags



Gaining the cooperation of fishing cooperatives through meetings and info-posters



Eco-Products Exhibition (top left), event hosted by the Society for Sustainable Food & Life Styles (top right), environmental workshop at an elementary school (bottom left), and presentation at the Tangible Earth Museum (bottom right)





# Developing Technologies and Products That Contribute to Global Sustainability



The Ajinomoto Group is pursuing research and technology development to enhance the environmental value of its products and business activities. In addition to ascertaining environmental impact throughout product life cycles, the Group is using its knowledge to create new businesses that contribute to global sustainability.

## Creating environmentally beneficial businesses

While pursuing R&D to reduce the environmental impact of existing business activities, the Ajinomoto Group also strives to provide new environmental value. The Group has established priority research themes for new business areas, including environmental technologies and more effective use of resources.

Making the most of its own knowledge and technologies, the Group is also incorporating outside ideas and technologies in order to develop new products and materials that can contribute to global sustainability. It calls its effort to achieve fast results “open & linked innovation,” and often pursues joint development.

The Ajinomoto Group makes the most of its expertise in food and amino acids to pursue diverse possibilities for contributing to global sustainability. To ensure effective management of these efforts, the Group works to quantify the environmental impact of its various business activities. By objectively identifying both environmental impacts and contributions, the Ajinomoto Group is able to communicate results more clearly to consumers, which, in turn, helps them with product purchase decisions.

Reference See “Reducing Food Waste in Manufacturing and at Home” on p. 22.

## Principal research and technology development areas for contributing to global sustainability

### Sustainable technologies for reducing global environmental impact

- Utilizing unused biomass
  - Developing technology to utilize unused biomass as raw material and energy
  - Developing alternatives to petrochemical products
- Developing technologies to save energy and resources

### Effective use of resources

- Adding value to by-products from the amino acid fermentation process

Reference P89

### Reduction of greenhouse gas emissions

- Assessing carbon footprint of emissions throughout the business and product life cycles (LC-CO<sub>2</sub>)
- Enabling greater energy savings in production processes
- Utilizing unused biomass resources

Reference P88

Reference P96

Reference P24

### Reduction of the environmental impact of discharged water

- Saving water by developing highly efficient amino acid fermentation technologies
- Developing advanced wastewater treatment technologies (such as biological denitrification)

Reference P33

Reference P34, 98

### Eco-friendly designs for containers and packages

- Basing design on the 3Rs (reduce, reuse, and recycle)
- Using sustainable materials
- Utilizing unused resources

Reference P91

Reference P94

## Developing wastewater processing technologies to reduce environmental impact

The Ajinomoto Group Zero Emissions Plan has established target values for pollutant load in wastewater (10 ppm or less for BOD and 5 ppm or less for TN) which are stricter than regulations around the world. To achieve these challenging targets, the Group will improve performance in wastewater treatment by updating existing treatment facilities, designing equipment to optimize integration with existing technology and developing more efficient processes.

In fiscal 2013, the Callao Plant at Ajinomoto Del Peru S.A. achieved the 5 ppm target for TN. The plant accomplished this by adding more treatment facilities, modifying the arrangement of existing tanks, and changing its nitrogen removal process.

Also in fiscal 2013, the Group installed an additional wastewater treatment facility to accompany increased production of canned coffee in Thailand, where sales have been steadily growing. The technology development team worked closely with local staff and construction companies—collaborating on the basic design of the equipment, monitoring construction progress, starting up equipment and training local staff—to achieve stable treatment of wastewater.



Local staff, construction workers, and researchers

## Assessing the environmental impact of the entire product life cycle

In order to reduce the environmental impact of products while increasing their environmental value, a company must understand not only the impact during the production process, but also the impact throughout the product's entire life cycle. This extends from the extraction of raw materials and their processing at factories, to the distribution of the product, and consumption and disposal by the consumer. The Ajinomoto Group has been carrying out life cycle assessments (LCA) for many years.

Evaluating by converting CO<sub>2</sub> emissions during the product life cycle (LC-CO<sub>2</sub>) is the most popular method of life cycle assessment. Ajinomoto Co., Inc. has become a member of the Food Study Group run by the Institute of life cycle Assessment Japan to study LC-CO<sub>2</sub>. The study led to development of a database of LC-CO<sub>2</sub> emissions factors for the Ajinomoto Group's food-related materials, which has been on the company's website since April 2007. The latest version, released in October 2010, is compatible with the 1990, 1995, 2000, and 2005 edition of the Embodied Energy and Emission Intensity Data for Japan Using Input-Output Tables (3EID). This database is used by and highly rated by industrial, academic and government organizations and researchers.

The Ajinomoto Group began carbon footprint (CFP) assessment of its products early on. For nine amino acid-based products including feed-use lysine, the Group finished acquiring certification of its CFP calculation standards and CFP values under the Carbon Footprint Program of the Japan Environmental Management Association for Industry in May 2012. The Group has also introduced LC-CO<sub>2</sub> assessment as a standard for environmental assessment of product containers and packaging.

### Quantifying carbon footprint for the entire life cycle

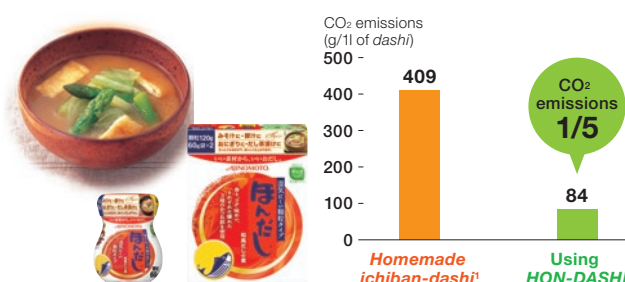
In fiscal 2013, the Ajinomoto Group created a carbon footprint calculation system compliant with ISO/TS 14067, the international standard on carbon footprint issued in May 2013. It used the system to calculate the LC-CO<sub>2</sub> for seven seasoning products, including *HON-DASHI* and *Ajinomoto KK Consommé*. In August 2013, the calculation system and the results based on the calculations gained a third-party assurance statement on the basis of ISO/TS 14067 from Lloyd's Register Quality Assurance Limited, an international certification organization.

### Case study: Quantifying the life-cycle carbon footprint of *HON-DASHI*

The calculation of LC-CO<sub>2</sub> for *HON-DASHI*, a leading product of Ajinomoto Co., Inc., includes the CO<sub>2</sub> emissions in all the required processes, including upstream steps such as fishing boats going out to catch skipjack and unloading in the harbor, the making of the primary raw material, dried bonito, and its transport to the company's plants to make *HON-DASHI*. It also includes the transport of *HON-DASHI* to distribution centers across Japan, its delivery to supermarkets, and the emissions from disposal of packaging after the *HON-DASHI* is used in households. The total life-cycle CO<sub>2</sub> emissions for *HON-DASHI* are low, measuring about 1/5 of those resulting from home preparation of *ichiban-dashi*, a seasoned broth made from dried bonito and *kombu* kelp.

Going forward, the Group will continue to quantify and report the environmental impact of its products using a similar method of calculation, working hard to inform customers of their merits.

### CO<sub>2</sub> emissions from making one liter of *dashi*



<sup>1</sup> Based on standard composition values for method of preparation shown in *Standard Tables of Food Composition in Japan, Fifth Revised and Enlarged Edition, 2005* (Ministry of Education, Culture, Sports, Science and Technology)



At the December 2013 Eco-Products Exhibition

### LC-CO<sub>2</sub> emissions for products of Ajinomoto Co., Inc.

| Product   | Production plant                               | CFP values <sup>2</sup><br>(per 1 kg of product <sup>3</sup> ) | CFP values per serving <sup>4</sup>                   |
|---|--|--|---|
| <i>HON-DASHI</i>                                | Kawasaki Plant, Ajinomoto Co., Inc.            | 14.08 kg-CO <sub>2</sub> e                                     | —   |
| <i>Ajinomoto KK Consommé</i> (Granules)         | Kawasaki Plant, Knorr Foods Co., Ltd.          | 6.87 kg-CO <sub>2</sub> e                                      | —   |
| <i>Knorr® Cup Soup Tsubu Tappuri Corn Cream</i> | Kawasaki Plant, Knorr Foods Co., Ltd.          | 7.08 kg-CO <sub>2</sub> e                                      | —   |
| <i>Ajinomoto KK Sihrogayu 250g</i>              | Tokai Plant, Knorr Foods Co., Ltd.             | 0.81 kg-CO <sub>2</sub> e                                      | —   |
| <i>Cook Do® Hoikoro</i>                         | Kawasaki Plant, Ajinomoto Co., Inc.            | 2.95 kg-CO <sub>2</sub> e                                      | 1.21 kg-CO <sub>2</sub> e per serving (approx. 700 g) |
| <i>Cook Do® Kyo-no Oozara Butabara Daikon</i>   | Tokai Plant, Knorr Foods Co., Ltd.             | 2.31 kg-CO <sub>2</sub> e                                      | 2.90 kg-CO <sub>2</sub> e per serving (approx. 1 kg)  |
| <i>Nabe Cube Toridashi Umashio</i>              | Kunneppu Plant, Hokkaido Knorr Foods Co., Ltd. | 8.54 kg-CO <sub>2</sub> e                                      | —   |

<sup>2</sup> Carbon footprint (CFP) values in the report are calculated in accordance with PCR No. PA-CG-02 from the Japan Environmental Management Association for Industry.

<sup>3</sup> The standard defined functional unit is per 1 kg of each product.

<sup>4</sup> CFP values of ingredients including radishes and meat are included in this CFP value.



Column

## Co-products yield agricultural bounties worldwide

The Ajinomoto Group turns nutrient-rich by-products into fertilizers and feeds. These “co-products” are originally generated in the fermentation process during the manufacturing of amino acids and nucleic acids and then formulated with added value. The Group develops them specifically for local agricultural conditions and crops.

### Developing valued-added co-products

Since fiscal 2010, the Group’s A-Link project has focused on the use of co-products in the area of agricultural products. To add more value to co-products, the Group is accumulating more knowledge and expertise, including methods to make more effective use of co-products in each region and for each crop, while promoting the global use of amino acids and nucleic acids in the field of nutrients for plants and animals. Several value-added co-products have already been created, and the business is expanding worldwide.

One such product is a foliar fertilizer now sold in various parts of the world under the name **AJIFOL®**. The fertilizer contains amino acids and minerals derived from co-product liquid which promote healthy plant growth and increase yields. The proprietary formulation also makes plants more resistant to disease.

### Products in Japan

#### AMIHEART®

Liquid fertilizer containing amino acids and ample quantities of monomolecular nucleic acids; readily absorbed and fast acting

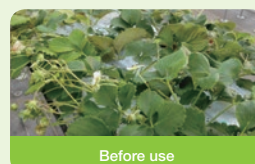


#### Results for tomato cultivation



#### AJIFOL® AminoGuard®

Foliar fertilizer containing an optimum formulation of concentrated amino acids and minerals; typically used in strawberry and tomato cultivation



Before use



After two months of use

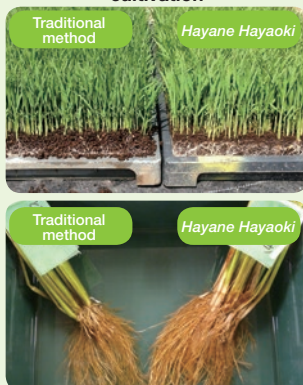
High-bench strawberry cultivation. **AJIFOL®** was used here on strawberries that displayed inhibited growth from root damage, with poor leaf color, blossoming and growth. Foliar supplementation with amino acids restored the growth.

#### Hayane Hayaoki

Liquid fertilizer containing nucleic acids and amino acids, with an optimal formulation of nitrogen, phosphate, and potassium for plant nurseries

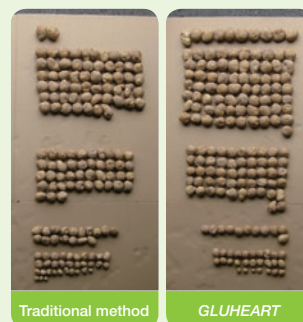


#### Results for paddy-field rice cultivation



#### GLUHEART

Foliar fertilizer containing glutamic acid, which improves the growth of plants during periods of low sunlight or cold temperature



Traditional method

GLUHEART

**GLUHEART** used to grow potatoes, which produces higher yields of large potatoes.

Reference See “Aiding Local Agriculture with Co-Products” on p. 25.



## Column

## Working with outside partners to promote feed-use amino acids

Feed-use amino acids help to augment low-protein livestock feeds by enhancing the amino acid balance in feeds, which in turn helps to reduce greenhouse gas emissions, lessens the impact on soil and water quality, and enables cultivated land to be used more effectively. As a leading global manufacturer of feed-use amino acids, Ajinomoto Animal Nutrition Group, Inc. is working hard to develop new products and collaborate with the international community.

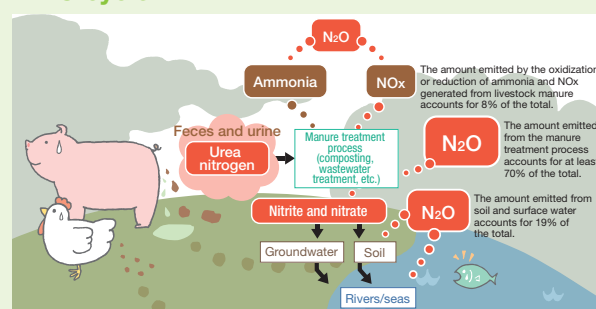
### Reducing environmental impact using feed-use amino acids

Animal proteins consist of 20 different amino acids, several of which are not synthesized in sufficient quantities in the body. These amino acids must be supplemented through feed.

Feeds that have a poor amino acid balance prevent the body from effectively using amino acids, so that they are emitted as nitrogen compounds, which impact soil and water quality. Additionally, a part of the nitrogen that is oxidized or reduced in the soil or air is released into the atmosphere as nitrous oxide (N<sub>2</sub>O), which has approximately 300 times the warming potential of CO<sub>2</sub>.

The addition of feed-use amino acids helps livestock to better use the nutrition content of feeds, which helps to reduce the impact on the global environment.

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



### Spreading the benefits of feed-use amino acids worldwide

In August 2012, the Specialty Feed Ingredients Sustainability (SFIS) consortium was established, representing feed industry associations in Europe, the Americas, and Japan, as well as leading manufacturers of specialty feed ingredients from around the world. Involved in the SFIS consortium, Ajinomoto Animal Nutrition Group, Inc. is helping to elucidate the benefits of feed-use amino acids for reducing environmental impact.

In February 2014, SFIS announced the results of a one-year study, which found that a low-protein diet fortified with feed-use amino acids and phytase<sup>1</sup> reduced the environmental impact from livestock production, namely greenhouse gas emissions and the eutrophication and acidification of rivers. This finding provides a rationale for the use of feed additives as a method for reducing the environmental impact of livestock production.

<sup>1</sup> Phytase is an enzyme that catalyzes the hydrolysis of phytic acid and releases phosphoric acid.

## Reference

See "Conserving Food Resources and the Global Environment with Feed-Use Amino Acids" on p. 27.



### Communicating the environmental benefits of feed-use amino acids in Japan

To popularize environmentally friendly livestock farming, livestock farmers will have to be informed about how greenhouse gas emissions can be reduced with feed-use amino acids. The farmers who use feed-use amino acids will also have to benefit in some way from the emission reductions they achieve. The Ajinomoto Group is engaged in various initiatives to help livestock producers understand these benefits.

#### Identifying total CO<sub>2</sub> emissions throughout the life cycle

The Ajinomoto Group is using carbon footprint as a measure to identify CO<sub>2</sub> emissions in the life cycle of feed-use amino acids.

#### Identifying CO<sub>2</sub> emissions in the life cycle of feed-use amino acids

March 2011

Certified as a project under the domestic credit system of the Ministry of Economy, Trade and Industry (Japan)

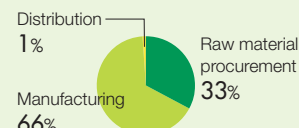
September 2011

CFP values certified for feed-use lysine under the CFP Pilot Project of the Ministry of Economy, Trade and Industry (Japan)



CFP value logo

#### CO<sub>2</sub> emissions at each stage of the life cycle for feed-use amino acids (Lysine)



#### Contributions to emissions offset credit scheme

Ajinomoto Co., Inc. was a contributor to the development and adoption of an emissions offset credit scheme in Japan, with a methodology to reduce N<sub>2</sub>O emissions from pig and broiler manure treatment by utilizing low-protein feed under the J-Credit Scheme.<sup>2</sup> This provides an incentive for livestock producers to use feed-use amino acids to reduce environmental impact and could develop into a global framework with major implications and benefits.

#### Taking advantage of the N<sub>2</sub>O reduction benefits of using low-protein feed fortified with feed-use amino acids

July 2010

Abatement of N<sub>2</sub>O Emissions from Pig Manure Treatment by Utilizing Low-Protein Feed certified by the Offset Credit (J-VER) Scheme of Japan's Ministry of the Environment

January 2014

Methodology for reducing N<sub>2</sub>O emissions expanded to include low-protein feed for broilers

<sup>2</sup> Created in fiscal 2013, the J-Credit Scheme integrated the Domestic Credit Scheme and Offset Credit (J-VER) Scheme. Under J-Credit, the Japanese government certifies and gives credits for CO<sub>2</sub> emissions reduced by means such as switching to energy-efficient devices, using sustainably energy, and absorbing CO<sub>2</sub> through proper forest management.

# Developing Environmentally Friendly Packaging

The Ajinomoto Group has worked to develop containers and packaging that minimize environmental impact while fully maintaining the quality of the food inside. Consumers today want to select products that are as environmentally friendly as possible, and the Group is determined to support this trend.

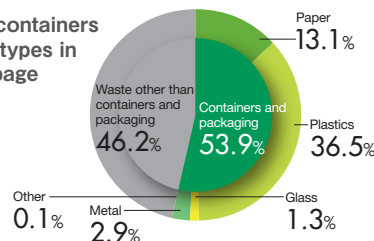
## Data

### Household garbage, and containers and packaging

Japan disposes of 45.22 million tonnes of garbage a year, and household garbage accounts for 29.49 million tonnes, or approximately 65% of this.

Containers and packaging account for a high 54% of household garbage.

- Breakdown of containers and packaging types in household garbage



Source: Survey on Containers and Packaging Waste (volume comparison) by Ministry of the Environment (fiscal 2012)

## Creating the containers and packaging consumers want

Containers and packaging must maintain the quality of the food they hold until opened by customers, yet they account for approximately 54% of Japan's household waste by volume. In a survey on daily dietary habits and environmental awareness conducted by Ajinomoto Co., Inc. more than 80% of consumers said that they "try to reduce garbage," "separate garbage properly," and "buy refillable products as much as possible."

To address social issues around food, resource depletion, and energy, the Ajinomoto Group strives not only to reduce

consumption of packaging materials and CO<sub>2</sub> emissions, but also to create innovative container and packaging technology. The Group's innovation spans many fields: it has introduced biomass plastics to replace petroleum-derived raw materials, found ways to use inedible raw materials, created new technologies to extend expiration dates and keep food from sticking to packaging, introduced packaging free of aluminum foil (which requires a lot of energy to produce), and designed packaging for greater efficiency in logistics and delivery.

## Organizing teams to improve containers and packaging

The products of the Ajinomoto Group require many different kinds of containers and packaging. To encourage each group company to make its containers and packaging more environmentally friendly, the Group holds events like the Ajinomoto Group Food Conference and the Packaging Designers' Liaison

Meeting. Participants share ideas and best practices in environmentally friendly packaging across the Group.



Packaging Designers' Liaison Meeting

## Cooperation with outside organizations

Nowadays, it is difficult for consumers to tell which type of packaging is sustainable, given the diverse materials and forms of packaging on the market. In order to address environmental problems relating to packaging throughout society, it is important that consumers choose sustainable products based on an understanding of the functions and roles of packaging.

The Ajinomoto Group works closely with third-party stakeholders on 3R activities, engaging in dialogue with consumers and making the most of the other opportunities shown at right.

- Eco-Products Exhibition
- Containers and Packaging Diet Declaration in Nine Municipalities
- Presentation of 3R best practices to recycling councils (Paper Packaging Recycling Council, Plastic Packaging Recycling Council)

## Containers and Packaging 3R Promotion Plan and environmental awareness initiatives

Each company in the Ajinomoto Group has its own mechanisms, targets and plans to promote environmental considerations.

In the 2011–2015 Containers and Packaging 3R Promotion Plan, Ajinomoto Co., Inc. has established overall reduction targets, specific goals on packaging for less waste, packaging that can be refilled, packaging that is easy to separate, and packaging materials that are environmentally superior.

In fiscal 2013, compared to the base year of fiscal 2010, plastic consumption per product weight was down 2.9% while paper consumption per product weight was 1.8% higher. While

progress in reducing paper consumption was achieved for many products, the reasons for the increase include the growth in products for which packaging increased as a result of reductions in the volume of contents based on changes in consumption behavior, and products for which 3R activities were inappropriate in view of the suitability of facilities or product shelf life.

The Group will strive to conserve packaging materials and design environmentally friendly products in fiscal 2014, aiming to reach the targets for fiscal 2015, the final year of the plan.

## Major targets and results of the 2011–2015 Containers and Packaging 3R Promotion Plan

|  |  | Targets to be achieved by fiscal 2015 (compared to fiscal 2010) | Fiscal 2013 results |
|--|--|---|---------------------|
| Reduce   | Plastic consumption  | Reduce by 2.0% per unit of product weight <sup>1</sup>          | Down 2.9%           |
|  | Paper consumption  | Reduce by 2.5% per unit of product weight <sup>2</sup>          | Up 1.8%             |
| Reuse  | Develop refillable product containers  |   |                     |
| Recycle  | Develop packaging materials that can be readily separated and peeled for easy sorting (including easy peel labels, easily removable caps, boxes with perforations)   |   |                     |
| Introduction of new materials and technologies | Develop packaging using plant-derived biomass plastic (Use of shrink film made partly from polylactic acid derived from corn, polyethylene made from sugar cane)   |   |                     |
| Providing information to consumers             | Increase provision of information that promotes selection of environmentally friendly products and proper separation and disposal of garbage ("Aji-na Eco" mark labeling and publication of information on the Internet) |   |                     |

<sup>1</sup> This value is calculated by dividing the gram weight of containers and packaging for each material by the kilogram product weight.

<sup>2</sup> The paper consumption target was revised in fiscal 2013.

