

# Management System

## 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. The company aims to increase its corporate value through an emphasis on group-wide management and efforts to strengthen business competitiveness.

### Board of Directors and Management Committee

The Board of Directors 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.

### Auditing and supervision

The Internal Auditing Department follows internal auditing rules and an auditing plan to conduct operational audits of the company as well as the management and operation of affiliates. Corporate audits are conducted by five appointed corporate auditors, three of whom are outside auditors.

### Nominations and compensation

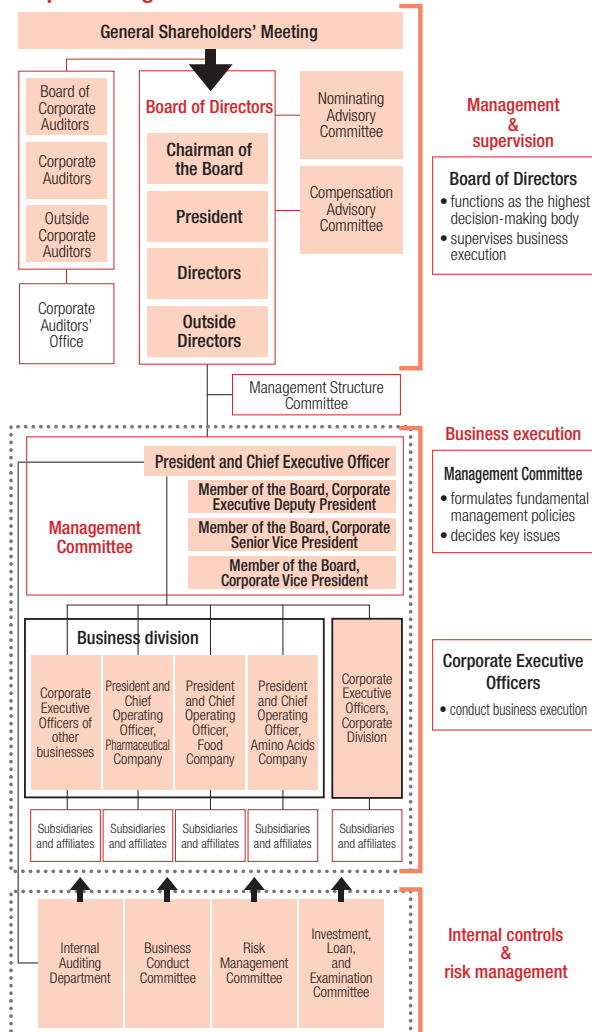
Ajinomoto Co., Inc., has established a Nominating Advisory Committee and a Compensation Advisory Committee, which are composed of several directors, including outside directors. The two committees carry out discussions with the Board of Directors in order to increase the transparency and objectivity of executive appointments and compensation.

### Risk management

The Ajinomoto Group established its Risk Management Committee in 2002, and is performing thorough risk management according to the JIS Q (Japanese Industrial Standard management system). The committee's objective is to uncover risks in advance rather than dealing with them after a crisis has occurred.

As part of this effort, a business continuity plan (BCP) has been established in order to minimize the impact on business and society in the event of an outbreak of a new strain of influenza or a major earthquake. The measures that would be needed to respond to such an emergency are being systematically put in place. Preparations include examining high-priority products that have a greater effect on society in terms of social responsibility, such as pharmaceutical products, as well as securing relevant information and logistics systems.

## Corporate organization



## Internal controls

In fiscal 2008, Ajinomoto Co., Inc. implemented an internal control system over financial reporting under the Financial Instruments and Exchange Act. It prepared internal controls at the company level by assessing design and operations, and remedying deficiencies. It also prepared internal controls at the business process level by identifying conceivable risks after analyzing each business process, documenting the implementation of internal controls for critical risks, and taking necessary remediation actions for the entire Ajinomoto Group.

Since fiscal 2008, the company has been assessing the effectiveness of internal controls over financial reporting through operating tests conducted by Internal Controls Assessment Group of the Internal Auditing Department, adopting an impartial standpoint on targeted business processes. The assessment of internal controls has also been audited by Ernst & Young ShinNihon LLC. Through these activities, the company is working to fulfill its corporate social responsibility by maintaining effective internal controls and ensuring the reliability of its financial reporting.

