

## 1

## Ajinomoto Co., Inc.

## Companies' approach

□ **Background and purpose of accounting**

- Understanding on our overall business conditions by “visualizing” GHG emissions from operations. We use the results for development of long-term strategies. Also collecting data to prepare for information disclosure regarding our operations, if requested by stakeholders.
- Clarifying environmental impacts of a product through LCA accounting, which are used when we determine directions of product renewal and technological development.
- Taking policies on accounting GHG emissions from business activities by thoroughly examining the GHG emissions of the representative products through LCA accounting, and extrapolating the total GHG emissions when the products are produced and sold.
- The 13 products, which the LCA accounting are already completed, have received limited third party assurance on the validity of the accounting results.

□ **Utilization of accounting results**

- Reference material for product and technological developments.
- Basic data for internal use to develop long-term strategies and targets.
- Ground for improving ratings by institutional investors.

□ **Benefits of accounting**

- This accounting helps us to identify which part of our supply chain would have more environmental impacts in terms of products or activities, which is quite useful to develop next-term strategies.
- We are able to recognize what we should do next, or a target we should focus on.

□ **Internal system for accounting**

- CSR Dep. of the Headquarter coordinates the whole process.
- CSR Dep. of the Headquarter takes charge of LCA accounting for products.
- Data are provided from our business divisions, consolidated subsidiaries, factories and suppliers in Japan and overseas.

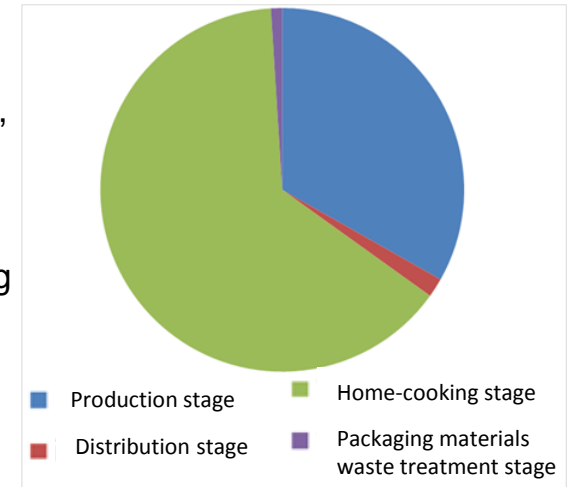
## 2

## Ajinomoto Co., Inc.

## Companies' approach

□ Efforts to reduce supply chain emissions

- The pie chart shows an example of lifecycle GHG emissions of a product-category. (In our business, each product-category has its own pattern of GHG emissions, so that we found difficulty in analyzing the sum of operational emissions.)
- As for this product-category, more than half of total emissions are from cooking at home. Therefore, working to improve efficiency in production stage on one hand, we recognize the importance of efforts to reduce environmental impacts from home-cooking stage, such as release of “Eco-Uma Recipe®”. (“Eco-Uma” means eco-conscious and tasty.)



□ Issues in supply chain emissions accounting

- Emission data on production stages by suppliers are not as accurate as ours. In most cases, we had to use assumptions based on the CFP-PCR.
- As for the basic database of the CFP-CP scheme, we found that categorization of agricultural products is too rough for our business.
- If the database contains more agricultural and fisheries products from ASEAN countries (the major source of raw materials in our operation), our accounting results will be more accurate.

□ Other

- The boundary of the performance report covers business segments of entire Ajinomoto Group from FY2016.

## 3

## Ajinomoto Co., Inc.

| Category  | Accounting methods   |   |
|---|--|---|
|   | Activity data  | Emission factor   |
| Category 1: Purchased goods and services                                    | <ul style="list-style-type: none"> <li>Based on PCR for raw materials production</li> </ul>  | <ul style="list-style-type: none"> <li>Emission factor per weight</li> </ul>                            |
| Category 2: Capital goods   | <ul style="list-style-type: none"> <li>Based on annual capital investment</li> </ul>   | <ul style="list-style-type: none"> <li>Emission factor per amount of purchase based on 3EID.</li> </ul> |
| Category 3: Fuel and energy related activities not included in Scope 1 or 2 | <ul style="list-style-type: none"> <li>Based on energy consumption of fuel- and energy-related activities in Scope 1 or 2</li> </ul>   | <ul style="list-style-type: none"> <li>Emission factor per energy used</li> </ul>                       |
| Category 4: Transportation and delivery (upstream)                          | <ul style="list-style-type: none"> <li>Based on the distance from our group's production plants to ship-from locations or shipping destinations, and the quantity of transportation</li> </ul> | <ul style="list-style-type: none"> <li>Ton-kilometer approach</li> </ul>                                |
| Category 5: Waste generated in operations                                   | <ul style="list-style-type: none"> <li>Based on waste generated from each operation</li> </ul>   | <ul style="list-style-type: none"> <li>Emission factor per weight</li> </ul>                            |
| Category 6: Business travel   | <ul style="list-style-type: none"> <li>Based on the number of employees</li> </ul>   | <ul style="list-style-type: none"> <li>Emission factor per employee</li> </ul>                          |
| Category 7: Employee commuting  | <ul style="list-style-type: none"> <li>Based on the number of employees and business days in a year</li> </ul>   | <ul style="list-style-type: none"> <li>Emission factor per employee and working days</li> </ul>         |
| Category 8: Leased assets (upstream)  | <ul style="list-style-type: none"> <li>Emissions from leased assets are included in Scope 1 and 2</li> </ul>   |   |
| Category 9: Transportation and delivery (downstream)                        | <ul style="list-style-type: none"> <li>None – practically no emissions</li> </ul>  |   |
| Category 10: Processing of sold products                                    | <ul style="list-style-type: none"> <li>None (because our intermediate products do not contribute to emissions reduction)</li> </ul>  |   |
| Category 11: Use of sold products   | <ul style="list-style-type: none"> <li>Based on the amount of energy consumed by some standard cooking methods in terms of use of products</li> </ul>  | <ul style="list-style-type: none"> <li>Emission factor per weight</li> </ul>                            |
| Category 12: End-of-life treatment of sold products                         | <ul style="list-style-type: none"> <li>Based on weight of packages</li> </ul>  | <ul style="list-style-type: none"> <li>Emission factor per weight</li> </ul>                            |
| Category 13: Leased assets (downstream)                                     | <ul style="list-style-type: none"> <li>None – practically no emissions</li> </ul>  |   |
| Category 14: Franchises   | <ul style="list-style-type: none"> <li>None – practically no emissions</li> </ul>  |   |
| Category 15: Investments  | <ul style="list-style-type: none"> <li>None – practically no emissions</li> </ul>  |   |
| Other   | <ul style="list-style-type: none"> <li>Not applicable</li> </ul>   |   |

# 4 Ajinomoto Co., Inc.

## Accounting results

### ● Supply chain emissions