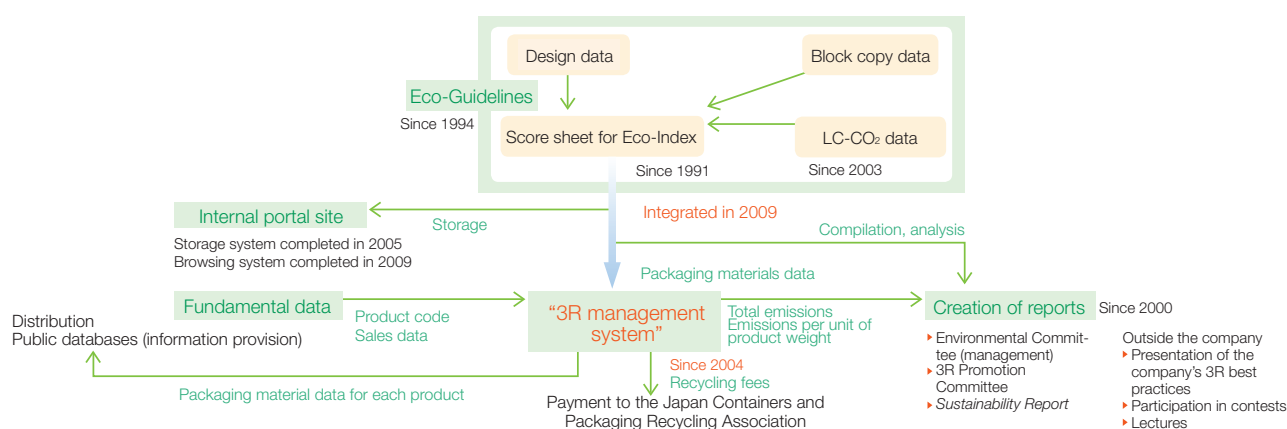
Ajinomoto Co., Inc. always conducts an environmental assessment of containers and packaging before a new product is released. The assessment is based on the company's own Eco-Index for Containers and Packaging. Each product is checked from four perspectives: (1) reduction in weight of packaging materials; (2) selection of materials; (3) recyclability; and (4) labeling (customer appeal). Evaluation items are revised when needed. In the assessment, the company also calculates the LC-CO<sub>2</sub> of packaging,<sup>3</sup> which it uses as supporting data to identify and provide information on the product's environmental performance.

The integrated assessment and "3R management system," shown in the chart below, enables the company to: (1) use the

data on the weight of used packaging materials indicated in the Eco-Index to calculate recycling fees; (2) share data on its intranet; and (3) update data on the weight of packaging materials used every month. This reliable information helps to improve management. Since integrating the two systems, not only has calculation of recycling fees and 3R promotion become easier; internal and external reporting and data provision to distributors and recycling organizations have also become more accurate.

<sup>3</sup> CO<sub>2</sub> emissions from the manufacture of a container or package through its disposal and recycling.

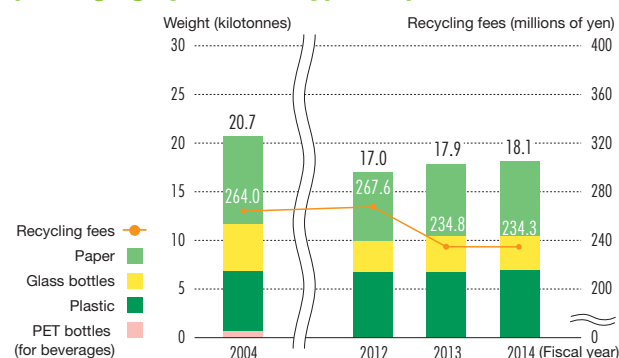
## Container and packaging environmental assessment since 1991 (computerized in 2005)



## Eco-Index for Containers and Packaging (Household edition ver. 8 and business edition ver. 4)

| Purpose                                      | Evaluation item                                      |
|--|--|
| Reduction of environmental impact            | Efficient use of resources                           |
|  | Reduction in weight of packaging materials           |
|  | Weight reduction ratio                               |
|  | Degree of over-packing                               |
| Combating global warming                     | Transport efficiency                                 |
|  | Reduction in LC-CO <sub>2</sub> emissions            |
|  | Use of materials derived from plants                 |
|  | Selection of materials                               |
| Contributing to a recycling-oriented society | Use of environmentally friendly materials            |
|  | Utilization ratio of recycled materials              |
|  | Eco-labeling   |
|  | Adaptability to separated-waste collection           |
| Promotion of recycling                       | Recyclability  |
|  | Adaptability to recycling systems                    |
|  | Reduction in volume for recycling and disposal       |
|  | Availability of environmental labeling               |
| External promotion                           | Labeling   |
|  | (Availability of environmentally conscious labeling) |

## Recycling fees and weight of containers and packaging by material type for products





## Developing environmentally friendly packaging

Since the Ajinomoto Group uses many forms of packaging, it is working to make them lighter using various means. The Group seeks to use less packaging for everything from jars, plastic film, pouches, and trays, to cardboard and paper boxes for products.

### Highlights of packaging development

#### Highlight 1

##### Reducing packets in 450 gram box of HON-DASHI from three to two

The configuration of the 450 gram *HON-DASHI* box was changed from three 150 gram packets to two 225 gram packets, reducing packaging weight by 58 tonnes a year and CO<sub>2</sub> emissions by approximately 350 tonnes<sup>1</sup>—while preserving the strength and convenience of the box.



#### Comments from the designers:

With the heavier packets, we had to make sure they would not rupture during transport. So we redesigned the packets using a stronger environmentally friendly material that was still compatible with the production facility and would preserve product quality.

#### Highlight 2

##### Reducing size and weight of 20-packet box of HON-DASHI

The paper boxes were downsized 4 mm in depth and the material thinned by 40 g/m<sup>2</sup>, reducing packaging weight by 37 tonnes a year and CO<sub>2</sub> emissions by 44 tonnes.<sup>1</sup> With more compact paper boxes, the shipping cases can also be smaller; 48 now fit onto a pallet, up from 40, which improves logistics efficiency.



#### Comments from the designers:

The biggest concerns were assembly line errors inserting the packets into the box and the paper boxes collapsing due to lower strength. We achieved the weight reduction by optimizing packaging measurements and ensuring strength in repeated tests.

#### Highlight 3

##### Reducing weight by changing shape of inner case for 120-gram bag and 60-packet bag of PAL SWEET

Inner cases typically use strong materials and internal flaps to prevent crushing when stacked and loaded. Improvements to the shape of the top surface flap and the bottom part saved on packaging materials and thinned paper by 50 g/m<sup>2</sup>, reducing packaging weight by 11 tonnes a year and CO<sub>2</sub> emissions by 2.4 tonnes.<sup>1</sup>

#### Comments from the designers:

The inner case is not often seen by consumers, but it plays a key role in protecting the product during transport and storage. We will keep making our inner case designs even more environmentally friendly.

#### Highlight 4

##### Thinning AGF Blendy stick coffee packs

The polyethylene and aluminum foil used for the stick pouches of *Blendy* stick coffee were thinned by about 6%, reducing packaging weight by about 100 tonnes a year and CO<sub>2</sub> emissions by about 1,000 tonnes.<sup>1</sup>



#### Comments from the designers:

In thinning the stick film, the strength of packaging during distribution was a potential issue, but we solved this by redesigning the seal.

<sup>1</sup> Calculated by Ajinomoto Co., Inc. using a formula based on fiscal 2013 sales volume

### Highlight

#### Thinning package for Masako® from P.T. Ajinomoto Indonesia

Starting in 2011 with *Masako® sapi*, P.T. Ajinomoto Indonesia thinned the pouches down from 73 µm to 49 µm and then to 45 µm, in two stages, reducing packaging weight by 4,170 tonnes a year and CO<sub>2</sub> emissions by 14,000 tonnes for *Masako®* overall.<sup>2</sup>

The company introduced this initiative with support from research centers in Japan and Fuji Ace Co., Ltd. in Thailand. These supporters proposed new packaging materials, and helped with basic evaluation, analysis, and supplier selection. Thinner film brought the risk of product seal problems, adjustments to processing conditions, and rupture during transport. Repeated testing was done, including truck transport tests that matched the actual transport conditions in Indonesia, where roads are poor, and island shipping tests.

The change was quick, thanks to the collaboration between the production plants and sales offices, which was organized by the packaging design department.

<sup>2</sup> Calculated by Ajinomoto Co., Inc. using a formula based on fiscal 2014 sales volume (compared with not thinning the pouches)

Having a packaging production plant at the company meant that we were able to get packaging ready in a short period of time. The plant helped with smooth communication since we could quickly share the results of manufacturing line tests and make improvements where needed. Even our first package was considerably thinner than the conventional package, but with more innovation, we were eventually able to make it as thin as 45 µm.



Line section manager Djudjut (left) and print department manager Dodiet (right)

## Introducing new materials and technologies: using biomass plastic

The Ajinomoto Group has been adopting plant-derived materials for packaging such as heat shrink labels and caps for seasoning and sweetener containers, trays for frozen foods, and pouches for edible oils. Compared to petroleum-derived packages, these recyclable materials help to reduce CO<sub>2</sub> emissions.

### Heat shrink labels used on containers for seasonings and sweeteners

In September 2012, Ajinomoto Co., Inc. replaced heat shrink labels and cap shrink wrapping with the world's thinnest (company research) polylactic acid (PLA) derived from feed-use corn. Within fiscal 2013, the switch had been completed for 11 household-use product lines, reducing packaging materials by two tonnes a year and CO<sub>2</sub> emissions by 20 tonnes.<sup>3</sup>

3 Calculated by Ajinomoto Co., Inc. using a formula based on fiscal 2013 sales volume

### Caps used on containers for seasonings

In February 2013, along with the PLA heat shrink labels, Ajinomoto Co., Inc. replaced 30% of the material for the caps of 35 gram and 75 gram *AJIPANDA*® jars of the umami seasoning *AJI-NO-MOTO*® with plant-derived plastic biomass polyethylene made from sugar cane molasses.<sup>4</sup>

Conventional caps required petroleum-derived polypropylene to be blended with biomass polyethylene to ensure manufacturing compatibility and maintain strength. With more technological innovation, however, the company became the first in the industry to switch to a food container which is over 90%<sup>5</sup> biomass. The new caps for 60 gram jars of *HON-DASHI* introduced in autumn 2014 reduce CO<sub>2</sub> emissions by 16.5 tonnes a year.<sup>6</sup>

The Group is committed to constant improvement of the proportion of biomass-derived materials used, and will use them for new products to accelerate the switch to sustainable materials.

4 Cane molasses is a by-product of refining sugar cane juice into sugar.  
5 100% biomass polyethylene used as raw material except for processing aids such as catalysts  
6 Calculated by Ajinomoto Co., Inc. using a formula based on fiscal 2013 sales volume



Mark indicating "over 90% biomass"

There were major technological challenges with replacing the polypropylene cap materials with 100% biomass polyethylene, including frequent molding defects that jammed up the product line. We almost had to give up on the project. But with tenacious effort, we were able to modify processing conditions and combine biomass materials to improve physical properties, and we finally made it happen.



Members of F&D-P, Institute of Food Science and Technologies, Ajinomoto Co., Inc.

### Product lineup



Examples of products with packaging using new materials and new technology

### Trays for frozen food

In autumn 2012, Ajinomoto Frozen Foods Co., Inc. replaced 25–30% of the conventional petroleum-derived materials in trays with polyethylene made from sugar cane. As of autumn 2014, the company had introduced the new trays for four items in its *Nonfry* lineup, *Jagabatacheese* (potato and cheese bake), and *Nikushumai* (pork dumpling), reducing CO<sub>2</sub> emissions by 46 tonnes<sup>7</sup> a year.

7 Calculated by Ajinomoto Co., Inc. using a formula based on fiscal 2013 sales volume

### UD eco-pouch products for edible oils

The company has also been adopting biomass plastic films for edible oil products, which require oxygen barrier packaging. In autumn 2013, J-OIL MILLS, INC. became the first in Japan to use transparent vapor deposition film to add a gas barrier layer on a biomass plastic film made from sugar cane molasses jointly developed with Dai Nippon Printing Co., Ltd. for three of its UD<sup>8</sup> eco-pouch products.

In May 2014, UD eco-pouches were recognized for using plant-derived materials and reducing environmental impact, receiving the Japan Packaging Institute's 38th Kinoshita Prize New Creation Award.

8 Universal design



Members of the Product Development Department, Dai Nippon Printing Co., Ltd., and the Materials Department, J-OIL MILLS, INC.

### Column

#### Reducing CO<sub>2</sub> emissions by improving transport efficiency

The Ajinomoto Group recognizes that container transport efficiency is essential for reducing CO<sub>2</sub> emissions. The Group uses an Eco-Index evaluation sheet to pursue lower environmental impact from the development and design phase. The sheet confirms eco-friendliness, ensuring that products meet specified criteria for external dimensions when packed in cardboard and have high pallet loading efficiency.

Aiming to raise loading efficiency even more, the Group is looking into new design procedures in which transport container design would be the first unit of design considered, contrary to the conventional procedure starting with individual package design.

## Promoting “Aji-na Eco” mark products with environmental packaging

Modern product packages are already small and thin, so it is often difficult for customers to notice changes made in package weight, thickness, and size and materials used. However, when the enormous sales volume of products is taken into account, the sum of these small efforts can result in significant environmental benefits.

Consumers want to purchase environmentally friendly products and to tell whether a product is eco-friendly at a glance, so the Ajinomoto Group introduced its unique “Aji-na Eco”<sup>1</sup> mark in autumn 2010. Details are now being added alongside the mark, indicating features such as refillable, recycled paper used, no tray, reduced packaging with smaller pack and box, plant-based plastic, caps that are easy to separate after use, and the number of products displaying the marks are also being increased.

As of July 2014, there were eight types of “Aji-na Eco” marks shown on 157 products. Seven types indicate environmentally friendly containers and packaging and one indicates an

environmental feature of the product (self-defrosting frozen food). Examples of products with each type of “Aji-na Eco” mark are shown below.

<sup>1</sup> The Japanese term for “Aji-na Eco” is a registered trademark of Ajinomoto Co., Inc.

### DATA

#### Survey on environmental consciousness of customers

- I try to reduce garbage in my daily life: **80%**
- I take care to separate garbage properly: **95%**
- I try to buy refillable seasoning products: **84%**
- I think that there is a lot of waste in food packaging and trays for perishables: **86%**

Source: Ajinomoto Co., Inc. Ajinomoto Monitoring Consumer Survey 2012.  
Sample: 1,800 homemakers from households across Japan composed of two or more people aged 20–69

#### What is “Aji-na Eco”?



“Aji-na Eco” is a term describing the smart and ecological products or information provided by the Ajinomoto Group, and the logo mark evokes the image of our green planet, the pleasure of eating, and a global environment made even better through food.

Number of  
“Aji-na Eco”  
mark products  
**157**

As of the end of  
July 2014  
(Ajinomoto Group)

#### Refillable

Refilling the contents of glass containers from packets and reusing them for a long time can reduce their environmental impact. The mark is shown on both glass containers and packets.



#### Recycled paper

This product uses recycled paper containing more than 80% recycled pulp. It actively utilizes recycled materials to make careful use of resources.



#### Removable cap

This removable eco-cap mark is displayed on products with caps that can be easily separated after use.



#### Reduced packaging

The mark is displayed on products when the weight of containers and packaging is reduced by over 20% compared to conventional products or when the weight of packaging materials is reduced by at least 50 tonnes a year.



#### No tray

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%.



#### Plant-based cap

By using plant-based plastic for the jar cap, this packaging reduces petroleum consumption and CO<sub>2</sub> emissions.



#### Plant-based tray

By using plant-based plastic for the frozen food tray, this packaging reduces petroleum consumption and CO<sub>2</sub> emissions.





# Reducing Greenhouse Gas Emissions



Among the many environmental issues related to global sustainability, global warming and climate change present two of the most important challenges for people around the world. The Ajinomoto Group is working to reduce greenhouse gas emissions not just in the production process but across all of its business activities.

## 2011–2013 Ajinomoto Group Zero Emissions Plan<sup>2</sup>

### Entire Group

CO<sub>2</sub> emissions per unit of production

**35% or more reduction**  
(compared to fiscal 2005)

<sup>2</sup> See p. 83 for details.

Annual CO<sub>2</sub> emissions in Japan

**472 kilotonnes or less<sup>3</sup>**  
(7% reduction compared to fiscal 1990,  
8% reduction compared to fiscal 2005)

<sup>3</sup> Performance for base year in 1990 changed to 508 kilotonnes due to exclusion of the Calpis Group.

## Fiscal 2013 performance

### Entire Group

CO<sub>2</sub> emissions per unit of production

**26% reduction**  
(compared to fiscal 2005)

Annual CO<sub>2</sub> emissions in Japan

**348 kilotonnes**  
(Target surpassed by  
124 kilotonnes)

CO<sub>2</sub> emissions from fossil fuels

**2,200 kilotonnes**

## Fiscal 2013 performance overview

The 2011–2013 Ajinomoto Group Zero Emissions Plan (AGZEP) focused on CO<sub>2</sub> from fossil fuels, aiming to achieve a 35% or greater reduction of CO<sub>2</sub> emissions per unit of production compared to fiscal 2005 for the entire Ajinomoto Group. Production sites in Japan also aimed to reduce their total CO<sub>2</sub> emissions by 7% compared to fiscal 1990 levels to 472 kilotonnes or less. This included an extra 1% per year added to Japan's target of a 6% reduction compared to 1990 by 2012, which was the final year of the Kyoto Protocol.

In fiscal 2013, the final year of the plan, CO<sub>2</sub> emissions per unit of production for the entire Group were about the same as fiscal 2012, at about 26% below the fiscal 2005 level. Total emissions from production sites in Japan, however, surpassed the reduction target by about 124 kilotonnes, coming in 31% lower than in fiscal 1990. A substantial contribution was made toward efforts under the Kyoto Protocol.

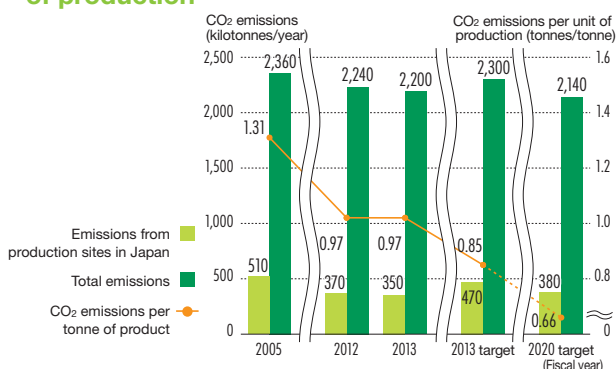
Energy consumption for the Group was down 1%, as production volume fell roughly 1.5% from the previous fiscal year to 2,260 kilotonnes. As a result, energy consumption per unit of

production was up 0.6% year on year. Meanwhile, total CO<sub>2</sub> emissions were 2,200 kilotonnes, about 43 kilotonnes lower year on year. CO<sub>2</sub> emissions per unit of production were 0.4% lower.

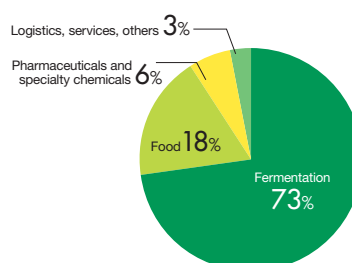
There were two main reasons for lower total CO<sub>2</sub> emissions. One was the adoption of a biomass boiler fueled by sugar cane bagasse and wood chips at the Laranjal Paulista Plant in Brazil in April 2013, which supplied 40% of the energy regularly required by the plant. Another was the effort to improve energy conservation in production processes, for instance new energy-saving processes at plants in France and Malaysia. Meanwhile, some business sites saw an increase in the share of products that require large amounts of energy to produce. As a result, CO<sub>2</sub> emissions per tonne of product ended up flat year on year.

Fermentation-related divisions account for about 70% of the Group's CO<sub>2</sub> emissions, and they are pursuing process improvements for better yield and productivity in order to ensure the Group meets its fiscal 2016 targets. The group will also work to ensure stable supplies of energy sources with low environmental impact and stable operation of biomass boilers.

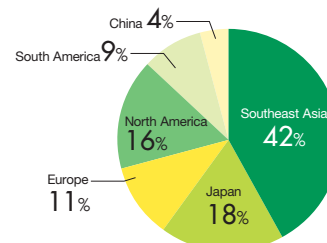
## Total CO<sub>2</sub> emissions and CO<sub>2</sub> emissions per unit of production



## CO<sub>2</sub> emissions by business (fiscal 2013)



## CO<sub>2</sub> emissions by region (fiscal 2013)



## Ajinomoto Group's initiatives in Japan: office progress

Doing its part amid Japan's current energy situation, the Ajinomoto Group in Japan has been implementing Smart Energy Measures since fiscal 2011. This effort is based on appropriate and intelligent use of energy in order to contribute to society while properly carrying out business activities. In accordance

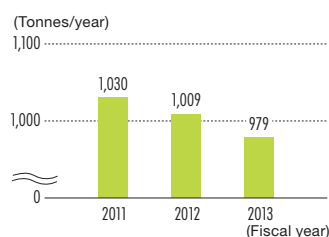
### Overall policy for Smart Energy Measures at the Ajinomoto Group in Japan

1. When taking concrete measures based on this policy, priority will be placed on ensuring systems for securing employee health and fulfilling product supply responsibilities.
2. Energy-saving measures will be proactively taken with employees throughout the year by optimizing the overall balance of electricity and other energy usage, shifting the focus from electricity to all forms of energy, and from summer to the entire year. Smart living involves the smart use of energy.
3. During the summer months of July to September, when energy consumption is highest, the Group and employees will make extra efforts to save energy.
4. Efforts will include daily steps to maximize the reduction of energy use.

with an overall policy for the Ajinomoto Group in Japan, concrete measures were taken throughout the year at each group company and site there, and even greater efforts were made in the summer months from July to September.

In fiscal 2013, the Group used facility renovation projects as opportunities to conserve energy and resources by, for example, switching to LED lighting, updating air conditioners and air conditioning thermal sources (e.g., joining district heating systems), and upgrading toilets to water-saving models.

### CO<sub>2</sub> emissions at the Head Office of Ajinomoto Co., Inc.



The Smart Energy Handbook has been distributed to all employees of Ajinomoto Co., Inc.

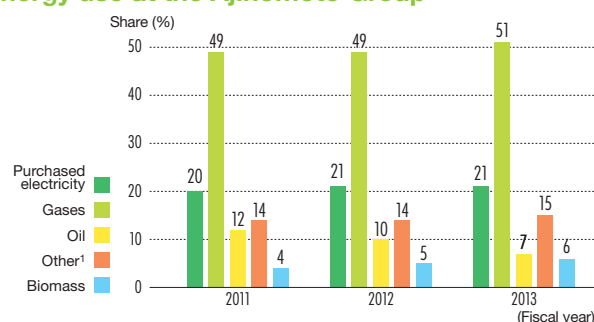
## Switching to clean energy

The Ajinomoto Group has long been committed to using clean energy, including natural gas for plant fuel, which generates fewer CO<sub>2</sub> emissions than heavy oil. In fiscal 2013, the percent of petroleum of total energy used was only about 7%, down 3 percentage points from the previous year. The percent for biomass-derived energy was 6% (up 1 point), and the percent of gas was 51% (up 2 points). The Kamphaeng Phet Factory in Thailand continues to use biomass boilers, cutting about 100 kilotonnes of CO<sub>2</sub> emissions per year compared to before adopting biomass. Plants in France have run an ESCO project for biomass cogeneration since the end of fiscal 2013.

The Group has included a new target for increasing the renewable energy use ratio under the 2014–2016 Ajinomoto Group Zero Emission Plan (AGZEP). The Group is exploring the use of biomass-derived energy as a stable energy source in each region, principally at sites outside Japan which are leading the increase in the renewable energy use ratio. In addition, all sites

worldwide are working to ensure stable production and promote development and introduction of new resource-and energy-saving processes. Around the Group, sites are minimizing energy consumption in order to raise the group-wide renewable energy use ratio.

### Energy use at the Ajinomoto Group



<sup>1</sup> Includes purchased energy (steam) and coal

## Management of fluorocarbons

The Ajinomoto Group uses fluorocarbons as refrigerants for refrigeration equipment. The AGZEP for 2011–2013 included goals for discontinuing the use of CFCs<sup>2</sup> and replacing refrigeration equipment that use HCFCs<sup>3</sup> and HFCs<sup>4</sup> with models that use natural refrigerants.

At present, the Group uses no CFCs in Japan. Some sites outside Japan could not achieve their targets for discontinuing use of CFC in fiscal 2013. Aiming to eliminate usage by fiscal 2015, they will step up their efforts, in accordance with laws and regulations, and also properly manage CFCs to prevent leaks. Nine of the Group's frozen food plants in Japan including the

four plants of Ajinomoto Frozen Foods Co., Inc. and affiliates introduced 12 units using natural refrigerants at the end of March 2013, with plans to switch the remaining 14 units over to non-fluorocarbon equipment by fiscal 2020. In addition, the Ajinomoto Group is leading the industry by introducing new technology combining two refrigerants: ammonia and CO<sub>2</sub>.

<sup>2</sup> Chlorofluorocarbons, or "specified fluorocarbons." Manufacture of CFCs, which are ozone-depleting substances, was banned in developed countries in 1996 under the Montreal Protocol.

<sup>3</sup> Hydrochlorofluorocarbons, or "designated fluorocarbons." Manufacture of HCFCs, which are ozone-depleting substances, will be phased out in developed countries under the Montreal Protocol by 2020.

<sup>4</sup> Hydrofluorocarbons. HFCs do not destroy the ozone layer and are known as CFC alternatives. Due to their global warming potential, which is thousands of times higher than CO<sub>2</sub>, reduction of HFC emissions is included in the Kyoto Protocol targets.

# Conserving Water Resources



To reduce the high nitrogen concentration and biochemical oxygen demand (BOD) in wastewater from the production of amino acid fermentation-related products, the Ajinomoto Group controls pollutant sources and uses original treatment technologies suited to the quality of wastewater at each site. It takes a lot of water to make fermentation-related products—about 50 times the product weight. Although the Group's production plants are located in areas rich in water resources, the Group is committed to minimizing water usage by developing water-saving processes.

## 2011–2013 Ajinomoto Group Zero Emissions Plan<sup>5</sup>

Reduction of pollutant load in wastewater

BOD ≤ **10** ppm

TN ≤ **5** ppm

Water consumed per unit of production

**70% or more reduction**  
(compared to fiscal 2005)

Discharged water per unit of production

**70% or more reduction**  
(compared to fiscal 2005)

<sup>5</sup> See p. 83 for details.

## Fiscal 2013 performance

Water consumed per unit of production

**71% reduction**  
(compared to fiscal 2005)

Discharged water per unit of production

**71% reduction**  
(compared to fiscal 2005)

Water consumption

**140** million tonne reduction  
(compared to fiscal 2005)

Discharged water

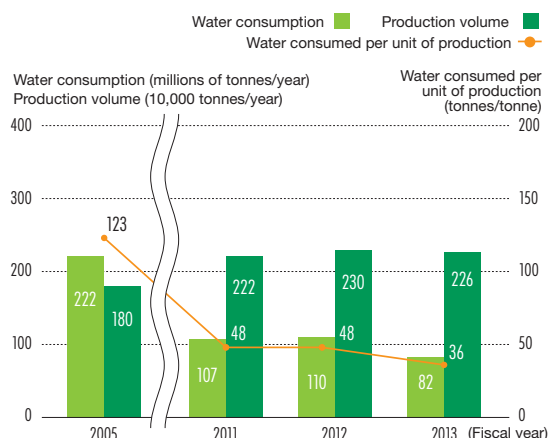
**130** million tonne reduction  
(compared to fiscal 2005)

## Fiscal 2013 performance overview

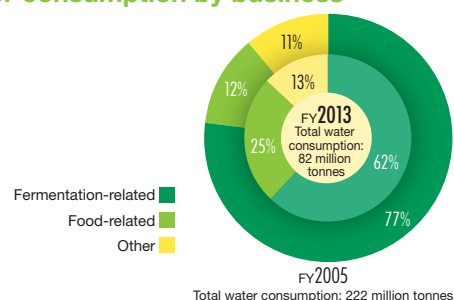
In fiscal 2013, both total water consumption and discharged water were about 60% lower than in the base year of fiscal 2005, and water consumed per unit of production was about 71% lower. This striking progress was made by using less indirect cooling water thanks to cooling towers and reducing water consumption by recycling process effluent onsite. The Kawasaki Plant of Ajinomoto Co., Inc. switched to a new wastewater treatment facility in September 2013 and achieved the target for pollutant load in wastewater (BOD ≤ 10 ppm, TN ≤ 5 ppm).



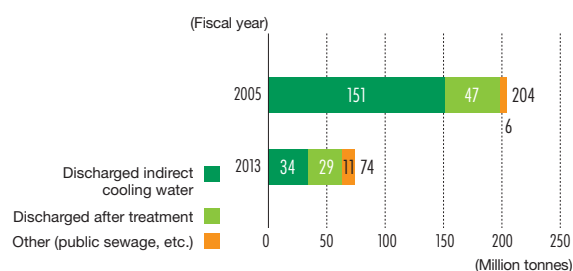
## Water consumption performance



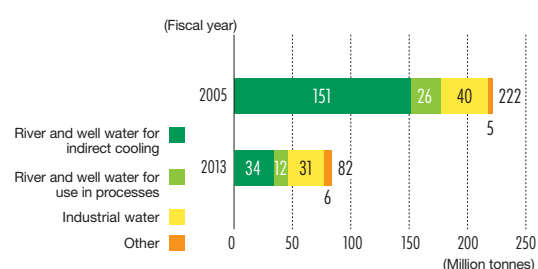
## Water consumption by business



## Discharged water



## Water consumption





# Reducing Waste



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 utilizes by-products as resources and seeks to improve production efficiency by 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.

## 2011–2013 Ajinomoto Group Zero Emissions Plan<sup>1</sup>

Resource recovery ratio  
(entire Group)

**99% or more**

<sup>1</sup> See p. 83 for details.

Waste per unit of  
production

**20% or more reduction**  
(Compared to fiscal 2006)

## Fiscal 2013 performance

Resource recovery ratio  
(entire Group)

**99.2%**

Waste per unit of  
production

**0.6% reduction**  
(Compared to fiscal 2006)

## Fiscal 2013 performance overview

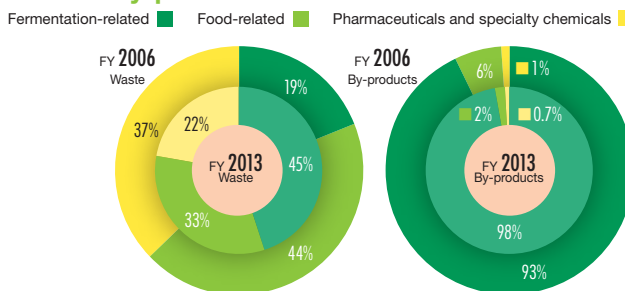
In the 2011–2013 Ajinomoto Group Zero Emissions Plan (AGZEP), new target values have been established for waste per unit of production for the entire Group. The aim is to reduce waste as much as possible in production activities group-wide. The effort includes waste generated by all operations, including production and non-production sites. The base year for these targets is fiscal 2006, when detailed waste data was first gathered worldwide.

In fiscal 2013, the Group achieved a 99.2% resource recovery ratio. Waste generated was approximately 200 kilotonnes, and by-product generated was approximately 2,210 kilotonnes, for a total of approximately 2,410 kilotonnes. The vast majority of by-products come from fermentation-related manufacturing processes. Effective use of these by-products in “co-products” kept the resource recovery ratio above 99%. Waste increased by about 25% compared to the base year of fiscal 2006, while production rose by 26%. As a result, waste per tonne of product was 0.088 tonnes, representing a decrease of roughly 0.6% compared to fiscal 2006.

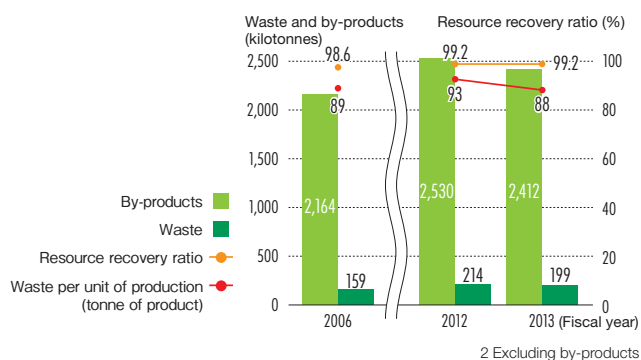
By segment, there was a significant increase in the pharmaceuticals and specialty chemicals businesses. In this business field, three plants with low waste per unit of production of AJINOMOTO PHARMACEUTICALS CO., LTD., were excluded from reporting. For the Group overall, sludge from wastewater treatment facilities and combustion residue from biomass boilers introduced since fiscal 2006 accounted for most of the increase in waste. Meanwhile, there was some product waste due to problems with certain manufacturing processes and contamination in raw materials.

In the new AGZEP for 2014–2016, the Group revised one of its waste reduction targets to “Zero waste caused by trouble.” Determined to achieve this target, the Group will maintain stable production, improve processes to use resources without waste, establish and execute business plans to minimize waste of raw materials and packaging, and cooperate with suppliers to maintain appropriate procurement and management of raw materials. All of the Group’s businesses will be involved in this effort.

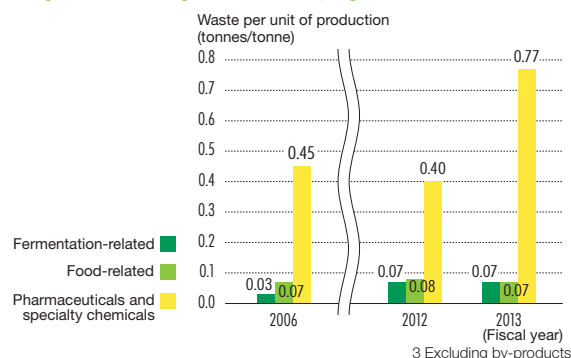
## Waste/by-products emissions



## Volume of waste and by-products, resource recovery ratio, and waste<sup>2</sup> per unit of production



## Waste<sup>3</sup> per unit of production, by business field



# Initiatives in Logistics



The Ajinomoto Group has continued to reduce environmental impacts that occur in logistics, from the procurement of raw materials to the delivery of products to customers. With regard to the reduction of transport-related CO<sub>2</sub> emissions in particular, the Group is taking proactive measures, including establishing a more efficient delivery system and pursuing modal shift and eco-driving.

## Fiscal 2013 performance

As a consignor: Performance of Ajinomoto Co., Inc.

CO<sub>2</sub> emissions per unit of sales during transport and delivery

**4.4% decrease**  
(compared to fiscal 2010)

Modal shift percentage<sup>3</sup>

**33.2%**

3 Changing to modes of transport with lower environmental impact. Ajinomoto Co., Inc. began in earnest in fiscal 1995 to introduce the use of railway container shipments, which produce only one eighth of the CO<sub>2</sub> emissions of truck shipments.

## Initiatives as a consignor

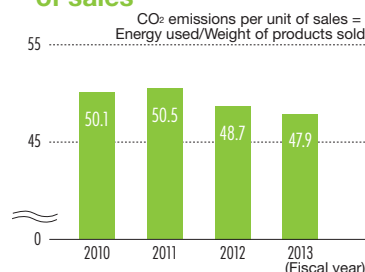
Japan's revised Act on the Rational Use of Energy obliged specified consignors to reduce CO<sub>2</sub> emissions from transport and delivery by at least 5% on a per-unit basis within five years of fiscal 2006. This applied to Ajinomoto Co., Inc. and Ajinomoto Frozen Foods Co., Inc.

Ajinomoto Co., Inc. met the requirement, cutting emissions by 5.9% by the end of fiscal 2010, thanks to consolidation of delivery centers, joint deliveries with group companies and other food manufacturers, and continued modal shift.

In fiscal 2013, CO<sub>2</sub> emissions per unit of sales from transport and delivery were down 1.7% year on year, 4.4% lower than in fiscal 2010. This achievement was due to improved efficiency in distribution and the following actions the company took to

counter risk. Learning from the Great East Japan Earthquake, the company set up two primary distribution centers—one in the northern Kanto region and one in the Kansai region—instead of relying on just one site in Kawasaki, as before. It adjusted its nationwide distribution network to accommodate these changes. Going forward, the Ajinomoto Group expects to continue to meet the legal requirement of a 1% annual reduction.

### CO<sub>2</sub> emissions per unit of sales



## Initiatives of the ALC Group

Complying with Japan's revised Act on the Rational Use of Energy, AJINOMOTO LOGISTICS CORPORATION (ALC) and its affiliated companies provide energy use data to the group's customer consignors. In 2010, the ALC Group introduced a more accurate calculation method based on distance transported and fuel consumption and increased the frequency of direct delivery services from its distribution centers to cut losses caused by indirect transportation. It also held seminars on ISO standards and environmental laws for its employees to ensure understanding of the environmental management system.

The ALC Group has been shifting to marine and rail transport for long-distance transport. Marine transport is now used to

transport products from the Kanto region to Hokkaido and from the Kansai region to Kyushu. The ALC Group is also using more rail to transport products directly from distribution warehouses to locations nationwide. These steps not only reduce environmental impact by using modes of transport with lower CO<sub>2</sub> emissions, but also help cope with the shortage of long-distance truck drivers in Japan today.



Ferry used in shipping

### Highlight

#### ALC Group offices receive awards at Eco-Drive Contest

At subsidiaries of ALC, all vehicles have been equipped with driving recorders to monitor eco-driving practices. The recorders not only help prevent accidents while driving, but also record unnecessary idling and other driving habits. They have proven effective in curbing sudden starts, acceleration and stops, making it possible to provide specific advice to drivers based on their individual results.

In recognition of these efforts, two transport offices of Kanto Ace Logistics Corporation and three of Chuo Ace Logistics Corporation—both of which are ALC subsidiaries—

received awards at the Fiscal 2013 Eco Drive Contest held by the Foundation for Promoting Personal Mobility and Ecological Transportation, which are some of the rare awards for eco-driving in the logistics industry.

Driving recorders with the same functions as the ones used by the ALC Group are being installed in commercial vehicles at AJINOMOTO PHARMACEUTICALS CO., LTD. and Ajinomoto Frozen Foods Co., Inc. They not only help prevent accidents, but also encourage eco-driving and lower environmental impact.



Excellence Award certificate, Tsurumi Transport Office, Kanto Ace Logistics Corporation

# Environmental Management



The Ajinomoto Group has introduced an ISO 14001-compliant environmental management system (EMS) at most of its sites in and outside Japan to comply with environmental laws and regulations and prevent environmental problems, and to ensure that further efforts will continue to be made at each site to conserve the environment.

## Fiscal 2013 performance

### Environmental management

ISO 14001 certification had been acquired

at **118** sites, or **94%** of all target sites  
(As of March 2014)



Mojokerto Factory, PT Ajinomoto Indonesia workers in charge of "Ajinomoto Group Zero Emissions" activities



Environmental monitor meeting at Kawasaki Administration & Coordination Office of Ajinomoto Co., Inc.

## Group-wide environmental management

The Ajinomoto Group has established an environmental management structure headed up by the Management Committee to ensure that measures are implemented uniformly across the Group. This management structure forms the base for a range of environmental management activities, such as the formulation of environmental plans (three-year medium-term plan and annual plan), implementation of environmental assessments and

environmental audits, and collection of environmental data. Issuing its "Working for Life" pledge on its centenary anniversary in 2009, the Group revised the Ajinomoto Group Environmental Philosophy and Basic Policies in April 2011 as a statement of its determination to promote business activities and products that contribute to the environment and to stay in dialogue with society.

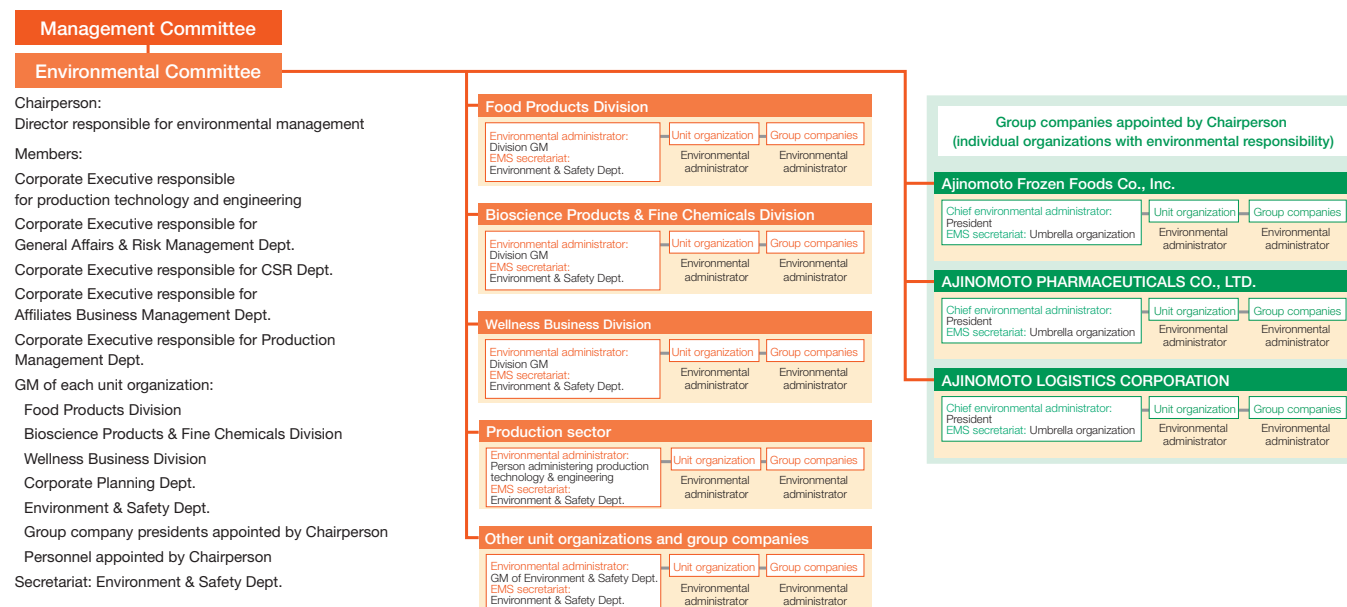
## Group-wide environmental management activities

As of fiscal 2013, 118 out of 126 target sites have acquired ISO 14001 certification. Consistent efforts are now being made by the remaining sites to acquire certification.

In promoting group-wide environmental management, it is important to have a way to quantitatively identify both environmental impact and contribution. The Ajinomoto Group has developed the Ajinomoto System for Reporting of Environmental

Performance (ASREP) to efficiently collect environmental data on CO<sub>2</sub> emissions, waste, discharged water and other items from all its sites. Collected data is utilized in compiling the Group's environmental performance statistics, in progress control of the Zero Emissions Plan, and in developing information to be disclosed through the Carbon Disclosure Project.

### Ajinomoto Group's EMS organization (As of April 1, 2014)





## Implementing environmental assessments

When the Ajinomoto Group launches new products and businesses, or changes the use of conventional raw materials in production processes, it assesses the environmental impact of business plans before they are implemented and takes necessary measures to minimize future environmental risks and impacts.

Environmental assessments are performed by departments responsible for the proposed plans, and their results are reviewed by the Environment & Safety Department before final approval by management. In April 2010, the authority to conduct environmental assessments was partially delegated to some business sites outside Japan to allow assessments to reflect the local environmental circumstances more appropriately.

With regard to business performance evaluation, environmental items are included in the Ajinomoto Group's business performance evaluation for each business unit. These items, weighted at 5% of the total evaluation, are assessed based on achievement of environmental targets. This arrangement demonstrates the priority the Group gives the environment.

## Environmental assessment items

|  |  |
|--|--|
| Seven types of typical pollution         | Air pollution, water pollution, noise, offensive odor, soil contamination, oscillation and ground subsidence |
| Waste disposal                           | Proper waste disposal, responsibilities of waste generator, etc.   |
| Global environmental issues              | Global warming, biodiversity conservation, acid rain, etc.   |
| Management of hazardous substances       | Substances subject to PRTR, asbestos, new chemical substances, etc.  |
| Creation of a recycling-oriented society | 3Rs, resource and energy conservation, control of waste generation, etc.                                     |
| Effects of buildings                     | Right to sunlight, radio wave disturbance, etc.  |
| Purchase and sale of real estate         | Soil contamination, accountability, guarantee against defects, etc.  |
| New science and technology               | Chemical and microbial contamination, etc.   |
| Corporate social responsibility          | Action guidelines, information disclosure, communication with the community, etc.                            |
| Product development                      | Eco-design, raw material procurement, logistics, life cycle assessment, etc.                                 |

## Implementing environmental audits

The Ajinomoto Group values environmental auditing, which equates to the Check function in the Plan, Do, Check, Act (PDCA) cycle, and it has created a multi-tiered internal and external auditing structure. In addition to external audits of compliance with ISO 14001 standards, internal auditors conduct regular environmental audits every 6 to 12 months based on the standards. These audits check the progress of targets and plans in each department and help ensure continuous improvement in environmental management.

Moreover, Group environmental audits are conducted for sites with significant environmental impact, aiming to ensure that environmental management is integrated with business activities. Internal environmental auditors attend lectures from outside instructors to increase their expertise, and this helps to strengthen the overall environmental management system. In fiscal 2013, 139 auditors attended the lecture, and the total number of internal auditors at group companies in Japan was 2,468.

## Disaster prevention systems and response to environmental accidents

The Ajinomoto Group promotes open communication with neighborhood residents. The Kawasaki Administration & Coordination Office of Ajinomoto Co., Inc. has launched an environmental monitor system in which community residents immediately call the plant when they sense anything unusual, such as a strange odor. The Kyushu Office of Ajinomoto Co., Inc. holds periodic meetings with the neighborhood association to seek opinions. In addition, plants outside Japan, such as those belonging to Ajinomoto Co., (Thailand) Ltd., Ajinomoto Vietnam Co., Ltd., and S.A. Ajinomoto OmniChem N.V., conduct plant tours for community residents.

The Group has built a system for quickly addressing any legal violations or accidents related to the environment. In fiscal 2013, there were six violations. These violations involved mismanagement of manifest forms in relation to Japan's Waste Management and Public Cleansing Act at Ajinomoto Co., Inc. Head Office and the Chubu Office of Knorr Foods Co., Ltd.; a deviation from facility management standards under the Waste Disposal Act and a deviation from the disposal method mandated for notification to authorities under the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture at the Tokai Plant of Ajinomoto Co., Inc.; and a deviation from subcontracting standards as well as a deviation from the mandatory prior consultation on bringing in industrial waste from outside the prefecture under the Waste Disposal Act at Ajinomoto Frozen Foods Co., Inc. Every case was reported to the government and steps were taken to prevent recurrence.

In environmental incidents, the ammonia leaks from freezers (Ajinomoto Frozen Foods Co., Ltd., Ajinomoto Frozen Foods (Thailand) Co., Ltd., and Ajinomoto Frozen Foods U.S.A., Inc.) that occurred in fiscal 2012 did not occur in fiscal 2013, thanks to effective countermeasures. In other incidents, there was a release into a river of some of the oily discharged water that overflowed from the drainage pit at Kawasaki Plant, Ajinomoto Co., Inc., a release of discharged water with a high pollutant load at the Ashikaga Factory of Nippon Protein Co., Ltd., and a minor fire from a fryer at Kyushu Plant of Ajinomoto Frozen Foods Co., Ltd. None of these incidents had a serious environmental impact. The Group investigates the causes of problems and such "close calls (near misses),"<sup>1</sup> and works to prevent recurrence.

<sup>1</sup> Finding of an incident that did not lead to a serious disaster or accident, but was one step short of such a situation. For example, an accident in which processing solution which has leaked from a storage tank is prevented from spreading from the vicinity by a secondary containment facility or emergency shutdown system.

## Minor environmental incidents and "close calls" (fiscal 2013)

|                    | Japan | Outside Japan |
|--------------------|-------|---------------|
| Air pollution      | 1     | 1             |
| Water pollution    | 17    | 12            |
| Waste              | 6     | 1             |
| Noise, oscillation | 1     | 0             |
| Offensive odor     | 0     | 0             |
| Other              | 8     | 9             |
| Total              | 33    | 23            |

## Number of complaints (fiscal 2013)

|                    | Japan | Outside Japan |
|--------------------|-------|---------------|
| Air pollution      | 0     | 1             |
| Water pollution    | 0     | 1             |
| Waste              | 1     | 0             |
| Noise, oscillation | 17    | 3             |
| Offensive odor     | 0     | 5             |
| Other              | 0     | 1             |
| Total              | 18    | 11            |

# Providing Environmental Education and Fostering Awareness



Ensuring that every employee has a strong environmental awareness is the starting point of all environmental protection efforts at the Ajinomoto Group. The Group provides its employees around the world with various opportunities for systematic environmental education and fosters better awareness to encourage them to take specific action in their respective workplaces.

## Education and awareness-raising activities

The Ajinomoto Group educates employees and raises their awareness of environment issues, as they are the key to ensuring its diverse businesses help to build a more sustainable world. Human resources, general affairs, risk management and other departments collaborate to ensure everyone understands the Group's environmental initiatives and provide ongoing education tailored to each employee grade.

As part of compliance education for managers launched in fiscal 2012, the Ajinomoto Group aims to ensure managers practice its policies and fulfill their role in the Group's corporate social responsibility for today's diversifying environmental issues. The Group also provides grade-specific environmental education.

The Group produces environmental education videos in Japanese and English to ensure that its Environmental Philosophy and Basic Environmental Policies are communicated to all employees. The fiscal 2013 educational video features the Group's various CSR activities for building a sustainable society.

Every year since fiscal 2007, the Group has run a campaign to foster social and environmental awareness as part of its Smile Earth! activities. In fiscal 2013, the campaign focused on reducing food loss, and about 6,800 people from around the world took part.



Fiscal 2013 Smile Earth! activities



Reference See "2. Mottainai & eco: Reduction of food loss" on p. 134.

## Specialized education and training

Environmentally responsible businesses activities require employees to improve their expertise and skills. The Ajinomoto Group provides ongoing education to environmental managers in each organization, as well as environmental assessment training for members of each division and research department developing new businesses and products. The Group has held over 100 training lectures on the role of an internal environmental auditor, attended by a total of more than 2,500 people.

With environmental concern evolving from a focus on pollution control to broader protection of the global environment, the frequency of legislation and revision of environmental

regulations is on the increase. The Ajinomoto Group stays up-to-date with these changes and takes the steps needed to stay compliant. To aid this effort, the Group started environmental law seminars for EMS staff in Japan in fiscal 2011, providing practical knowledge of laws particularly relevant to the Group's business. In fiscal 2013, the seminar delivered information on amendments to Japan's Environmental Law and their practical application. The Group is also enhancing its practical education on compliance on chemical substance management by offering regular seminars to the employees concerned.

## Structure and programs of environmental education

| Ajinomoto Group  |  |   |
|--|--|---|
| Group-wide general education   |  |   |
| • Environmental education video • Smile Earth! activities  |  |   |
| General education (Ajinomoto Co., Inc.)  | Specialized education and training   |   |
| Grade-specific programs  | Group-wide in Japan  | Worksites   |
| <ul style="list-style-type: none"> <li>▶ Training for top management</li> <li>▶ Training for newly appointed managers</li> <li>▶ Mid-career hires training</li> <li>▶ Training for new recruits</li> <li>▶ Training for Japanese staff to be posted outside Japan</li> </ul> | <ul style="list-style-type: none"> <li>▶ Training for new environmental managers and staff</li> <li>▶ Internal environmental auditor lecture</li> <li>▶ Environmental law training</li> <li>▶ Training on proper waste management</li> </ul> | <ul style="list-style-type: none"> <li>▶ Environmental assessment training</li> <li>▶ Seminar and qualification training for environmental conservation</li> <li>▶ Skills improvement training</li> </ul> |



Group work at an internal environmental auditor lecture



Texts for the seminar on amendments to the Environmental Law



## Consumer Issues

# Taking a Consumer-Driven Approach to a More Sustainable World

The aim of the Ajinomoto Group is to contribute to a better life for all throughout the world by providing safe and high-quality products and services. In order to achieve this, the Group operates strict quality assurance systems, obtains third-party certifications, and conducts supplier audits. It has also established the Project for Structural Enhancement to Guarantee Food Safety.

The Ajinomoto Group also positions sharing information and good communication with customers as important activities. It uses customer feedback to improve products, services, and business activities, constantly making effort to further raise customer satisfaction.

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### P105 Delivering Reliable Quality

- Quality assurance system of the Ajinomoto Group
- Initiatives in fiscal 2013 and beyond
- Sharing information related to quality

### P111 Communicating with Customers

- Listening to and learning from customers
- Rigorous management of personal information

### P114 Proposing Sustainable Lifestyles, Starting with the Dinner Table

- Using products, recipes and advertising to promote green living, starting with the dinner table
- Ajinomoto "Shoku-Eco KIDS" Prize awarded to tomorrow's leaders
- Promoting environmental food lifestyles at home
- Communicating with consumers at the Eco-Products 2013 exhibition
- Dialogue for a sustainable future
- Forums to discuss an ideal future



# Delivering Reliable Quality

It is only natural that food product companies are held responsible for the safety and quality of their products. The Ajinomoto Group applies its own quality assurance system, the Ajinomoto System of Quality Assurance (ASQUA), to all of its products and services. This ensures strict quality assurance from raw material procurement to product sales.

The 2014–2016 Ajinomoto Group Medium-Term Plan for Quality Assurance sets out three guidelines: “Keep faith with customers,” “Fulfill customers’ expectations,” and “Aim for adequate and secured management.” Based on these, the plan also has following objectives: “Offer reliable products and services to our customers,” and “Utilize the voice of the customer to offer products with new value and appeal.”

## Ajinomoto Group Quality Policies

### Philosophy

We contribute to a better life for all throughout the world by providing safe and high-quality products and services.

### Policies

1. We pay full attention to the request of our customers, and provide products and services meeting with their satisfaction.
2. We actively provide appropriate information to our customers and continue to improve our trustworthiness.
3. We make no compromises with regard to safety, conducting surveys and research as thoroughly as possible, faithfully complying with applicable laws and regulations, and always delivering products and services of uniform quality.
4. We assure quality through the Ajinomoto System of Quality Assurance (ASQUA), based on the concepts outlined in the international ISO standard.
5. Under the leadership of our management, each one of our company’s employees makes the greatest effort to provide safe and high-quality products and services through work at all levels, from research and development to production, distribution, sales and services.

## Quality assurance system of the Ajinomoto Group

### Ajinomoto System of Quality Assurance (ASQUA)

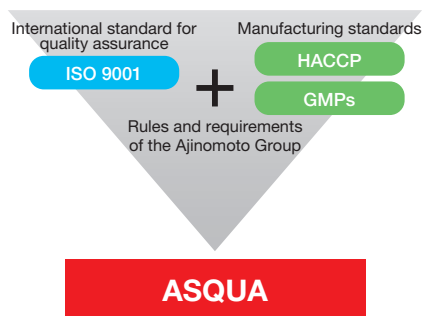
Established in 1997, ASQUA is the Ajinomoto Group’s own quality assurance system. It is based on ISO 9001, the international quality management system standard, as well as manufacturing management standards like Hazard Analysis and Critical Control Points (HACCP), a food hygiene management standard, and good manufacturing practices (GMPs).<sup>1</sup>

The system also incorporates the Ajinomoto Group’s Quality Policies, Ajinomoto Quality Assurance Regulations, Regulation for Quality Assurance, Quality Standards, and other rules and

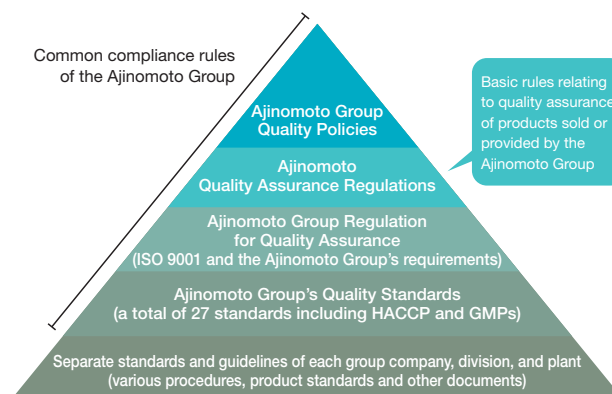
requirements established by the Group or each internal organization. With ASQUA, the Group carries out painstaking quality assurance activities worldwide, from the procurement of raw materials to the sale of products, always pursuing even higher quality manufacturing. Customer requests and expectations are also promptly utilized to improve products, services and business operations.

<sup>1</sup> Standards relating to manufacturing management, which have been adopted for products sold by the Ajinomoto Group.

### ASQUA framework



### ASQUA components



## Ajinomoto Group's Quality Standards

The Ajinomoto Group's Quality Standards are designed to ensure that products meet the level of quality expected of the Ajinomoto Group's brand. The Group has also set 27 strict standards covering a wide range of areas including training, labeling, packaging, and traceability and so on.

### Ajinomoto Group's Quality Standards (examples from among the 27 standards)

|   |   |   |
|---|---|---|
| Standard for Quality Assessment                 | Standard for Safety and Sanitation of Food Packaging Materials      | Standard for Determination of Responding to Quality Emergencies             |
| Standard for Educational Training on Quality    | Standard for Food GMP   | Standard for Food Defense <sup>4</sup>                                      |
| Standard for Halal <sup>2</sup> Control         | GMP Standard for Pharmaceutical Drug Products                       | Standard for Traceability   |
| Standard for Kosher <sup>3</sup> Control        | Standard for HACCP  | Standard for Handling of "Voice of Customer" (established April 2014)       |
| Standard for Product Labeling                   | Standard for Quality Control of Subcontracted and Procured Products | Standards for Effective Use of "Voice of Customer" (established April 2014) |
| Standard for Quality Control of Raw Ingredients | Standard for Responding to Complaints                               |   |

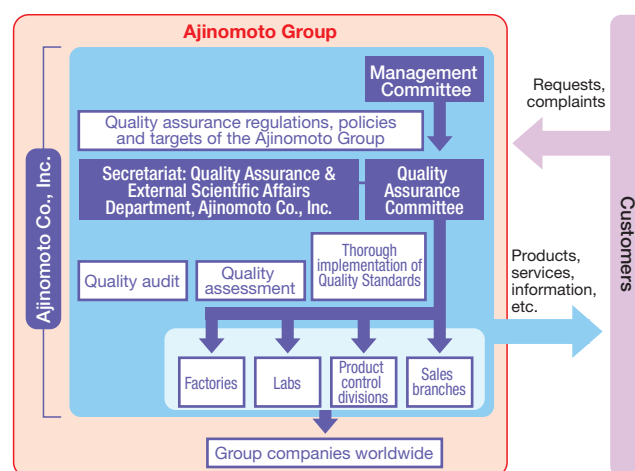
- 2 Foods permissible to eat under Islamic dietary restrictions.  
 3 Foods permissible to eat under Jewish dietary restrictions.  
 4 Measures to prevent the intentional introduction of foreign matter into food products. The Group carries out monitoring at every stage from raw material procurement to product sales, in order to prevent anyone from adding poisons or other substances to food products.

## Organizational framework for ASQUA implementation

Comprised of members of senior management and reporting to the Management Committee, the Quality Assurance Committee is the highest body for quality assurance in the Ajinomoto Group. Considering customer feedback, it drafts basic policies and plans relating to the Group's quality assurance, and after approval by the Management Committee, promotes their implementation at group companies worldwide. Every six months, the Quality Assurance Committee reviews the status of policy and plans implementation throughout the Group.

This framework ensures that everyone—from top management to frontline employees working in production and sales—maintains a strong awareness of product quality and a total commitment to providing safe products that are worthy of consumer trust.

## ASQUA implementation system



## Initiatives in fiscal 2013 and beyond

### Obtaining third-party certification

The Ajinomoto Group is working to obtain third-party certifications in ISO 9001. In fiscal 2013, all certified group companies and sites of the Ajinomoto Group maintained their ISO 9001 certifications. The Group also obtained Food Safety System Certification (FSSC) 22000<sup>5</sup> for some manufacturing sites of the Tokai Plant, Kyushu Plant, and Kawasaki Administration &

Coordination Office of Ajinomoto Co., Inc., and S.A. Ajinomoto OmniChem N.V. The Group will obtain certification from the Global Food Safety Initiative (GFSI) in accordance with customers' requests.

<sup>5</sup> A standard enacted by the GFSI created by merging the ISO 22000, the international standard for food safety management systems, and PAS 220, a certification program of food safety for food manufacturers.

### Rigorous supplier audits and quality control

The Ajinomoto Group conducts a wide range of transactions with suppliers in and outside of Japan, including the outsourcing of production, purchase of goods, and the purchase of raw materials. The Group manages its suppliers based on the ASQUA standards, just like its own manufacturing sites.

The Group requires all suppliers to establish quality control standards and quality requirements in accordance with ASQUA, and performs regular evaluations and quality audits of these suppliers.

The Ajinomoto Group has established a worldwide system called Global Supplier Management (GSM) for carrying out joint quality audits at suppliers overseas, and it implemented five GSM audits in fiscal 2013. The Group regularly holds GSM Auditor Meetings and has strengthened quality management by training over 60 GSM auditors.

### Quality audits of raw material suppliers in fiscal 2013

| Department conducting the audit               | Audited items                           | Number of audits | Notes   |
|---|---|------------------|---|
| Group Procurement Center, Ajinomoto Co., Inc. | Raw material related items              | 84               | 42 audits of food items and 42 audits of bioscience products and fine chemicals |
|   | Packaging materials                     | 30               |   |
|   | GSM <sup>6</sup>                        | 5                |   |
| Ajinomoto Frozen Foods Co., Ltd.              | Raw material related items              | 195              |   |
| AJINOMOTO PHARMACEUTICALS CO., LTD.           | Raw material related items              | 10               |   |
|   | Packaging materials                     | 9                |   |
|   | Products manufactured by subcontractors | 5                |   |

Reference See "Pursuing CSR Procurement" on p. 47.

<sup>6</sup> The Ajinomoto Group's unique system of joint quality audits at its group companies outside Japan for strengthening quality management at raw material suppliers.

### Striving to reduce complaints and quality problems

The supply of safe products to customers is the most vital mission for the Ajinomoto Group. The Group carries out measures designed to reduce quality-related problems in every operational process, from product design and material procurement through production and sales.

In recent years, as quality problems involving contamination due to raw materials or production facilities have increased at other companies, the Ajinomoto Group has been working to strengthen its management of raw material suppliers and production facilities. The Group thoroughly finds out the cause of each quality complaint, prevents reoccurrence, and improves its products. Meanwhile, the Group has been strengthening the quality assurance systems and quality assessments in product design and development in new business areas.

In July 2013, a cosmetics manufacturer in Japan was responsible for a health hazard caused by a skin brightening product.

To prevent any similar incidents, the Ajinomoto Group strengthened its system for ensuring that the voice of the customer is never overlooked, as this can lead to serious quality problems such as actual or potential health hazards. Each group company regularly investigates all voice of the customer contacts it receives. Now, in addition to the above measures, the Quality Assurance & External Scientific Affairs Dept. of Ajinomoto Co., Inc. also rapidly confirms and analyzes any voice of the customer contact received dealing with an actual or potential health hazard in a cross-organizational manner. If an incident is deemed to be urgent, the company has established a means for rapidly sharing customer feedback with the relevant departments. The company has also applied this approach to its emergency response system in order to strengthen the Group's food safety system, an initiative described in the following Highlight section.

#### Highlight

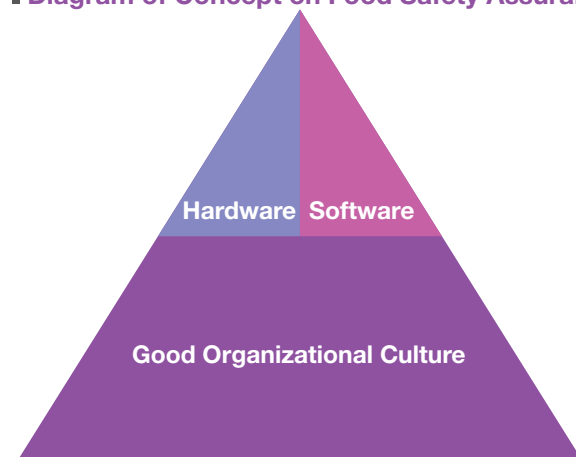
#### Establishment of Project for Structural Enhancement to Guarantee Food Safety

In December 2013, there was a pesticide contamination incident in a frozen food product produced by another company in Japan. Following this incident, the Ajinomoto Group established the Project for Structural Enhancement to Guarantee Food Safety in March 2014, aiming to deliver even more reliable products to customers. The project is made up of one subcommittee which investigates the organizational culture and another which investigates raw material procurement, production, storage, and transport. The project is working to minimize risk across the Group's worldwide supply chain by fostering a good organizational culture, based on trusting relationships with employees, as shown in the diagram on the right, by revising and strengthening both hardware elements such as manufacturing equipment and software elements such as quality standards and guidelines.

In preparation for an emergency such as a product recall, procedures and roles for each internal department have been established in provisions such as the Standard for Determination of Responses to Quality Emergencies. Training on traceability and product recalls are periodically performed to ensure effectiveness. In order to continue delivering reliable

products to customers, the Ajinomoto Group will maintain efforts to further strengthen its food safety assurance systems.

#### Diagram of Concept on Food Safety Assurance



#### Product recalls

In fiscal 2013, the Ajinomoto Group carried out two voluntary product recalls.<sup>1</sup> Due to foreign matter contamination of diced tomatoes used for *Pasta Do*<sup>®</sup> *Arrabbiata* sauce and the risk it posed of product contamination, about 13,000 packages were recalled in April 2013. Also, with the discovery of mold in *GABAN*<sup>®</sup> oyster sauce for business use, about 14,000 bottles

were recalled. In addition to investigating the causes of these two incidents and strengthening management to prevent reoccurrence, prevention measures were implemented.

<sup>1</sup> Product recall was publicized using company announcements and press releases.



## Human resources development to raise quality assurance levels

The Ajinomoto Group leverages its human resources development programs to further improve quality. Each year, the Group reviews its quality training, and creates programs that meet the needs of each organization and company. The programs are then implemented according to a plan.

In fiscal 2013, the Group held educational training on quality for new hires, advanced educational training on quality for employees involved with quality assurance, and held ISO 9001 internal auditor training, food product labeling and law-related seminars in Japan. The Group strives to make these programs readily available to employees by offering training on certain subjects via e-learning. Furthermore, a top management study session on quality was attended by 27 top executives (including newly appointed executive directors) of group companies in Japan. In addition, 477 employees from group companies around the world, the largest number to date, participated in the 34th Ajinomoto Management and Technical Conference on Quality. The participants shared information about their quality assurance initiatives. Ajinomoto Frozen Foods Co., Inc. carried out the

quality training “School Q” and “Agri School” training for managers of its corporate and designated farms. The company also held a briefing on the quality training results.

The Ajinomoto Group held the 13th Quality Management System (QMS) training course for seven international employees from Brazil, Malaysia, Thailand, the United States, and Vietnam. They spent two weeks studying a wide range of topics related to quality assurance and exchanging opinions on future initiatives for quality assurance. Striving to improve its quality assurance system, the Group also carried out local training programs on quality assurance in the ASEAN region, South America, China and Africa. As part of this initiative, ASQUA School<sup>2</sup> sessions were held in South America for 80 employees, in China for 23 employees, and in the Philippines for 27 employees.

In fiscal 2014, the Group will continue to carry out quality training programs and will also focus on developing human resource for quality assurance who can play an active role on the global stage.

2 Training for the purpose of improving knowledge and sharing expertise relating to quality assurance, with a focus on the Ajinomoto System of Quality Assurance (ASQUA).

## Quality assurance education system and program examples

| General training  | Specialized education   |  |  |
|---|---|--|--|
| <p><b>Group-wide</b></p> <ul style="list-style-type: none"> <li>Ajinomoto Management and Technical Conference on Quality</li> </ul> <p><b>Ajinomoto Co., Inc.</b></p> <ul style="list-style-type: none"> <li>Training for Japanese staff posted overseas (ASQUA standards)</li> <li>Training for new hires (customer satisfaction education)</li> <li>Compliance training (quality assurance activities)</li> </ul> | <p><b>Group-wide worldwide</b></p> <ul style="list-style-type: none"> <li>QMS Training Course</li> <li>ASQUA School</li> </ul> <p><b>Ajinomoto Co., Inc.</b></p> <ul style="list-style-type: none"> <li>Quality assessment study session</li> <li>Basic course for understanding ASQUA, etc.</li> </ul> | <p><b>Group-wide in Japan</b></p> <ul style="list-style-type: none"> <li>Top management study session on quality</li> <li>Customer satisfaction training program</li> <li>ISO 9001 internal auditor education (acquisition of new qualifications)</li> <li>Quality audit seminar</li> <li>Study session on food product labeling</li> <li>Briefing on trends in government initiatives on food product labeling, etc.</li> </ul> | <p><b>Individual sites</b></p> <p>Implementing a variety of education programs relating to quality in areas including ISO 9001 standards, and various types of GMP</p> |

## Sharing information related to quality

The Ajinomoto Group has been increasing its emphasis on public relations concerning matters of quality assurance since fiscal 2008 to ensure that consumers can use its products with a sense of security.

The Group has established an original guideline on offering quality information and provides information customers need to make purchase decisions on packages and websites. The Group's websites present its policies and approaches to quality assurance and report on its activities, as part of the Group's effort to provide as much information as possible to meet customers' needs.

### Providing information on websites

The Ajinomoto Group, on its product information, product Q&A and other webpages, provides information on raw materials, countries of origin for key raw materials, nutrition, manufacturing plants, allergens, and other topics that tend to prompt the most customer inquiries.

The Group, on its "Delivering Reliable Quality" website, provides information on raw material management, product

### Sharing quality information on product packages

The packages of retail products marketed by Ajinomoto Co., Inc. and Ajinomoto Frozen Foods Co., Inc. indicate not only all legally required information but also the following kinds of additional information (except when space is limited, etc.).

- Nutrition
- Production facility
- 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)
- Packaging materials
- Customer service contact

development, manufacturing and other processes designed to assure the quality and safety of products, supplementing the quality information it provides on product packages. Additional content is now being added to the website, including commentary by experts on food safety topics of public concern such as allergens and additives.



Product information website (Japanese only)



"Delivering Reliable Quality" website (Japanese only)



Customer Service Center website (Japanese only)

## Highlight

### The policies and initiatives of the Ajinomoto Group available online

#### Use of food additives

Food additives not only enhance dietary lifestyles by improving the taste, aroma, nutritional content, and storage stability of food; they also play an important role in the distribution and effective utilization of food resources. They are subject to stringent testing under the supervision of governments to confirm their safety. The Ajinomoto Group selects appropriate food additives for use in product development and production based on the latest research findings on safety and other relevant issues. The Group is also committed to clear and accurate labeling of food

additives on its product packaging, in accordance with standards stipulated in relevant laws.

In recent years, the number of processed foods companies label as "Additive XX-free" or "No XX" on the market has increased. As a manufacturer of food products, the Ajinomoto Group strives to avoid labeling methods that may give consumers doubts about food additives recognized as safe based on government standards and scientific research.

### Use of GMOs

Genetically modified organism (GMO) technology is expected to play an important role in the alleviation of environmental problems and food shortages. For instance, crops genetically modified for insect resistance may not need as much pesticide. At this time, it is also important to thoroughly confirm the safety of GMO foods. In Japan, stringent safety assessment of GMOs is conducted by the Food Safety

Commission of the Cabinet Office and the Ministry of Health, Labour, and Welfare. Labeling standards have been established in order to provide necessary information to consumers, and Ajinomoto Co., Inc. faithfully complies with them. The Ajinomoto Group also uses its own detection technology to prevent inadvertent contamination with unapproved GMOs.

### Radioactive contamination

The Ajinomoto Group works to ensure strict quality assurance from raw material procurement through product sales, based on its Quality Policies. In Japan today, the safety of manufactured foods is being confirmed through continuous monitoring for radiation by government agencies, as well as

an initiative to prevent distribution of food products that exceed regulation values. Going one step further, the Group uses measurement equipment and reputable analytical techniques to check, if necessary, for radioactive materials, especially in raw materials.

### Traceability

The Ajinomoto Group has created a traceability system for the history of raw materials and products. In each stage of production, processing, and distribution, information is recorded and stored concerning raw material and/or product suppliers, delivery destination, and product manufacturing so that the movement of all raw materials and products can be traced. The Group also carries out proper supplier

management, which is essential for obtaining accurate raw material information.

This dependable traceability system facilitates the rapid handling of customer inquiries and any incidents that may arise, allowing consumers to purchase products with confidence.

### Allergens

In order to protect people with certain allergies, Japan's Consumer Affairs Agency requires food products in Japan to display information on whether they contain seven common allergens: wheat, milk, peanuts, eggs, buckwheat, shrimp and crab. It also recommends disclosure of 20 other allergens. The Ajinomoto Group in Japan not only labels the seven allergens required by law, but also lists 20 other allergens

when contained in any of its retail products for general consumers. The Ajinomoto Group is also focused on strengthening its allergen control system by incorporating official analytical methods and contamination<sup>1</sup> controls.

<sup>1</sup> Microbial amounts of allergen substances mixing with food products during the manufacturing process despite the fact that these substances are not used as ingredients in the product.

### Pesticide residue

Pesticides play a vital role in the cultivation of healthy vegetables by preventing pests and diseases and by controlling growth of plants. Pesticide usage standards define the quantity, timing, method, and maximum number of applications. When these usage standards are followed, crops will not contain pesticides exceeding the maximum residue level. Still, depending on the usage method, in rare cases some pesticide may remain on harvested crops.

In order to ensure the safety of the vegetables it uses as raw materials, the Ajinomoto Group implements careful

management of cultivated fields, including pesticide management. The Group also strives to use raw materials from Group-managed farms<sup>2</sup> and designated farms<sup>3</sup> as primary raw materials for certain products.

<sup>2</sup> Under the supervision of employees from the Ajinomoto Group, farms operated according to uniform standards for every process from crop cultivation through pesticide management.

<sup>3</sup> Farms that meet the Ajinomoto Group's rigorous standards on pesticide management systems and are subject to regular Group inspections.



# Communicating with Customers

The Ajinomoto Group strives to put the customer first by offering excellent service and providing innovative, high-quality products that are always safe. With the Ajinomoto System of Quality Assurance (ASQUA), channels for communicating with customers are clearly defined, and each group company has established customer service teams which listen directly to customer opinions and requests. Customer feedback is shared across company departments, and employees focus on incorporating this feedback into business activities, products and services.

As part of product quality management and customer satisfaction efforts, Ajinomoto Co., Inc. and Ajinomoto Frozen Foods Co., Inc. also developed the Customer Satisfaction Promotion Policy and Customer Satisfaction Code of Conduct based on the ISO 10002<sup>1</sup> standard for handling complaints. The Ajinomoto Group is committed to delivering products and services that more than satisfy all of its customers.

1 International guidelines for a complaint management system which set requirements for an organization to meet in responding appropriately and promptly to customer complaints in order to improve customer satisfaction.

## Customer Satisfaction Promotion Policy

To ensure that we continue to provide products and services that satisfy our customers, we will listen to customers, see problems from their point of view, and focus all of our resources on creating the solutions customers need. Above all, our aim is to be an honest company that customers can trust.

## Customer Satisfaction Code of Conduct

1. We provide safe and reliable products and services to our customers.
2. We respond to complaints, requests and inquiries from our customers precisely, promptly and politely.
3. We respect the voice of the customer, and strive to use all input to add value to our products and services.
4. We actively disclose appropriate information to our customers.
5. We comply with regulations and voluntary in-house standards related to protecting the rights of our customers.

## Listening to and learning from customers

The Ajinomoto Group constantly seeks to improve customer satisfaction and has dedicated customer service teams at six food product companies in Japan.<sup>2</sup> The Group is now expanding this scheme to group companies outside of Japan, tailoring it to their product lines and local needs.

The Customer Service Center of Ajinomoto Co., Inc. strives to respond precisely, promptly and politely to inquiries and to provide information, in cooperation with related departments, to deliver superior customer satisfaction and to ensure consumers can use products with peace of mind. The center also records and analyzes the “voice of the customer” (VOC) daily. Customer opinions are shared with business divisions and product development departments to spur the development of better products and services. Ajinomoto Co., Inc. understands how important every communication opportunity is. The company works constantly to improve customer relations and raise satisfaction, not only when providing products and services, but across all of its other business activities.

In April 2014, ASQUA, the Ajinomoto Group’s own quality assurance system, was updated with the Standard for Handling of “Voice of Customer” and Standard for Effective Use of “Voice of Customer.” Based on these, the Ajinomoto Group will further enhance the quality of response to VOC worldwide and also seek to make even better use of customer input to improve its products and services. The customer service teams at the six food product companies in Japan all meet every three months to study common topics for improving the quality of customer response and to share examples of improvements made based on VOC.

2 Ajinomoto Co., Inc.; Ajinomoto Frozen Foods Co., Inc.; Ajinomoto General Foods, Inc.; J-OIL MILLS, INC.; YAMAKI Co., Ltd.; and Kellogg Company.

### Major group companies outside of Japan with customer call centers

- Ajinomoto Co., (Thailand) Ltd.
- Ajinomoto do Brasil Indústria e Comércio de Alimentos Ltda.
- PT Ajinomoto Indonesia
- Ajinomoto Vietnam Co., Ltd., etc.

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

## Main fiscal 2013 initiatives of the Customer Service Center of Ajinomoto Co., Inc.

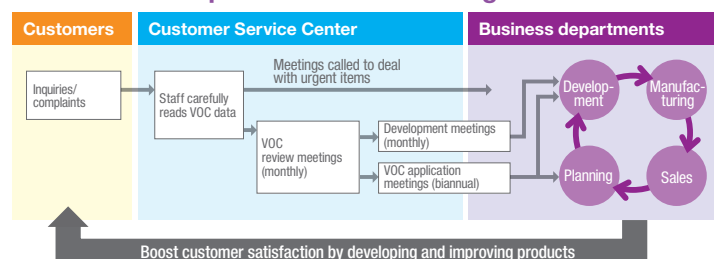
| Main initiative  | Details   |
|--|---|
| Employee education program for improved customer service quality | Provided ongoing education to enhance communication skills, as well as other training programs  |
| Improvements for sharing the voice of the customer (VOC)         | <ul style="list-style-type: none"> <li>• Promptly shared VOC internally to improve products and services</li> <li>• Disclosed product improvements on the website</li> <li>• Conducted product evaluations from the customer perspective in assessment meetings at the product development stage</li> </ul> |
| Improving responses to customer feedback                         | Promoted improvement of responses to customer feedback across the company   |
| In-house training on customer satisfaction                       | (1) Lectures on customer perception<br>(3) Workshops on use of the VOC portal<br>(2) Workshops on VOC analysis<br>(4) Sales department customer service training, etc.<br>(295 employees participated in 19 training sessions)  |

## Listening to customers to identify issues and discover improvements

The Ajinomoto Group shares the “voice of the customer” (VOC) internally in a timely manner and uses VOC to improve its products and services.

Ajinomoto Co., Inc. values customer comments and enters them into a database on the day they are received. Problems deemed urgent are reported immediately to the relevant departments, which investigate the causes and take measures to prevent reoccurrence. What was done is also reported back to customers. Entries are posted the following day on the internal VOC portal to share the information. The portal was improved in fiscal 2013 to make it easier for each department to see issues relating to its own products.

## Framework for incorporating the voice of the customer into product manufacturing



Based on suggestions by families with members who prefer different types of mayonnaise, stickers were placed on containers of Pure Select® Mayonnaise and Pure Select® Benibana Mayonnaise, so the two types could be more easily differentiated when removed from their product bags.



### Highlight

#### Creating better products by listening to customers

##### Improvement to YumYum Cup TemTem instant noodles in a cup

Wan Thai Foods Industry Co., Ltd. makes YumYum instant noodles packaged in bags. However, shortly after the recent launch of a cup-type instant noodle product, YumYum Cup TemTem, customers complained that the lid was hard to open.

Responding to the complaints, the company's marketing, R&D, purchasing, and production departments all got together to look into possible improvements. They agreed to adopt a new material for the lid and adjust the production conditions, which made the package easier to open without any compromise to product quality. The company also added clearer photos on the package to show how to prepare the noodles, making it easier than ever for customers to enjoy tasty, freshly made YumYum Cup TemTem.



## Increasing customer satisfaction by responding earnestly to complaints

At Ajinomoto Co., Inc., each customer complaint about a product is investigated at the plant where it was manufactured to identify the underlying cause, and the findings are reported to the customer who contacted the company. Seeking to improve these reports to customers, since 2008 the company has been following up to assess their satisfaction with the investigation. In fiscal 2013, the company continued to conduct listening skills training to help employees to understand the conditions and context in which the customer discovered the problem and to convey sympathy for the customer's concern. Rules regarding the detailed recording of customers' doubts and concerns were also tightened.

The scope of manufacturing plant investigations was expanded beyond the underlying cause of the complaint, to verify customer doubts and concerns, as well, and to incorporate them into findings. Steps were also taken to explain scientific



Follow-up questionnaire

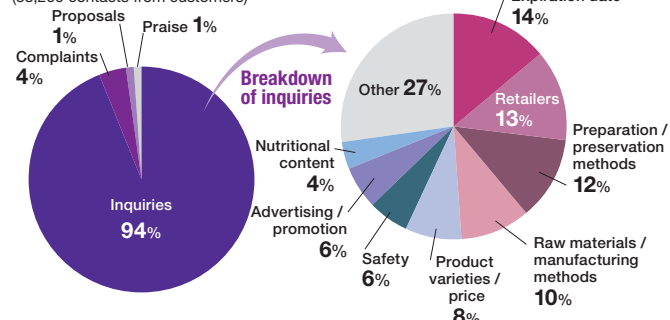
terminology and illustrate with photographs and graphs in an effort to help customers more easily understand the results.

Thanks to these efforts, more than 90% of customers who received a follow-up contact in fiscal 2013 indicated that they would continue to purchase products manufactured by Ajinomoto Co., Inc.

## VOC breakdown in fiscal 2013

VOC contacts received by Ajinomoto Co., Inc.: 38,200 (99% of the total in fiscal 2012)  
VOC contacts received by six of the Ajinomoto Group's food product companies in Japan: 82,000 (96% of the total in fiscal 2012)

### Breakdown of VOC contacts received by Ajinomoto Co., Inc.



## Universal design initiatives

Universal design is extremely important to the Ajinomoto Group. Its principles are critical to the pursuit of safe and reliable products, as well as to the Group's mission of enriching the food lifestyles of its customers. Every group company applies universal design to create product packaging that is easy for anyone to use.

Ajinomoto Co., Inc. has established universal design guidelines that cover topics including use of color to distinguish product varieties and ways to improve readability of print. In recent years, the company has been focusing on creating designs that make information as easy to understand as possible.

The company identifies the information of particular interest to the people who use each product and then carefully creates package design elements addressing the purchase, usage, and disposal phases. The resulting packaging is attractive and accessible for an even wider range of people, helping to boost customer satisfaction. Applying this approach not only to consumer food products but also increasingly to medical and nursing care food products, the company will continue its universal design research, aiming to enhance basic package function as well as environmental and economic performance.

### Highlight

#### Universal design examples

##### Package for MEDIF® PUSH CARE®



## Rigorous management of personal information

In order to securely manage personal information including customer data, the Ajinomoto Group clearly defines rules and procedures and ensures that relevant personnel follow them, as part of organizational business management.

As part of its Information Management Regulations, Ajinomoto Co., Inc. has established Personal Information Management Guidelines, which clearly describe specific rules and procedures for securely handling personal information. These guidelines are based on the ISO 27001 standard for information security management systems.

The information handling rules are covered in grade- and job-specific security training, such as programs for new hires, managers, and sales personnel. When operations are outsourced, the contractor's business and system conditions are assessed to ensure the same high level of information security is maintained. To increase security, personal information is centrally managed in a company-wide personal information management database. In August 2013, a comprehensive inspection of its personal information database was performed.

Reference See "Thorough information security" on p. 45.



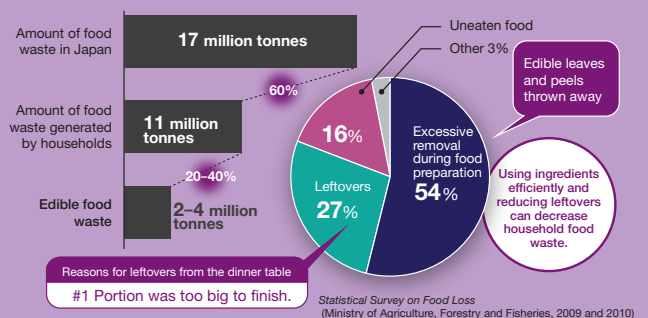
# Proposing Sustainable Lifestyles, Starting with the Dinner Table

As a food manufacturer, the Ajinomoto Group not only has the responsibility to deliver delicious and healthy foods; it also has the opportunity to help people embrace more eco-friendly lifestyles. Truly good nutrition is wholesome not only for families, but also for the earth. The Ajinomoto Group aspires to nothing less and has made this a central pursuit. The Group will continue to develop eco-friendly products and propose recipes and tips to encourage environmentally responsible living—starting right at the family dinner table.

## Data

### Food losses in Japan

Japan generates about 17 million tonnes of food waste each year. Food waste from households accounts for 11 million tonnes. Of this, 2 to 4 million tonnes are said to be edible—leftovers, edible parts of ingredients excessively removed during preparation and cooking, food simply thrown away. To minimize these food losses in households, it is important to help individuals respect the value of food and enjoy meals enough to finish them.



## Using products, recipes and advertising to promote green living, starting with the dinner table

### “Aji-na Eco” mark products

Product packages are thrown away by consumers after purchase, and the Ajinomoto Group is taking steps to make this packaging more environmentally friendly. In order to encourage consumers to select eco-friendly products whenever possible, the Group introduced its unique “Aji-na Eco” mark in autumn 2010 to help consumers instantly recognize these green products.



Reference See “Promoting ‘Aji-na Eco’ mark products with environmental packaging” on p. 95.

### “Eco-Uma Recipe” tips

Everyday cooking is actually a chance to start eco-living at home, today. This is why Ajinomoto Co., Inc. has launched activities to spread environmentally friendly, delicious and smart “Eco-Uma” ideas and recipes for everyday cooking.

<sup>1</sup> The Japanese terms for “Aji-na Eco” mark, “Eco-Uma” and “Eco-Uma Recipe” are registered trademarks of Ajinomoto Co., Inc.



“Eco-Uma Recipe” Hints



Link Environmental action from the dinner table > “Eco-Uma Recipe” <http://www.ajinomoto.com/jp/activity/environment/eco/ecouma/> (Japanese only)



### On the website

In addition to environmental recipes, the “Eco-Uma Recipe” website features expertise and ideas from professional cooks, recipes submitted by the general public, and environmentally friendly food-related activities conducted by children.



### Newspaper ads and booklets

Marking World Environment Day, Ajinomoto Co., Inc. conducted an “Eco-Uma Recipe” campaign on June 5, 2013, running ads with recipes in 40 local newspapers across Japan. The ads were also featured on the company’s website and in a booklet distributed at events. They included advice from food producers and experts in the form of “Eco-Uma” ideas and recipes for making delicious dishes which use local seasonal ingredients and also minimize leftovers and waste.



### Helpful advertising

The Ajinomoto Group’s helpful advertising offers tips on green living that starts with the dinner table. Starting in July 2014, the Group also began offering some of this useful information in video form online, pursuing even more impactful communication.



“Is your eco-bag just an ego bag?” Encouraging readers to go beyond the eco-bag and practice truly sustainable food purchasing



“EDO Period, ECO ideas” Sharing green ideas from the food culture of Japan’s pre-modern Edo period (video clips also available)

## Ajinomoto “Shoku-Eco KIDS” Prize awarded to tomorrow’s leaders

Since 2010, Ajinomoto Co., Inc. has awarded the Ajinomoto “Shoku-Eco KIDS” Prize to youngsters whose entry in the “Green Lane” environmental diary contest<sup>1</sup> features fun, outstanding environmental activities relating to food.

In the fourth contest, held in fiscal 2013, the prize was awarded to ten youngsters for their environmental activities. Ajinomoto Co., Inc. will continue to support the contest as a way to encourage children, the leaders of tomorrow, to practice environmentally friendly food lifestyles at home.

<sup>1</sup> 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.



The awards ceremony held in December 2013

### Highlight

#### Fiscal 2013 Ajinomoto “Shoku-Eco KIDS” Prize winners

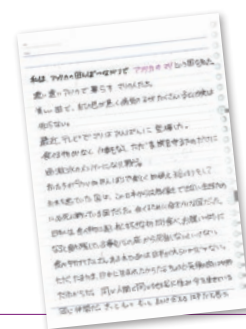
##### Shoku-Eco master prize: Mao Kamimae

Mao began learning to cook in her mom’s kitchen when she was just five years old. After visiting the Ajinomoto Group’s booth at the Eco-Products exhibition in 2012, she started to improve her unique skills in environmentally friendly cooking, learning to minimize food waste while preparing delicious dishes using fresh seasonal ingredients.



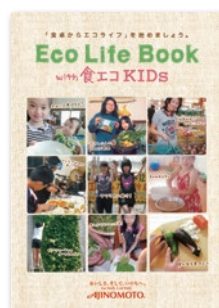
##### Shoku-Eco global activity prize: Sayana Nakahama

Sayana participated in a local project organized by a volunteer group, in which she helped with growing and sending rice to people in Africa who are suffering from hunger. Sayana learned that Mali is a country where many people struggle to get enough food, and this led her to reflect on how a lot of food is sometimes wasted in daily life in Japan. As a result, she decided to take part in Shoku-Eco activities and adopt an environmentally friendly food lifestyle at home.



## Promoting environmental food lifestyles at home

In fiscal 2013, Ajinomoto Co., Inc. began to visit elementary schools in Japan to provide environmental classes. After a hands-on lesson about *dashi* broth using *HON-DASHI* as a teaching aid, the students were introduced to the company’s environmental initiatives. These include an ecological survey on skipjack, the fish used to make *HON-DASHI*, and the company’s efficient manufacturing techniques for using the fish without waste. Using a specially prepared textbook, *ECO Life Book with Shoku-Eco KIDS*, the students enjoyed learning how to try environmentally friendly food lifestyles at home.



ECO Life Book with Shoku-Eco KIDS





## Communicating with consumers at the Eco-Products 2013 exhibition

The Eco-Products exhibition is the largest environmental expo in Japan. In 2013, the exhibition was held at Tokyo Big Sight December 12–14, attracting more than 180,000 visitors over three days.

Four companies of the Ajinomoto Group set up a joint booth introducing the Group's eco-products. The booth also promoted ideas for creating an eco-friendly lifestyle that begins at the dinner table, holding tasting events on the booth's stage. This was a valuable opportunity for employees to talk directly with exhibition visitors and hear a wide spectrum of consumer opinion.



Some 100 group employees helped with the exhibition booth.

Exhibit presents ideas for green living.

## Dialogue for a sustainable future

The Society for Sustainable Food & Life Styles (SSFLS) was founded by Ajinomoto Co., Inc., Kao Corporation, and E-Square Inc., a CSR and environmental consulting firm. It is committed to providing information and opportunities to help consumers shift to more sustainable lifestyles.

At a forum held at Eco-Products 2012 drawing about 550 participants, the SSFLS found that many hoped to learn more about environmental companies and products, share useful knowledge on ecological lifestyles, and learn about the latest trends in green living. Following up, in fiscal 2013 the SSFLS held three events (see photos) for discussing eco-lifestyles with consumers, including tours of manufacturing and research facilities where cutting-edge green products are made.

Participants offered feedback such as, "I gained a better understanding of corporate environmental activities by visiting the manufacturing frontlines," "It was nice to get ideas for my own green lifestyle," and "By imagining a rewarding lifestyle, green activities become more fun."

First event

Learning about eco-friendly products and manufacturing  
Kawasaki Plant, Ajinomoto Co., Inc.



Participants living in the Kanto region gathered for the event on September 6, 2013.



Wastewater treatment demonstration



Group discussion on green living

Second event

Sharing tips for green living  
Eco-Lab Museum,  
Wakayama Plant, Kao Corporation



Participants living in the Kinki region gathered for the event on October 30, 2013.

Learning environmental ways to wash dishes

Third event

Studying the latest trends in green living  
Hideki Ishida Lab, Tohoku University's  
Graduate School of Environmental Studies



Participants living in the Tohoku region gathered for the event on March 6, 2014.



Lecture by Professor Hideki Ishida



## Forums to discuss an ideal future

No one entity can build a sustainable future on its own. The Ajinomoto Group recognizes the need to work with all of society to achieve this goal. The Group values opportunities to discuss community members' vision for the future from a variety of perspectives. It is these opportunities that help the Ajinomoto Group discover what it can do to build a healthier future.

As part of this focus, the Ajinomoto Group Sustainability Forum was first held in March 2012, followed by a second forum

in December 2012, a third in March 2013, and a fourth in June 2014. Through these forums, the Group works with a number of different organizations to create a sustainable future.



Link

Ajinomoto Group Sustainability Forum  
<http://www.ajinomoto.com/en/activity/forum/>

### Highlight

#### Fourth Ajinomoto Group Sustainability Forum

##### Promoting Ecological Agriculture in Kyushu—Biomass Link in Saga June 9, 2014

Ajinomoto Co., Inc. organized a forum in Saga City to showcase a biomass cycle utilization initiative of the Kyushu Plant of Ajinomoto Co., Inc. and Saga City. The initiative is part of the Japanese government's Biomass Town project.

About 160 people attended the event, including members of the media, Saga City officials, local agricultural stakeholders, and Internet bloggers.

##### Part 1: Lectures and panel discussion

An example of valuable regional cooperation was presented, involving Ajinomoto Co., Inc., Saga City, and farmers. In the example, by-product biomass generated from amino acid fermentation at the Kyushu Plant of Ajinomoto Co., Inc., is used to improve the quality of compost produced by Saga City's sewage processing plant.

The panel discussion included all the lecturers. They discussed a public-private initiative between Ajinomoto Co., Inc. and Saga City to promote economical, environmentally friendly farming in Kyushu. They also touched on the mutual benefits of the initiative and the idea of replicating it in other regions in the future.



(Right to left) Toshiyuki Hideshima, Mayor of Saga City  
 Makoto Shirasaki, officer of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT)  
 Masahiro Tani, Ajinomoto Co., Inc.  
 Yusuke Takahashi, Ajinomoto Co., Inc.

##### Part 2: Facilities tour

The participants visited the Kyushu Plant of Ajinomoto Co., Inc., the Saga City sewage processing plant, and a farm that grows asparagus using fertilizer made from fermentation by-product, a biomass material. These visits enabled them to see how a biomass cycle works.

##### Kyushu Plant, Ajinomoto Co., Inc.



Mixing by-product biomass with compost eliminates CO<sub>2</sub> emissions and heavy oil used for drying by-product.

##### Saga City sewage processing plant



By-product biomass reduces ammonia odor in sewage sludge.

##### Asparagus farm



The value-added compost is sold at a low cost to local farmers, makes cultivation easier, and has been reported to make vegetables taste better

##### Lectures

- Opening message: Masahiro Tani, GM of Kyushu Plant, Ajinomoto Co., Inc.
- "Aiming to Become a Biomass Town": Toshiyuki Hideshima, Mayor of Saga City
- "Collaboration between Sewage Treatment and the Food Industry": Makoto Shirasaki, Director for Regional Sewerage Planning Coordination, MLIT
- "Contributing to Local Communities through By-Product Biomass": Yusuke Takahashi, Agri Business Group, Kyushu Plant, Ajinomoto Co., Inc. (at the time of the event)
- Moderator: Kaori Fujita, EcoManagement Forum, Nikkei Business Publications, Inc.

Reference

See "Fertilizers made from fermentation by-products aid local agriculture in Kyushu" on p. 26.



## Community

# Growing with the People of Each Community

As a company that does business worldwide, the Ajinomoto Group is committed to doing business and growing together with communities. The Group engages in community initiatives and social businesses to address various community issues that would be difficult to solve through conventional business operations.

Focusing on food and nutrition, subsidiaries and foundations of the Ajinomoto Group operating in various countries and regions are working with different organizations to implement diverse initiatives that fit the needs of each region.

## Contents

**P119** Solving Local Issues Around the World

**P121** Solving Food and Nutrition-Related Issues

- AIN program improves nutrition in developing countries

### Column

- **Indonesia:** Empowering women through home gardening and home industry
- **Brazil:** Nourishment improvement program reevaluates special local ingredients and dishes
- **Bangladesh:** Improving maternal and infant nutrition through food education
- Group company and foundation activities

**P129** Supporting Areas Struck by Natural Disaster

**P133** Smile Earth! Activities—Bringing Smiles to People and the Planet

# Solving Local Issues Around the World

The Ajinomoto Group seeks to contribute to local development and grow together with the communities in which it operates. To do this, the Group works with local stakeholders to tailor its business activities to the needs of each country and region. It also collaborates with a number of other organizations on social businesses and other activities designed to help solve local issues.

## Worldwide initiatives of the Ajinomoto Group

**AIN**

**Ajinomoto International Cooperation Network for Nutrition and Health (AIN) program**

**P121-**

The AIN program provides support for local activities that focus on international cooperation in the areas of food, nutrition, and health, aiming to improve the quality of life in developing countries and meet the UN Millennium Development Goals (MDGs).

**SE**

**Smile Earth! activities**

**P133-**

Smile Earth! activities engage employees of the Ajinomoto Group and their families in various kinds of social action. In addition to short-term projects such as worldwide clean-up activities around business facilities and the Eco Action Campaign, employees are also involved in year-round campaigns in Japan such as the Ecocap Movement and Table for Two + Tohoku program.

**P123-**

**Group company and foundation activities**

Different countries and regions face different food and nutrition issues. Utilizing the expertise and networks cultivated through its businesses in these areas, the companies and foundations of the Ajinomoto Group strive to offer locally tailored solutions.

This section offers a summary of a small fraction of the Group's activities conducted in the countries and regions marked on the map to the right. The Ajinomoto Group will continue to focus on initiatives that are carefully designed to meet the needs of each country and region.


**United States**
**SE**

**Brazil**
**AIN P128**
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# Solving Food and Nutrition-Related Issues

The Ajinomoto Group is working to solve issues in the field of food and nutrition in communities around the world. These efforts include the Ajinomoto International Cooperation Network for Nutrition and Health (AIN) program, which seeks to improve nutrition in developing countries, as well as a variety of other initiatives implemented worldwide by group companies and foundations.

## AIN program improves nutrition in developing countries

As a group of companies that contributes to human health globally, the Ajinomoto Group considers the improvement of nutrition in developing countries an important mission. This is why it launched the AIN program in 1999, the 90th anniversary of the company's founding. The AIN program solicits project applications from NGOs and NPOs around the world, and then determines which projects to give development assistance to based on investigations by experts and onsite inspections by employees of the Ajinomoto Group. After a project commences, a local group company provides various kinds of support, including education on nutrition, to foster effective, independent activities.

### Results (1999–April 2014)

#### Number of projects

**72 in 12 countries**

(Bangladesh, Brazil, Cambodia, India, Indonesia, Malaysia, Myanmar, Peru, the Philippines, Sri Lanka, Thailand, Vietnam)

#### No. of beneficiaries

Approx.

**120,000**

#### Total funds

**260 million yen**

### Projects supported under the AIN program in fiscal 2013

| Project name   | Implementing organization                              | Target group (no. of persons)  | Country    | Period of support |
|--|--|--|------------|-------------------|
| Providing nutritious lunch to street and working children in Dhaka   | Kokkyo naki Kodomotachi (KnK)                          | Children living on the street (40)   | Bangladesh | 2012–2014         |
| Food for Health  | Terra People Act Kanagawa (TPAK)                       | Adolescent girls (5,000)   | India      | 2012–2013         |
| ★1 Empowering Women through Home Gardening and Home Industry   | OISCA International                                    | Women in rural communities (250)   | Indonesia  | 2011–2013         |
| School-based Nutritional Intervention to Promote Healthy Eating and Physical Activity to Prevent Non-communicable Chronic Disease in Primary School Pupils | Ho Chi Minh City Nutrition Center                      | Students at 2 schools (2,000–2,500)  | Vietnam    | 2011–2013         |
| Alternative child nutrition improvement project through strengthening food security  | Save the Children Japan                                | Children under 2 years old (approx. 2,700), mothers and pregnant women (approx. 3,700)           | Vietnam    | 2012–2014         |
| Helping Indigenous Orang Asli Women Improve the Health and Nutrition of Infants and Young Children   | Universiti Putra Malaysia (UPM)                        | Orang Asli women (31); mothers and children in 5 Orang Asli villages                             | Malaysia   | 2011–2013         |
| Nutrition improvement for families by empowering mothers in the poor area of Phnom Penh  | Japan Lay Missionary Movement                          | Local residents (935), mothers (270)   | Cambodia   | 2012–2014         |
| ★2 The nourishment improvement program by the reevaluation of the special local cooking ingredient and the dish  | Children of Light Association                          | Residents of Estevao village (276)   | Brazil     | 2012–2013         |
| Dietary Education Project for Mothers in Slums   | ADRA Japan   | Women leaders (60), mothers (240), and guardians (100)   | Peru       | 2012–2013         |
| Development of School Meal Project with local people's participation in collaboration of 2 districts in Bangladesh   | Japan Bangladesh Cultural Exchange Association (JBCEA) | Elementary school students (approx. 1,200)   | Bangladesh | 2013–2015         |
| Integrated Management of Acute Malnutrition in Ethnic Minority Areas   | Plan Japan   | Children under 5 years (220), guardians (220), public health workers (40)                        | Vietnam    | 2013–2015         |
| Project for improving children's nutrition condition, achieving self-support of foodstuff and expanding preschool education by providing lunch at nursery  | Caring for Young Refugees                              | Children attending preschool (approx. 110), guardians/family and local residents (approx. 2,000) | Cambodia   | 2013–2015         |
| Development of Sustainable Nutrition Improvement Program   | PH-Japan   | Health volunteers (257), children under 5 years (3,813), women aged 16–35 years (8,862)          | Indonesia  | 2013–2014         |
| ★3 "Shokuiku" (Food Education) Programme for Sustainable Improvement of Nutrition of Mothers and Infants in Poor Rural Areas (Phase II)                    | Hunger Free World                                      | Pregnant/nursing mothers and infants (420), their spouses and mothers-in-law (420)               | Bangladesh | 2013–2014         |
| Angel Smile Supporting Project   | Komagane grass roots community support group           | Residents of Danmorka Bazar village (200)  | Bangladesh | 2013–2014         |

## Column

★1

## Indonesia

## Empowering women through home gardening and home industry

Sukamulya is one of the poorer villages in Sukabumi Province, and there is concern over the health of local residents due to low incomes and lack of knowledge about food and nutrition. In response, the AIN program began providing support in fiscal 2011 for a project designed to improve lives through home gardening and food processing. The project focuses on married women whose time is limited by housework and childcare, but who want to contribute to household earnings.

Under the project, four monthly workshops have been conducted for 54 married women, on topics such as growing seedlings and organic farming. Participants were divided into small groups to study the knowledge and techniques needed for home gardening. The workshops are followed by home visits from instructors. Food processing workshops were also held, and participants received regular guidance and support for home industry in food production. In September 2013, a direct retail store was opened to sell the processed foods made by trainees. A survey of trainees shows that more than 90% of households saw an improvement in nutrition and dietary habits after participating in the project.

★2

## Brazil

## Nourishment improvement program reevaluates special local ingredients and dishes

Many people in Estevao, a village located in the Canoa Quebrada region of Ceara, Brazil suffer from lifestyle diseases, and the lack of knowledge about nutrition makes the situation difficult to resolve. To address this problem, the AIN program began providing support in fiscal 2012 for a project designed to create highly nutritious meals using local ingredients.

The project focuses on family prevention and includes activities such as visiting 50 health clinic patients suffering from high blood pressure or diabetes. The project also works to improve the diet of local residents, working with local colleges to evaluate the nutritional value of local ingredients. Two cooking classes were held for ten local opinion leaders on methods for including these ingredients in meals. Seminars on local ingredients and monthly cooking practices were also held for 276 local residents to increase nutritional awareness in the area. Plans are in place to create a pamphlet and cookbook highlighting the nutritional value of ingredients for local families and schools.



Presentation on high blood pressure and diabetes



Local residents discuss ingredients harvested from the local area during a seminar.  
(Photo courtesy of Children of Light Association)

Although support from the AIN program for the project ended in fiscal 2013, the local program continues to provide support for the independent activities conducted by these women in Sukamulya.



Construction of the WOMAN (trainee cooperative) office was also financed by donations from PT Ajinomoto Indonesia.



Women passionate about home gardening  
(Photo courtesy of OISCA International)

★3

## Bangladesh

## Improving maternal and infant nutrition through food education

Roughly 40% of women and children suffer from malnutrition in Chondonbari in Boda county, one of Bangladesh's poorest places. The program provided food supplements for 70 malnourished pregnant women, nursing mothers and infants each year; educated mothers and elementary school children on food and nutrition; and helped to improve income through chicken farming and home gardening. It also helped with development of breastfeeding trainers, education for community leaders, and visits by journalists.

The program arranged for midwives to give breastfeeding instruction and advice to mothers at seven villages, for a total of 234 times in one year, resulting in health improvements for roughly 90% of them. Nutrition workshops were held three times a year, inviting both young mothers and their spouses and mothers-in-law. As a result, 85% of the young mothers noted increased interest in nutritional foods and food preparation.



Midwife gives advice on breastfeeding.



Nutrition class at an elementary school



Spouses participate in a cooking workshop.



## Group company and foundation activities

The Ajinomoto Group is committed to making social contributions all around the world. The Group's wide array of activities focus primarily on the fields of food and nutrition.

Working with group companies, the Ajinomoto Group has established foundations in four countries that award scholarships

and engage in other initiatives tailored to the local culture and lifestyle, seeking to meet the specific needs of each country.

## Improving childhood nutrition

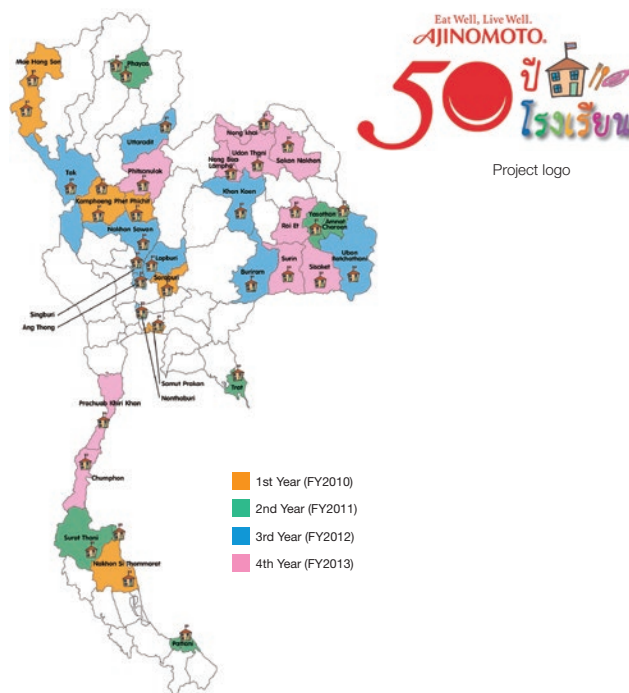
### Thailand

#### ■ Building 50 canteens at 50 schools

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. Working with Thailand's Ministry of Education, local governments and educators, and NGOs, the project supports the health of children by giving each school a hygienic environment for school meal preparation. Ten canteens were added in fiscal 2013, bringing the project's total reach to 40 schools serving about 7,900 students.

The project aims to complete 50 school canteens by 2014 by constructing 10 more school canteens in the current fiscal year. Consideration is also being given to extending the project to the entire country (77 provinces) by 2019.

The Ajinomoto Foundation is preparing to provide nutritional education, starting in 2015, to local residents, students, and teachers at the elementary schools that have received project support, in order to further improve the eating habits of Thai students. Through its support for better diet and health among children, the project is putting into practice the concept on which Ajinomoto Co., (Thailand) Ltd. is based: "Ajinomoto always grows with Thais."



Canteen before replacement



Canteen after replacement



Students enjoying their meals in a newly completed canteen



## Vietnam

### School meal project

In fiscal 2012, Ajinomoto Vietnam Co., Ltd. launched a five-year School Meal Project, starting in Ho Chi Minh City. The goal is to make nutritionally balanced school meals widely available at elementary schools in Vietnam by 2016 in partnership with Vietnam's Ministry of Education and Training, National Institute of Nutrition (NIN), and local governments.

Among the challenges in Vietnam, there are some regions where school meals are not provided. Even at primary schools in urban areas where school meals are provided, it is difficult to develop a variety of menus that are suitable for the age of the students within the monthly budget for school meals. There is also a lack of adequate information about nutrition and importance of daily food intake among students. The project aims to improve food nutrition for students by enhancing the availability and variety of school lunches, as well as providing nutritional education.

In fiscal 2013, staff from participating schools in Ho Chi Minh met to compare notes on the new menus and pilot programs. In Da Nang, an orientation session was held to promote the use of school menu guides and nutrition-related educational materials for students. These initiatives are also being implemented in northern Vietnam in 2014.

Menu books are prepared for each region.



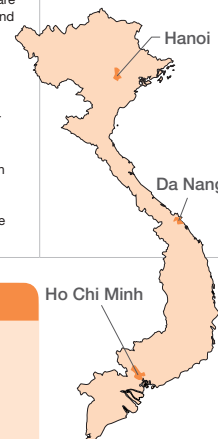
Nutritional education material for students: "Three Minutes to Change Awareness" program



Orientation held in Da Nang to promote use of menu books and nutritional education materials

### Initiatives and Future Plans

| Fiscal 2012   | Fiscal 2013  | By Fiscal 2016  |
|---|--|---|
| <b>Ho Chi Minh</b> <ul style="list-style-type: none"> <li>Held project meeting with 350 school principals</li> <li>Exchanged opinions concerning new menus with 800 school lunch staff, health personnel, and parents</li> <li>Developed and introduced pilot menu</li> </ul> <b>Da Nang</b> <ul style="list-style-type: none"> <li>Held project meeting with 119 principals</li> <li>Developed a menu with NIN and culinary experts</li> </ul> | <b>Ho Chi Minh</b> <ul style="list-style-type: none"> <li>Provided schools with menu books and nutritional education materials for students, and carried out nutritional education</li> <li>Held meeting to compare notes on new menus and pilot programs</li> </ul> <b>Da Nang</b> <ul style="list-style-type: none"> <li>Held orientation to promote use of menu books and nutritional education materials for students</li> </ul> <b>Hanoi</b> <ul style="list-style-type: none"> <li>Began discussions with Vietnam's Ministry of Education and Training about implementing the project</li> </ul> | Making nutritionally balanced school lunches available across Vietnam |



### Main steps of the project

1. Developing and standardizing school lunch menus that are delicious and nutritionally balanced, and developing nutritional education tools for students
2. Building school kitchen model
3. Building school canteen facilities



Students trying the pilot menu

### Highlight

#### Helping to create a dietician education program, national certification system and legal framework in Vietnam

The Ajinomoto Group has launched the Vietnam Nutrition System Establishment Project (VINEP) in an effort to expand education and systems for dietetic science in Vietnam. The project emerged from joint research conducted by NIN and the Institute for Innovation of Ajinomoto Co., Inc. in 2009.

Until now, there has been no education system for training dieticians in Vietnam or even a certification

system for dieticians. In March 2012, Ajinomoto Co., Inc. and Ajinomoto Vietnam Co., Ltd. signed an agreement with Hanoi Medical University and NIN to develop dieticians as part of VINEP. The Nutrition and Dietetics Laboratory was established in October that year with funding from Ajinomoto Co., Inc. In November, Vietnam's Ministry of Education and Training approved the country's first four-year bachelor program in dietetic science and nutrition at Hanoi Medical University. Fifty students joined the inaugural class in September 2013. An inauguration ceremony was held the next month, attended by some 130 persons including government education officials and nutritional management officials from the nation's 18 main hospitals. At the ceremony, Ajinomoto Vietnam Co., Ltd. presented full-year scholarships to the students who placed in the top 10 on the entrance exam for the program.

Ajinomoto Vietnam Co., Ltd. and Ajinomoto Co., Inc. have been assisting the development of the curriculum for the undergraduate program and course materials for



Scholarships awarded by Ajinomoto Vietnam Co., Ltd. From left: Nguyen Duc Hinh, President of Hanoi Medical University; 10 inaugural students receiving scholarships; Koji Motoshishi, President of Ajinomoto Vietnam Co., Ltd.



a professional program.<sup>1</sup> To establish a national certification system for dietitians by 2016, the companies are also working with relevant authorities to prepare an employment qualification system and expand insurance coverage for nutritional therapy.

In 2014 and 2015, five students from Hanoi Medical University and several instructors will visit Japan for two weeks to study nutrition science, under a JICA project.<sup>2</sup> These initiatives will help provide an education framework and encourage programs for developing certified dietitians. This, in turn, will further improve nutrition in the country by developing professionals in medical or school nutrition management.

<sup>1</sup> In cooperation with the Japan Dietetic Association, Jumonji University, and the Kanagawa University of Human Services.

<sup>2</sup> Operated by the Japan International Cooperation Agency, this project promotes private-sector technology to facilitate social and economic development in developing countries.



With students of the inaugural class of dietetic science and nutrition at Hanoi Medical University

## Indonesia

### Ajinomoto IPB Nutrition Project improves nutrition among children

Under the Ajinomoto IPB Nutrition Project, PT Ajinomoto Indonesia and Bogor Agricultural University (Institut Pertanian Bogor, or IPB) established a committee and conducted a three-year project starting in 2011 to ensure that children have safe, nutritional meals to help them grow. In the project's first year, a student survey about nutrition at the target elementary school found that girls, in particular, had serious vitamin and mineral deficiencies.

In fiscal 2012, the project provided students, teachers, parents/guardians, and food vendors near the school with information about great-tasting food that is safe and highly nutritious. Employees of PT Ajinomoto Indonesia also volunteered as instructors. Also supported were better nutritional balance in the meals served to students by food vendors, construction of a school canteen, planting of a vegetable garden, and regular provision of vitamin supplements to students. Children not only got a better understanding of health and nutrition, but also got better nutrition. The number of anemic students went down from 79 to just 5.

In fiscal 2013, the final year of the project, the committee provided guidance to project participants to empower them to independently plan and continue these efforts. As a result, the school canteens, including those built by the project, not only serve nutritional lunches and snacks to students at these schools, but also prepare meals for nearby health centers and other public facilities, as well.

In order to share the knowledge gained in the project with other elementary schools, PT Ajinomoto Indonesia conducted a workshop for 125 elementary school principals in the Bogor area. Similar activities will be introduced at other elementary schools, as well, to help improve nutrition among children in Indonesia.



An elementary school principal expresses appreciation to Eddy Sungkono, Director of PT Ajinomoto Indonesia, on the completion of the project.



Workshop held for 125 elementary school principals



## Passing on and promoting food culture

### France

#### Bringing Japanese food culture to homes in France

More people eat Japanese food in France than anywhere else in Europe. In the 1980s, there were only about 50 Japanese restaurants in Paris and its suburbs, mainly *yakitori* (barbequed chicken) restaurants. Today, there are more than 1,000 Japanese restaurants offering a selection ranging from traditional foods such as sushi to light meals such as *ramen*. The demographic of Japanese food lovers has also changed, now including everyone from young to old. Many people also aspire to prepare Japanese food at home.

Since 2007, Ajinomoto Europe S.A.S. has held seminars on Japanese cuisine as part of a program at the Maison de la Culture du Japon à Paris. In addition to showcasing Japanese cuisine, the seminars expose participants to the many different aspects of Japanese cuisine by teaching how to cook rice, use basic seasonings that bring out the umami of ingredients, and make *dashi* as well as use it, so that participants can make and enjoy Japanese cuisine at home. These demonstrations also talk about the social background behind Japanese cuisine, touching on the culture and history of Japan.

Since the Great East Japan Earthquake of 2011, Ajinomoto Europe S.A.S. has been engaging the people of Paris in supporting people in the hardest-hit areas through food culture exchange programs focusing on the products of the Tohoku region.



Seminar on assisting areas devastated by the Great East Japan Earthquake



Food culture seminar on preparing foods to go with Japanese sake

### Japan

#### Maintaining and preserving the culture of *washoku*

*Washoku* refers to the traditional dietary culture of the Japanese, notably for the celebration of New Year. On December 4, 2013, *washoku* was officially designated as an Intangible Cultural Heritage by UNESCO. The Ajinomoto Group pursues ongoing initiatives to maintain and preserve the *washoku* culture of Japan.

In fiscal 2013, the Ajinomoto Foundation for Dietary Culture conducted 19 events on *washoku* culture including lectures, discussion meetings, seminars, and symposiums in Inami-cho, Wakayama Prefecture (August 2013), Noto-cho, Ishikawa Prefecture (September 2013), Rikuzentakata City, Iwate Prefecture (March 2014), and other places. A symposium was also held in Tokyo in March 2014 on the topic of preserving *washoku* culture for future generations. The event featured

presentations and discussion by experts from different fields, focusing on government support of cultural heritage and the topic of food education and school meal programs.



Symposium on *washoku* culture held in Shinagawa, Tokyo in March 2014

#### School Tour of Education on Eating

Since 2006, Ajinomoto Co., Inc. has organized classroom workshops for youth to taste *dashi* and umami firsthand, teaching them about Japan's proud food culture. Employees visit schools and talk about the five basic tastes including *dashi* and umami, which are the foundations of *washoku*. Students learn about the wonderful *dashi* culture of Japan and make *dashi* themselves.

*Washoku* culture has been designated as an Intangible Cultural Heritage by UNESCO, raising its profile worldwide. The

fun workshops teach youth about the importance of food and foster their interest in the traditional food culture of Japan.



Students inspect *dashi* ingredients.



An employee teaches at a school.

## Activities of the Ajinomoto Group's charitable foundations

The Ajinomoto Group has established foundations in four countries that award scholarships and engage in food and nutrition activities tailored to meet the specific needs of each country and region.

### Ajinomoto Foundation for Dietary Culture

(Established in Japan in 1989)

#### Main activities

- Operates the Dietary Culture Library
- Plans and runs food culture forums (interdisciplinary panel discussions on food culture)
- Holds public symposiums and public lectures
- Publishes and distributes *vesta*®, a magazine on food culture, and other materials
- Collects information, and exhibits material related to food culture



#### Food Culture Symposium on Preparing Food

Symposium held in February 2014, exploring changes in what it means to prepare food and the background relationship between people and society.

#### Exhibition on Food in the Early 20th Century

Exhibition from November 11, 2013 to March 11, 2014, showcasing food in the early 20th century as featured in three food magazines of the time.

### Ajinomoto Scholarship Foundation

(Established in Japan in 2005; forerunner Suzuki Scholarship Foundation established in 1957)

#### Main activities

- Grants scholarship to international students.
- Grants scholarships to students from five ASEAN countries (Indonesia, Malaysia, the Philippines, Thailand, and Vietnam) for a total of three years of study in a master's course (majoring in one of the sciences, including one year as a research student) at the University of Tokyo.
- Provides student loans for Japanese students taking upper division classes at the undergraduate level or in science programs in graduate school.



Scholarships being awarded to international students and ASEAN international students



## Ajinomoto Foundation

(Established in Thailand in 1976)

### Main activities

- Runs a project to build canteens at 50 schools to mark the 50th anniversary of Ajinomoto Co., (Thailand) Ltd.
- Administers support for a building educational facilities at a camp for university student volunteers
- Provides support (scholarships) for students majoring in science, technology and engineering
- Promotes employee volunteer projects (local temple cleaning, etc.)
- Provides support to people in the colder regions of north and north-east Thailand (has provided 2,100 coats and 9,123 blankets to local residents and students at 20 schools in 3 provinces)

Reference See "Building 50 canteens at 50 schools" on p. 123.



University student volunteers help with project to build schools



Assisting students and villagers in cold areas in the north and northeast of Thailand

## INSTITUTO AJINOMOTO

(Established in Brazil in 1999)

### Main activities

- Donates to Japan-related organizations and NPOs
- Supports a sports organization for children with disabilities
- Implements activities to contribute to the local community (Provides support for establishment of facilities related to food and health; donates school supplies to public schools)
- Provides support (scholarships) for students majoring in food chemistry and dietetics



Supporting the sports organization for children with disabilities

## Fundación Ajinomoto para el Desarrollo de la Comunidad

(Established in Peru in 2003)

### Main activities

- Supports projects to prevent anemia and malnutrition in children, in alliance with other institutions such as the World Food Programme (WFP)
- Holds health and nutrition workshops and lectures (53 events in fiscal 2013, with 1,109 participants in total)
- Provides economic support (scholarships) for students majoring in dietetics
- Promotes and supports social welfare activities



Joint project with WFP



# Supporting Areas Struck by Natural Disaster

Natural disasters are a tragic part of life in every part of the world, and local communities damaged in disasters need help with reconstruction. The Ajinomoto Group uses the expertise gained through its food and healthcare businesses to provide support for each area's particular needs.

Reference See "Risk management system" on p. 40.

Reference See "Preparing for natural disasters and protecting human life" on p. 70.

## Highlight

### Assisting areas of the Philippines affected by Typhoon Haiyan

Typhoon Haiyan swept across the central Philippines on November 8, 2013, causing widespread devastation, especially on Leyte and Samar islands. The casualties included approximately 6,200 dead and more than 16 million people affected. Some 1.14 million homes were destroyed, and the economic damage was estimated at US\$887 million. (Based on figures released in January 2014.)

The Ajinomoto Group established its first subsidiary in the Philippines in 1958 and currently operates 36 business locations there, including one on Leyte Island. Although employees of the Leyte office and their families escaped unharmed, some of their homes sustained serious damage. AJINOMOTO

PHILIPPINES CORPORATION stepped in to ensure that affected employees received food, water, and medical supplies, and company managers volunteered to visit disaster areas and employees raised funds and helped organize aid supplies.

Ajinomoto Co., Inc. donated some 10 million yen (US\$95,000) to the Philippine Red Cross to support recovery efforts, and companies of the Ajinomoto Group and its workers union council raised some US\$38,000 in donations. Of these funds, US\$22,000 was donated to Gawad Kalinga Development Foundation, Inc., an NGO operating in the Philippines, while the remaining funds were donated to employees of AJINOMOTO PHILIPPINES CORPORATION who were affected by the typhoon, to help them rebuild their homes and lives.



A ship washed ashore by the storm



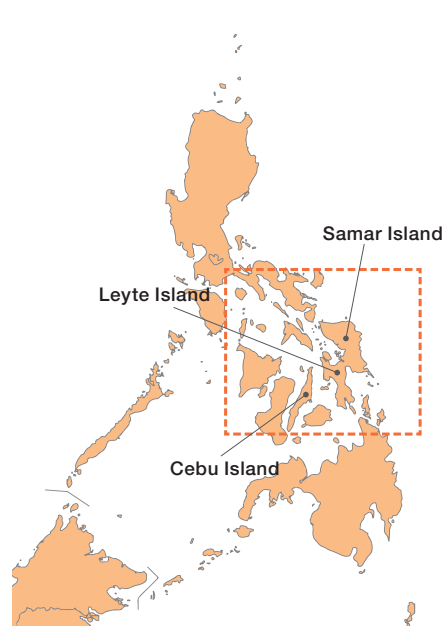
Many houses were severely damaged.



This facility of Gawad Kalinga Development Foundation, Inc. was also damaged.



Reconstruction project by Gawad Kalinga Development Foundation Inc.



Typhoon Haiyan made land in the central Philippines on the morning of November 8, 2013, and then hit Cebu Island and Leyte Island the next morning, with winds as fast as 90 meters per second.



Members of the CSR Department of Ajinomoto Co., Inc. and its labor unions raised donations.



A portion of the donations were given to Gawad Kalinga Community Development Foundation, Inc.



Employees of AJINOMOTO PHILIPPINES CORPORATION express their thanks for the support.

## Highlight

## Assisting reconstruction after the Great East Japan Earthquake (1)

## ■ Donating a portion of proceeds to recovery efforts

The Ajinomoto Group donates a portion of the proceeds from certain products to aid reconstruction in areas that were affected by the Great East Japan Earthquake.

## The “Joy of Food” project

食卓からニッポンを元気に



Project logo

Ajinomoto Co., Inc. continues to implement the “Joy of Food” project, which gives customers the opportunity to support reconstruction in Tohoku by purchasing food products. In fiscal 2013, the company conducted the following programs under the project.

- One yen for every box of *Knorr® Cup Soup* (photo below) shipped in August and September 2013 was donated to the non-profit organization, Fukko Yataimura, for a total of 9 million yen. This donation has been used for a meal delivery project which helps elderly people with health or nutrition issues in temporary housing in the Kesennuma area.

Ajinomoto Co., Inc. also organized a meeting in collaboration with the “Joy of Food” project and the Ajinomoto Group’s “Red Apron Project” to help owners of local food stalls to develop a new delivery menu.



- One yen for every box of *HON-DASHI* (photo at right) shipped in March and April 2013 was donated to the non-profit organization, Fukushima Ka-tyan no Chikara Network, for a total of 9 million yen. The Ka-tyan no Chikara Network endeavors to organize the power of female farmers, called “Ka-tyan,” who have evacuated from the Abukuma area near the Fukushima Daiichi Nuclear Power Plant. The donation has funded the network’s food manufacturing business, which utilizes traditional local recipes.



Members of the Fukushima Ka-tyan no Chikara Network



Working on the meal delivery project in Kesennuma

## Assistance for farmers

東北に元気を!  
明日を耕すプロジェクト

Project logo

For the third year in a row, Ajinomoto Frozen Foods Co., Inc. donated one yen from the sale of each package of frozen Gyoza Chinese dumplings shipped October–December 2013. The initiative raised 22,296,000 yen to assist reconstruction in the Tohoku area. The funds were donated to three organizations that are working to restore agriculture in Tohoku. Over the last three years, the initiative has raised almost 71,794,000 yen.

In addition to donating funds, Ajinomoto Frozen Foods Co., Inc. highlights the activities of the assistance organizations on its website to publicize the work being done to restore agriculture in Tohoku. These activities range from rice and cotton harvesting in the fall and winter, respectively, to work being done by the company’s employees who give their time to help the organizations.



Rice harvesting in Minamisanriku-cho in October 2013

## Assistance for potters



Project logo



Ajinomoto General Foods, Inc. donated a portion of the proceeds from sales of *Blendy®* instant coffee to assist the pottery industry in Tohoku with needed repairs. In fiscal 2013, the funds enabled the repair of kilns used to make *Bakke-yaki*

pottery in Miyagi Prefecture. Pottery makers and local residents gathered to mark the occasion over tea.

The company also ran a campaign giving consumers a chance to win handcrafted coffee cups made by pottery studios in the four prefectures of the Tohoku region. In fiscal 2014, the focus of the initiative will shift from repairs to efforts aimed at reviving the pottery industry in Tohoku.



Pottery makers and local residents get together



## Highlight

## Assisting reconstruction after the Great East Japan Earthquake (2) Ajinomoto Group's "Red Apron Project"

いっしょに作って、いっしょに食べよう！

味の素グループ 東北応援

### ふれあいの 赤いエプロン プロジェクト

The Ajinomoto Group operates the "Red Apron Project" to support reconstruction after the Great East Japan Earthquake. Launched in October 2011, the project revolves around Health and Nutrition Seminars for residents of temporary housing.



### Supporting people living in temporary housing

The "Red Apron Project" revolves around the implementation of Health and Nutrition Seminars, which were launched in order to address health and nutritional challenges faced by residents of temporary housing as well as the fading sense of community among residents. The seminars bring residents together to prepare delicious meals and enjoy conversation, supporting both the physical and mental health of temporary housing residents.

Nutrition and health problems faced by temporary housing residents<sup>1</sup>



1. Increased risk of diabetes, kidney disease, and heart trouble
2. Vitamin and mineral deficiency caused by lack of vegetables
3. Reluctance to prepare food (fewer items prepared and less often)
4. Fewer opportunities for conversation, due to the destruction of communities
5. Risk of alcohol dependency

<sup>1</sup> Based on interviews with professionals on the ground.

### Meeting the needs of disaster areas

The Ajinomoto Group's "Red Apron Project" is expanding the scope of its initiatives to address the specific circumstances and needs of areas affected by the disaster.

### Efforts focused on residents of temporary housing

#### Health and Nutrition Seminar



In the three years since the Great East Japan Earthquake, the percentage of elderly among temporary housing residents has grown steadily. The Health and Nutrition Seminars supply information to improve daily nutrition for the elderly, e.g., reducing salt intake and eating more vegetables. It also engages public nurses, dental hygienists, and other professionals to help with strategies for maintaining and improving health. Seniors enjoy the valuable opportunity to gather and enjoy conversation, which helps to prevent isolation.

#### For children (Secrets of Taste)



Residents of the Tohoku region are known for having high salt intake, making it important to educate children's palates as part of the strategy to reduce salt intake. The Ajinomoto Group conducts food and taste workshops at schools, using them to teach children about umami as a crucial way of reducing salt intake. These workshops are conducted at preschools that serve children from families who are living in temporary housing. The workshops also feature the endearing Umami-kun character to reach out to children.

#### For the support community



Many residents of temporary housing still face the uncertainty of not knowing when they might be able to move into permanent public housing for disaster victims. Furthermore, people are continuing to assist disaster areas, not knowing what the future holds. The "Red Apron Project" also develops and implements programs for this support community, by conducting nutrition workshops that emphasize the importance of reducing salt intake and eating protein.

Project partner: Umami Manufacturers Association of Japan



## Working in the field to assist disaster areas

As of March 2014, approximately 100,000 people were still living in temporary housing. There is growing demand for the activities of the “Red Apron Project” in the disaster-stricken area.

In response, the Ajinomoto Group established a new office for the “Red Apron Project” in Iwaki City, Fukushima Prefecture in August 2014. This will help the project to expand and better respond to needs in the field.



Marking the opening of the Iwaki office

## Scope of activities

Total participants

**16,433**

Events conducted

**927**

Places conducted

**43 municipalities in three prefectures**

Employees donating their own time

**973**

As of September 31, 2014

## Feedback received on the “Red Apron Project”



**Yoshihiro Murai**  
Governor, Miyagi Prefecture

**“I appreciate how the company embraces its social responsibilities as a leading food company.”**

I am very grateful to the Ajinomoto Group for its long-term commitment to assisting disaster areas, from shortly after the disaster until temporary housing becomes a thing of the past.

The reconstruction support activities of the Ajinomoto Group are led by its employees. The Group has taken it upon itself to assist disaster areas by tackling the challenge of improving the diet and health of residents of temporary housing. This type of commitment is rare among Japanese companies, and it shows that the Ajinomoto Group is embracing its social responsibilities as a leading food company.

It has been three years since the disaster. Areas that were affected by the disaster continue to face difficulties, and nearly 90,000 people are still living in temporary housing. Simply moving these people from temporary housing to public housing is not enough to significantly improve their lives. Government workers are doing everything they can, but these people also need continued support from companies with extensive resources. I sincerely hope that the Ajinomoto Group will continue to support people in the disaster-stricken area over the long term.



**Tetsuya Myojo**  
Director, Tohoku Office,  
Japan Platform

**Multiple offices reflect a commitment to efforts rooted in local communities**

The Ajinomoto Group should be praised for its efforts to assist disaster areas. The staff are attentive to what is happening in municipalities across three prefectures, and they understand the issues in the field, even though the situation is constantly evolving. The Group continues to develop initiatives to address these issues, with a clear focus on food and health.

The Group has built an extensive network that encompasses residents, government, and the support community. It has made a concentrated effort to identify groups that are vulnerable and find ways to support them, in communities affected by the disaster. These include helping persons with disabilities and food education for children in disaster areas.

The decision to open a new office of the “Red Apron Project” in Fukushima, three years after the disaster, reflects the commitment of the Group to pursue initiatives that are rooted in local communities. It is based on an objective understanding of where things stand at the moment and what will happen down the road. I hope the “Red Apron Project” will continue to expand and grow to encompass active collaboration with other companies and organizations.



**Ayumi Imamura**  
Assistant Judge, Yokohama  
Local District Court

**Tackling issues in ways only a private company can**

I trained at Ajinomoto Co., Inc. for one year starting in April 2013, as part of a program that dispatches judges to learn about private sector companies. I became familiar with the “Red Apron Project” during this time, and became involved in the Health and Nutrition Seminars due to my office experience with the Koriyama branch of the Fukushima District Court.

Upon getting involved with the project, I was amazed to find that the company was working so closely with communities affected by the disaster. The Group is efficiently leveraging resources it has acquired through its business activities to address issues that have been brought into sharp relief because of the disaster, such as rapidly aging demographics and the socially vulnerable. The Group is tackling these issues in ways that only a private company can.

I hope that the Group would keep trying to publicize its efforts to reach even more people, and find ways to get more outside people involved to anchor and support its initiatives.

# Smile Earth! Activities—Bringing Smiles to People and the Planet

Smile Earth! activities were launched in 2007 as a way for employees of the Ajinomoto Group and their families worldwide to take action for the good of the earth. Now in its eighth year, the activities focus on four global campaigns, including a new campaign launched in fiscal 2013 on reducing food loss. The

activities aim to make the most of employees' wish to do something for society and for the sake of the environment and the planet, and the Group plans to continue expanding them in coming years.

## Group-wide campaigns

1. Global Clean-up Day
2. *Mottainai* & eco: Reduction of food loss
3. *Mottainai* & eco: Collection and donation of spare items
4. Diverse actions: Offices taking action on their own



## 1. Global Clean-up Day

Every year, employees in 15 countries and regions work alongside members of their local communities to clean up neighborhoods and parks. In fiscal 2013, the clean-up efforts took place on October 22.



### Ajinomoto Co., Inc. Head Office

Some 300 employees took part in the community clean-up effort. The initiative brought employees together for the sake of the community.



### Ajinomoto del Perú S.A.

Since 2013, employees of offices in Chile, Columbia, and Bolivia have participated in community clean-up efforts, which have raised environmental awareness.



### Ajinomoto Genexine Co., Ltd. (South Korea)

Since fiscal 2013, employees have weeded and cleaned up areas around the plant, which is currently under construction.



### New Season Foods, Inc. (United States)

Employees helped maintain a local park by lining a path with wood chips, marking a change from previous clean-up efforts.



### Ajinomoto (Malaysia) Berhad

Employees collected and separated trash, making it into a contest to get participants more involved.



### Ajinomoto Korea, Inc.



### Ajinomoto Co., (Hong Kong) Ltd.



### Ajinomoto Vietnam Co., Ltd.



### West African Seasoning Co., Ltd.



### KGK Co., Ltd.

**10,245**  
people participated  
at **175**  
workplaces around  
the world.



## 2. Mottainai & eco: Reduction of food loss

This campaign encourages each office to educate and foster awareness among employees about food waste, in the spirit of *mottainai* (What a waste!). Some 6,800 employees worldwide participated in the campaign.

### "Love Food, Hate Waste" campaign

#### Ajinomoto (Malaysia) Berhad

The company collects food waste from its employee cafeteria for separation and processing into fertilizer, which is then donated to charitable organizations. The company used information panels to educate employees about food waste.



Variety in menu helps to reduce leftover food waste by 18%

#### Kawasaki Administration & Coordination Office, Ajinomoto Co., Inc.

The cafeteria at this office started to offer smaller meal portions after finding out that a large portion of its food waste came from uneaten rice. It also introduced set meals and side dishes using makeover recipes, helping to reduce leftover food waste by 18%.



### Stop Food Loss seminar

#### Apapa Factory, West African Seasoning Co., Ltd.

Some 500 employees attended a "Stop Food Loss" seminar. The plant displayed posters and made T-shirts for employees, in order to further raise awareness.



### Cafeteria food waste education

#### Ajinomoto Co., (Thailand) Ltd.

The company went to great length to raise awareness of food waste by emails, meetings, and signs with educational messages in the office cafeteria and on its disposal bins.



### Reaching out to some 2,100 employees

#### AJINOMOTO LOGISTICS CORPORATION and its group companies

The company displayed information posters and posted pamphlets from the Japanese Consumer Affairs Agency, sending the message that employees can prevent food loss through their everyday actions.

### "No Food Loss" campaign at head office cafeteria

#### Ajinomoto Co., Inc. Head Office

The company displayed posters and table tents with information about the national "No Food Loss" project, which is conducted by the Japanese government. The campaign sought to raise employee awareness of food waste, urging them to reduce their waste. Some 430 employees were involved in the campaign each day.





### 3. Mottainai & eco: Collection and donation of spare items

This campaign aims to make use of stored materials in employee homes or workplaces, such as old books, stamps, foreign coins, and foreign notes. In fiscal 2013, 36 offices worldwide participated in the campaign.



#### PT Ajinomoto Indonesia

PT. Ajinomoto Sales Indonesia and PT Ajinex International jointly collected items from employees and donated them to charity groups.



#### Fuji Ace Co., Ltd. (Thailand)

The company collected unused toys, books, and other household items from employees, who distributed them to needy children.



#### Global Cebu Foods Corporation (Philippines)

The company donated dust pans and waste baskets to needy people, and conducted presentations on separating waste.



#### Ajinomoto Group in Japan

Unwanted items collected in Japan (including postcards, prepaid cards, stamps, and books worth a total of about 240,000 yen) were donated to help with recovery efforts for victims of the Great East Japan Earthquake.

#### Bottle caps donated to Ecocap Movement fund vaccines for children in developing countries

Since 2008, business sites in Japan have collected bottle caps as part of the Ecocap Movement,<sup>1</sup> which recycles bottle caps to generate proceeds for giving vaccines to needy children in developing countries. In fiscal 2013, companies collected 183,175 bottle caps, enough to pay for 213 polio shots.

<sup>1</sup> The caps from approximately 860 plastic bottles are able to fund a vaccine for one child in developing countries.



### 4. Diverse actions: Offices taking action on their own

The Ajinomoto Group is engaged in the following efforts as part of its community-based Smile Earth! activities.

#### Travel together, learn together



#### Ajinomoto (Malaysia) Berhad

Employees spent time with needy children, building stronger community ties by playing and learning together.

#### Mangrove planting



#### Fuji Ace Co., Ltd. (Thailand)

Eighty employees planted mangroves to conserve the environment.

#### Table for Two + Tohoku: Providing support by eating healthily

A social contribution project originating in Japan, the Table for Two program provides school lunches to children in developing countries by donating 20 yen, which is the cost of a school lunch in these countries, per each healthy meal served at cafeterias.

Ajinomoto Co., Inc. adopted the Table for Two + Tohoku program at its cafeterias of the Head Office, the Kawasaki Administration & Coordination Office, and the Osaka Branch. The program, which directs 10 yen of each 20-yen donation to food assistance for three earthquake-stricken Tohoku prefectures, served 59,719 meals in fiscal 2013 and raised 1,194,380 yen, up 6% compared to the previous fiscal year.

#### Art contest



#### Ajinomoto del Perú S.A.

The company organized its third art contest for employees and their families, aiming to raise environmental awareness. The theme of the contest was "Give Back to the Planet."

#### Planting flowers



#### Kyushu Plant, Ajinomoto Co., Inc.

Some 30 employees donated their time to plant flowers near the plant entrance and visitor's office. The flowers were chosen for their high carbon dioxide absorbing properties.

#### Clean-up effort at the Hiroshima Peace Memorial Park



#### Chugoku Branch, Ajinomoto Co., Inc.

Employees were part of some 2,600 citizens and volunteers who were involved in a large clean-up effort at the Hiroshima Peace Memorial Park, before the annual peace ceremony held on August 6.



Platinum Supporter certificate of appreciation from Table for Two International

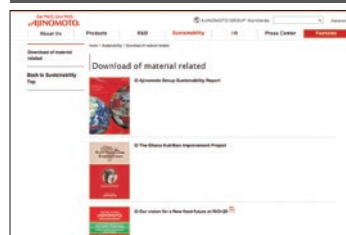
# Additional Sustainability Information

The sustainability initiatives of the Ajinomoto Group are presented in a variety of formats, aside from this report. Visit these websites to discover a wealth of additional information.

Initiatives for Sustainability <http://www.ajinomoto.com/en/activity/csr/index.html>



Download related material  
<http://www.ajinomoto.com/en/activity/material/>



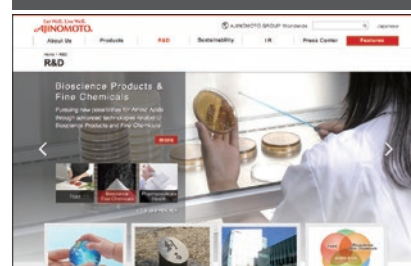
Ajinomoto Group official website  
<http://www.ajinomoto.com/en/>



Ajinomoto Group corporate profiles  
<http://www.ajinomoto.com/en/aboutus/>



R&D  
<http://www.ajinomoto.com/en/rd/>



Ajinomoto Co., Inc. product information  
<http://www.ajinomoto.co.jp/index.html>  
(Japanese only)



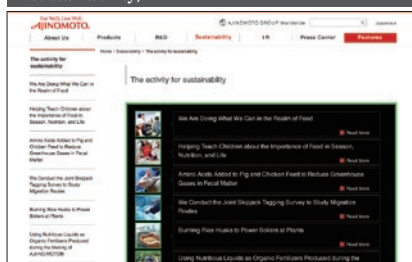
Delivering reliable products  
(quality assurance)  
<http://www.ajinomoto.co.jp/products/anzen/>  
(Japanese only)



Environmental Conservation  
<http://www.ajinomoto.com/en/activity/environment/>



Ajinomoto Group's activities for sustainability  
<http://www.ajinomoto.com/en/activity/sustainability/>



Ajinomoto Group Sustainability Forum  
<http://www.ajinomoto.com/en/activity/forum/>

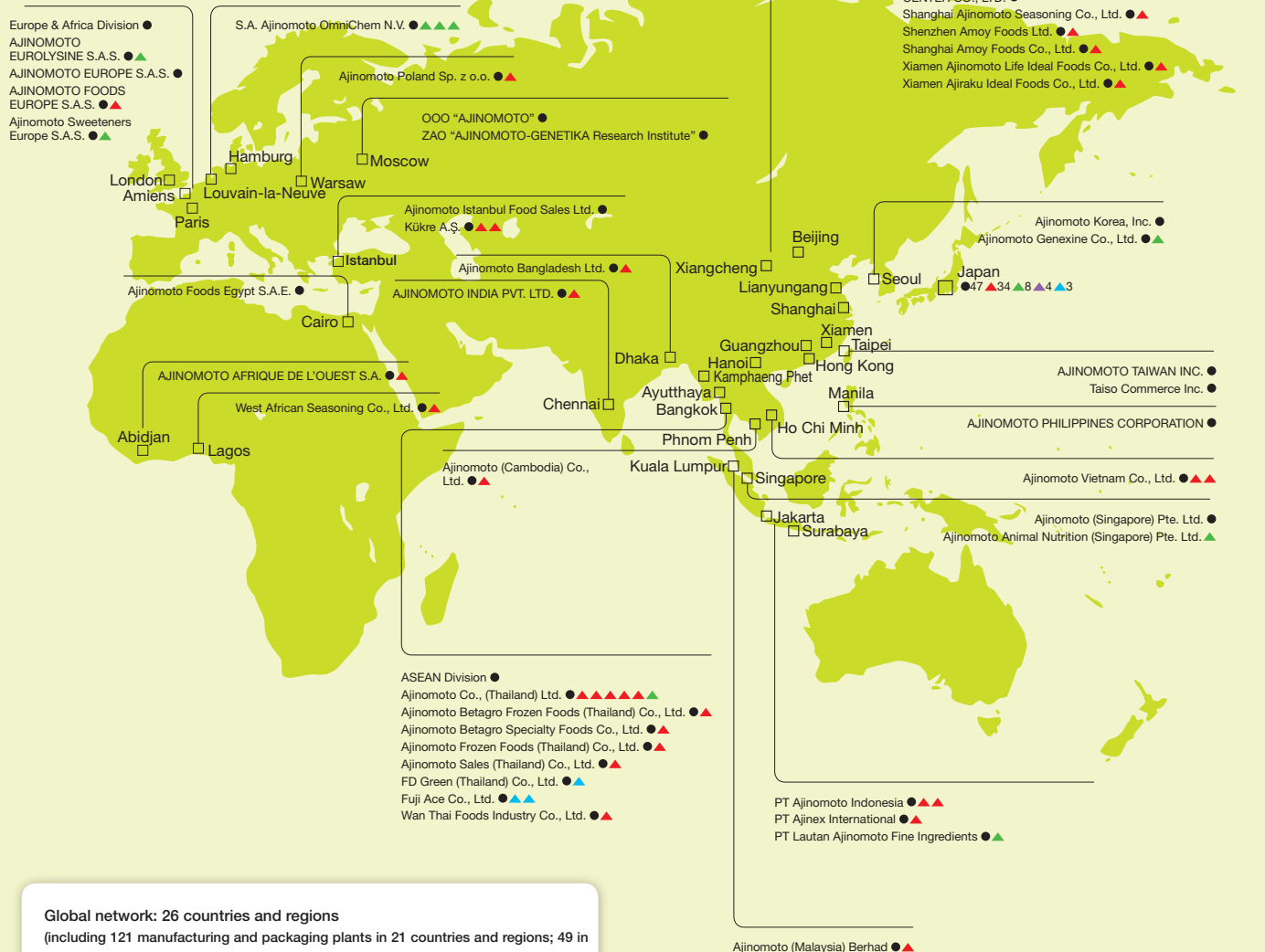


Environmental action from the dinner table  
<http://www.ajinomoto.com/jp/activity/environment/eco/>  
(Japanese only)



# Ajinomoto Group at a Glance

## Global Network



## Company profile

|                     |   |
|---------------------|---|
| Company name        | Ajinomoto Co., Inc.   |
| Head office         | 15-1, Kyobashi 1-chome, Chuo-ku, Tokyo 104-8315, Japan                  |
| Tel                 | +81-3-5250-8111   |
| URL                 | <a href="http://www.ajinomoto.com/en/">http://www.ajinomoto.com/en/</a> |
| Foundation          | May 20, 1909  |
| Establishment       | December 17, 1925   |
| Paid-in capital     | 79,863 million yen (as of March 31, 2014)                               |
| Number of employees | 3,398 (non-consolidated), 27,579 (consolidated) (as of March 31, 2014)  |
| Fiscal year-end     | March 31  |

## Business segments

|   |   |
|---|---|
| <b>Food products sold in Japan</b>              | Seasonings (including <i>AJI-NO-MOTO</i> ® and <i>HON-DASHI</i> ) and processed foods, frozen foods   |
| <b>Food products sold outside Japan</b>         | Consumer foods ( <i>AJI-NO-MOTO</i> ® for household and restaurant use, flavor seasonings), umami seasonings for processed food manufacturers |
| <b>Bioscience products &amp; fine chemicals</b> | Feed-use amino acids, pharmaceutical-use and food-use amino acids, sweeteners, contract-manufactured pharmaceuticals, chemical products       |
| <b>Pharmaceuticals</b>                          | Pharmaceutical products   |
| <b>Others</b>                                   | Health care, distribution, edible oils and coffee, various services, other  |

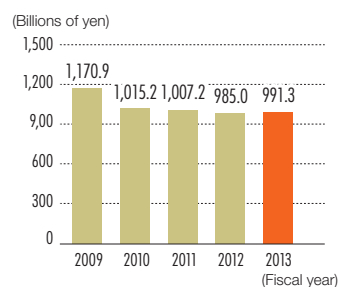


## Network in Japan

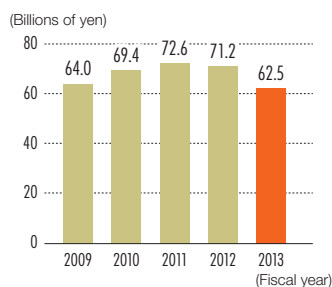


## Consolidated financial highlights (April 1, 2013–March 31, 2014)

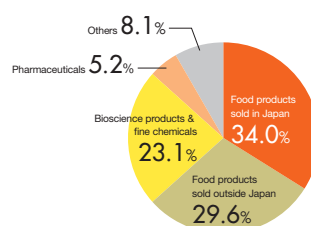
### Net sales



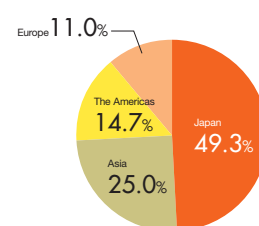
### Operating income



### Net sales by business



### Net sales by region



# Global Review

The *Ajinomoto Group Sustainability Report 2014* 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 Americas

Deborah Leipziger

Professor at Hult International Business School and a Senior Fellow at the Lewis Institute at Babson College. Ms. Leipziger is an author, professor, and advisor in the fields of corporate responsibility (CR) and sustainability. She is the author of several key books in the field, including “The Corporate Responsibility Code Book”.



It is an honor to be asked to comment on Ajinomoto's 2014 Sustainability Report. The report is very comprehensive and breaks new ground for the Group. There are several areas for which Ajinomoto's 2014 Sustainability Report can be commended:

**Developing a global approach:** Ajinomoto has phased in Group Standards of Business Conduct rather than having different Codes of Conduct for each company in the Group.

**Addressing the company's impact throughout the value chain:** Ajinomoto is looking to address the environmental impact of its products by consumers, not just through its own production and manufacturing.

**Providing an overall vision for Ajinomoto's products and their connection to sustainability:** The company focuses on how it adds shared value through its products.

**Focusing on biodiversity:** Ajinomoto is to be commended for addressing the issue of biodiversity with an action agenda.

**Focusing on cultural change and awareness raising:** Ajinomoto is seeking to create social value by promoting healthy eating and combatting obesity.

For future reports, Ajinomoto should consider the following key areas:

**Integrated Reporting:** Ajinomoto should take steps to provide more integrated information, relating how issues of quality, human rights, food safety, and the environment connect. Currently, there is inadequate connection between how these issues inter-relate and reinforce each other.

**Human Rights:** The section on human rights is very general and vague. Many raw materials used by the company are well-known for posing serious human rights risks. For example, sugar cane is often harvested through the use of forced labor. Soy is a commodity which poses both social and environmental risks. Fish is often processed in manufacturing facilities in which worker rights are not respected. How are these human rights risks being managed?

How is the company working with its suppliers to ensure that they are following its human rights guidelines? More insight is

needed on training, capacity building, and incentives for suppliers to ensure compliance with human rights standards.

**Diversity and Inclusion:** While the Group sets strategic targets in this area, the report would benefit from more disclosure on the role of women and minorities in the company. How diverse is the Board of Directors? Are wages comparable for male and female employees? The use of GRI indicators would provide a better picture of the company's activities in this regard.

**Materiality Matrix:** One cutting edge practice is for companies to provide a materiality matrix which shows its understanding of stakeholder concerns. A materiality matrix is a useful resource and would be an important addition to the next report. Which issues matter most to Ajinomoto's stakeholders? Are those issues being addressed?

The following issues are important to stakeholders yet receive limited attention:

**GMOs:** The section devoted to GMOs is quite limited. In many countries outside of Japan there is limited labeling of GMO products. How is the company addressing the GMO issue and the lack of labeling? What kinds of dialogues are taking place with consumers? This is an area where a materiality matrix would be useful.

**Land Grabs:** Land deals that happen without the prior and informed consent of communities is a growing concern for companies working with agricultural commodities. Companies like Pepsi Co., Coca-Cola, and Nestle have begun to address this important issue. How is the Group addressing the concern about land grabs?

**Traceability:** The section devoted to traceability is limited and needs to be expanded. This is an example of an area which would benefit from more integrated reporting. Traceability through the supply chain is of great importance in terms of both quality and human rights issues.

I look forward to seeing the next steps that Ajinomoto takes on its journey to achieve its sustainability goals.

## Perspective from Americas

Mark Feldman



**As the Managing Director of Cause Consulting, Mark advises global companies on social impact strategies that simultaneously strengthen business and impact society. His career spans the corporate, nonprofit and governmental sectors, including periods with New York Cares, Citibank's Community Affairs group, The Corporation for National Service/AmeriCorps, and Omnicom's Cone Inc. Mark is a graduate of Brown University and Harvard's Kennedy School.**

This document reflects a review of strategy, activities and communications as they are presented in the community section of the Ajinomoto Sustainability Report 2014 report. It does not represent an audit or assessment of the programs, their execution or impact.

### Summary of Positive Attributes

- Well written and engaging section that brings to life the company and employee's commitment to addressing community food and nutrition issues throughout the world.
- The report does a very good job in showing the consistency of theme throughout the world and the tailoring of local community activities in select markets.
- The global focus on community activities around food and nutrition is well aligned with the business and brand; it provides a focus for employees and partners.
- The strategy that is outlined includes an emphasis on collaboration with NGOs and governments as a core part of execution. The stories included support this.
- It is impressive that multi-year and multi-faceted initiatives are a preferred strategy. They do not appear to be just one-off activities, but deeper, collaborative and on-going partnerships.
- The company engages employees around their core theme of food and nutrition and involves them in a wide range of activities tapping their expertise and time. This includes involving them in the grant vetting process and allowing them to provide counsel and support on execution of AIN Grants.
- Employees are unified in their activities under the Smile Earth employee volunteerism brand. Using a theme such as waste reduction for the global volunteerism is a strong approach to drive further business and social impact.
- Qualitative story telling helps bring initiatives around the world to life and demonstrates the level of commitment and thought in the localized approach.
- Continued growth and evolution of the Red Apron initiative to support disaster relief victims seems impressive. The company is responding to changing needs and priorities over multiple years, versus one-time donations at the onset of the crisis. This is a strong model for corporate disaster response around the world.
- Overall the design of the initiatives seems strategic:
  - Have master focus on food and nutrition with ability to be tailored to meet local needs
  - Utilize expertise and networks cultivated through the business
  - Fund and collaborate with local organizations to provide a range of services, not just one thing but an integrated approach.
  - Engage employees in screening, selecting AND supporting grantees
  - Collaborate with many partners with multi-year, on-going relationships vs one-offs
  - Integrate cause related marketing sales promotions by brands in disaster relief efforts.

### Room for Improvement

- Lots of qualitative stories are shared, but very little quantitative data is provided on the level of investment or the outputs and outcomes of the initiatives. There is a need for increased transparency in this arena and for a clear way to communicate it. Best practice is for companies to provide investment amounts for community easily broken out by corporate, foundation and other cash invested, plus the estimated value of in-kind product donations.
- There are numerous names, brands and initiatives described within the report. It is difficult to distinguish the initiatives to determine their actual and comparative size, scale, reach and impact.
- The community section (p118-135) could benefit from a paragraph connecting it to all of the community/social impact activities/initiatives/approaches discussed in the first sections of the report (p5-10).
- It is clear that the company is committed to addressing food and nutrition issues throughout the world. The word "solving" is used throughout the report and in the headlines for the community section, however the community section does not consistently share information and data about the solving promise.
- Strong context to the global social issue and required solutions is provided much earlier within the report. Referencing back to the earlier context information and/or directly linking needs with community solutions would strengthen the community section.
- The Ghana Nutrition Improvement Project is a powerful example of applying the company's product development and distribution expertise to addressing a critical need in a sustainable way. It would be great to provide more information about this "shared value" model within this section and to differentiate it from other community activities.
- More commentary about what the company has learned working within the community food and nutrition space could be provided. What challenges have they faced and what do they anticipate the largest challenges and opportunities are looking to the future?
- The company could identify and make commitments to address specific social goals or specific issues.
- The company could provide more about the employee expert teams applying their knowledge to these issues and what they've learned.
- The company should provide additional information about how it has convened experts and shared knowledge across their initiatives throughout the world. There is reference to bringing people together, but it is not described in more detail.
- The community section does not include examples of activity within North America.
- The community section does not reference employee donations, corporate matching or other related programs or opportunities.



## Perspective from Europe

Elaine Cohen

**Founder and CEO of Beyond Business Ltd. Ms. Cohen is a CSR consultant, sustainability reporting expert, author, blogger, and speaker. Her prior roles include Supply Chain Executive with P&G and Human Resources & CSR Director Unilever Israel. She was selected as "Top 100 Thought Leaders in Trustworthy Business Behavior 2015".**



### How a food company can help change the world

In today's world, it is not enough to simply be a food or food-ingredient producer. Leading companies view their contribution to society more holistically by identifying and managing the impacts they generate throughout their entire value chain. Such companies, for example, strive to educate consumers and help them adopt healthier and more sustainable lifestyles. In addition, leading companies aspire to conduct their business in an ethical and responsible way. Ajinomoto's 2014 Sustainability Report addresses both of these aspects of sustainable business. The first part of the report represents Ajinomoto's three broad areas of contribution: promoting healthy living, conserving food resources and advancing global sustainability. The second part of the report describes Ajinomoto's responsible practices using the ISO26000 as a framework approach.

Overall, this is a comprehensive report that covers all the issues we might expect a food company to address, including nutrition and lifestyle, the use of technology and science to improve resource efficiency, sustainable agriculture and land-use, governance, compliance, human rights and employee engagement, health and safety. In all areas, Ajinomoto demonstrates a strong understanding of what's at stake and what, as a food company, it can and should contribute. Evidence of stakeholder dialogue adds credibility to Ajinomoto's selection of areas where the company can add value.

Some of Ajinomoto's activities are particularly impressive. The company's investment in externally assured lifecycle carbon footprinting across seven key seasoning ingredients demonstrates advanced commitment to understanding and improving resource efficiency throughout the value chain. Ajinomoto's approach to circular resource use – using by-products of amino-acid production as fertilizer for crop sources for amino-acids – is an example of sustainable practice. Demonstrating the environmental benefits of amino-acids in feed for livestock supports sustainable agriculture. Innovations in sustainable packaging, including the use of biomass plastic, are leading edge. The extensive engagements in a range of countries to improve nutrition in the Ajinomoto International Cooperation Network for Nutrition and Health (AIN) program show a real commitment to adding value to society.

One of the challenges of sustainable business is measuring the impacts of company activities and their effects on people, society and the environment. It is not enough to focus on, and report, what you are doing. The real measure of progress is what changes as a result of what you do. In this context, I believe Ajinomoto could go further in identifying and measuring the outcomes of its activities and reporting these outcomes to stakeholders. For example, Ajinomoto relates stories of how the company provides new food alternatives for consumers in Brazil and Pakistan and advances maternal and infant nutrition in Ghana. These initiatives are commendable but the real question is: how are they actually improving lives and to what extent? Reporting evidence of change as a result

of these initiatives would help us appreciate Ajinomoto's efforts and understand the true value of the company's contribution to improving healthy lifestyles.

Similarly, Ajinomoto's work in sustainable sourcing of skipjack tuna, palm oil, paper and coffee beans is described in the report and Ajinomoto's initiatives here are impressive. However, reporting actual consumption of these resources and the percentage of each that is sourced sustainably would help clarify the extent of Ajinomoto's progress.

While Ajinomoto provides a comprehensive report, it is long. This is partly due to the inclusion of extensive background narrative for the issues Ajinomoto addresses in the report. An understanding of relevant context is important, but it is performance and outcomes that stakeholders need to understand. In future reporting, I believe this narrative could be significantly reduced in a much shorter report that focuses on what matters. Similarly, the report describes policies and approaches in detail, sometimes excessively, without following through on performance. For example, Ajinomoto notes an intention to "promote more women to management positions". Women employees account for just 27% of Ajinomoto's global workforce and 15% of managers. For a company whose products are largely targeted at women, there is an opportunity to reinforce Ajinomoto's commitment to women (and therefore society as a whole) by outlining clear plans of action with goals and targets. Another example relates to employee safety. Ajinomoto's safety data shows that safety of workers outside Japan is far less positive than in Japan. With 65% of Ajinomoto's permanent workforce outside Japan, reporting a specific plan to address safety at a global level would seem imperative. I would recommend Ajinomoto to consider this in its next report.

Alongside this, few truly long-term aspirations are presented. Sustainable business goes beyond a three year management plan, and sustainable change takes longer to achieve, especially in a company as dynamic and complex as Ajinomoto. I recommend Ajinomoto to develop a core set of targets to 2020 that can be used to drive, measure and report future progress.

Ajinomoto has been around for 105 years. Ajinomoto's commitment to sustainable business and transparency gives me confidence that the company will be around for at least another 105 years. Therefore, a longer planning and target-setting horizon would be welcome.

## Perspective from Asia

Dr. Wong Lai Yong



**Founder of First Penguin. Social responsibility and human resources development consultant. Drawing on her language skills and deep understanding of business environments, cultures, and customs across Asia, Dr. Wong Lai Yong advises Japanese multinational corporations and educational institutions on their CSR, community engagement and development initiatives. She serves as Universiti Sains Malaysia's Industry-Community Engagement Advisor.**

From start to finish, the report consistently drives home the message that the Ajinomoto Group is cognizant of the “material issues facing 21st century society” (backed by associated statistical data released by trusted international organizations and other bodies) as a food manufacturer with global operations, and that it is strategically working to address these issues and “ensure that its core business is socially useful.”

I have summarized other commendable aspects of the report as follows.

- Ajinomoto's progressive sustainability initiatives in the supply chain and elsewhere (e.g., joint project to conserve skipjack stocks) are examples rarely found in Asia (even among local public listed companies) are a great stimulus for Asian stakeholders.
- I expect Asian stakeholders will recognize the significance of Ajinomoto's Supplier CSR Guidelines even more in the near future. The reason is that a number of governments in Asia are starting to take initiative in promoting green procurement. While their efforts do not go as far as the Supplier CSR Guidelines, they are certifying green products and offering tax exemptions and other incentives to private companies that purchase them.
- The social contribution efforts Ajinomoto is making through its core business in line with the seven core subjects of ISO 26000 can clearly indicate that the company addresses the issues of concern for stakeholders in each subject, following international standards. In Asian countries especially, awareness of environmental issues is spreading among central governments, private companies, and ordinary citizens. Public outcry is also spreading across Asia in response to food safety scandals related to tainted cooking oil from Taiwan and China. This suggests that there are many stakeholders who support Ajinomoto's action on consumer issues.
- Adoption of the new Ajinomoto Group Standards of Business Conduct, revised in August 2014, across the group, the added section on human rights, and translation of the standards into 18 languages including Japanese and English are all examples that give readers a sense of Ajinomoto's commitment to compliance as a truly global specialty company.
- Since the concept of intellectual property is not yet widely practiced in Asian countries, Ajinomoto's initiatives, especially its invention compensation program for employees, provide a strong example that Ajinomoto is willing to walk the talk.

On the other hand, the following are areas I would suggest improving (including information disclosure) when publishing the report for an Asian audience.

- It is a common practice for companies in Asia to organize their sustainability report according to the GRI guidelines framework, with a small percentage of them using a ISO 26000 and GRI comparison table.
- While I highly commend the mechanisms Ajinomoto has adopted for ensuring employee safety and health, the frequency and severity rate of accidents resulting in time off are higher for the Ajinomoto Group outside of Japan than the rate in Japan (p. 64). This section would benefit from a description of measures being taken to close this gap.
- I recommend to include comments from more stakeholders, such as employees, suppliers, experts, and NGOs and NPOs. (GRI 4.0 also places greater emphasis on stakeholder engagement.) Asia is strongly influenced by the West, and we can see the tendency to include numerous stakeholder comments in the sustainability reports starting to take hold in reports published in Asia.
- I recommend posting the English version (or, better yet, the local language version) of this report on the websites of Ajinomoto operating sites outside Japan (especially for countries where activities featured in the report were conducted). The reason is that, while Ajinomoto's sustainability efforts are progressive, I suspect that information on these efforts is not reaching a wide audience. For example, Ajinomoto (Malaysia) Berhad, a company publicly listed in Malaysia, is not counted among the 24 companies currently included in the FTSE4Good Bursa Malaysia Index, an ESG index listed at Bursa Malaysia, the Malaysian stock exchange launched in December 2014 (reference: URL for CSR initiatives at Ajinomoto (Malaysia) Berhad: <http://www.ajinomoto.com.my/csr-home-page/>).
- I have the impression that little negative information (e.g., product recalls, if any) is disclosed throughout the report. The opinion that companies should also disclose self-critical information in their sustainability reports is getting popular in Asian countries (the widespread adoption of the GRI guidelines is likely contributing to this mindset).





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