## Information security

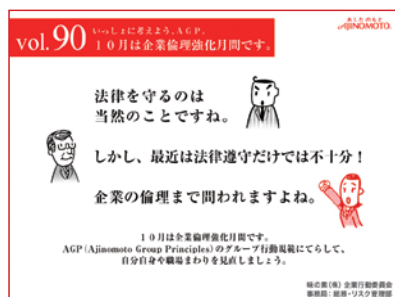
The Ajinomoto Group is striving to raise the standards of its information security based on its information security policy. The company implements two kinds of measures: rules for handling information and conducting internal education; and technological restrictions on devices allowed at the company, the recording of computer operation logs, and the monitoring of connection points with outside networks.

The company is taking the utmost care in the handling of personal information by establishing rules for the operation and maintenance of information systems. For example, such information is always handled by two people, one performing operations and the other monitoring, as a check and balance system. Furthermore, external institutions are solicited to periodically scrutinize information systems, and countermeasures are carried out as required. The Ajinomoto Group will continue implementing such measures in line with industry standards in an effort to provide reliable services to its customers.

## Compliance Framework

In 2000, the Ajinomoto Group established the Ajinomoto Group Standards of Business Conduct as part of the Ajinomoto Group Principles. Since that time, the group has worked to ensure thorough compliance with these standards as well as all relevant laws and ordinances by providing high-quality education and training, distributing manuals, and communicating with employees via intranet (see example below). It regularly monitors the status of compliance to identify any emerging issues by using questionnaires and review meetings at each workplace. New issues are handled by the Business Conduct Committee, the General Affairs & Risk Management Department, and the Legal Department.

The Ajinomoto Group has revised its Standards of Business Conduct in 2009 to harmonize it with the new Ajinomoto Group Philosophy, declared on January 1, 2009, and the Ajinomoto Group Way. The Ajinomoto Group regards this revision as an opportunity to strengthen compliance among employees.



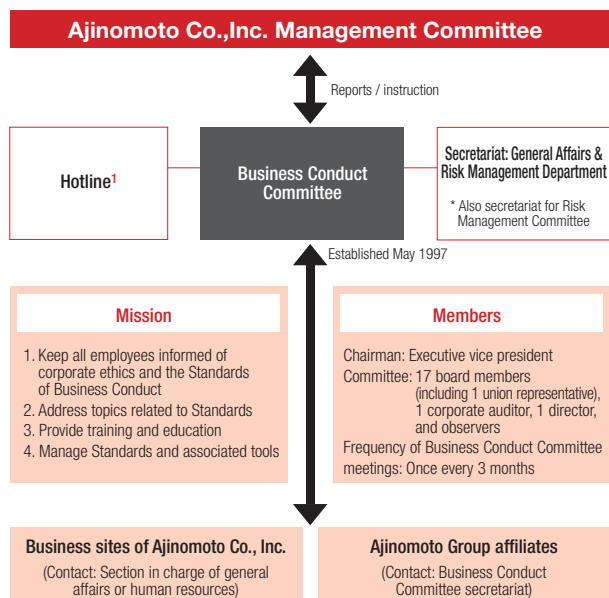
When computers start up at Ajinomoto Co., Inc., every week screens display illustrations of conversations that highlight different key points from the Ajinomoto Group Principles.

## Business Conduct Committee

In May 1997, Ajinomoto Co., Inc. established the Business Conduct Committee as an organization for ensuring that all personnel are kept informed of the Standards of Business Conduct and for checking whether business activities are being carried out in accordance with the standards. Similar business conduct committees have also been established at each of the main group companies, and the company is working on group-wide initiatives befitting a good corporate citizen to encourage legal compliance and ethics. The company has also been focusing on addressing and promoting employment diversity and implementing measures for mental health.

In addition, the company has been promoting its whistleblower hotline as a permanent in-house method to ensure compliance to all of its employees.

### Overview of committees



<sup>1</sup> Hotline: A tool for all group members to use for consultation and to report misconduct. User privacy is protected and users are not subject to any form of adverse treatment as a result of their use.

## R&D compliance

Ajinomoto Co., Inc. has established internal standards, regulations and educational programs for researchers in order to ensure compliance with laws and regulations. In this respect, the company's researchers are required to assess equipment, materials, procedures and research plans from a legal perspective in advance of their experiments. Furthermore, experimental designs must be approved by appropriate internal committees, such as the Institutional Review Board or the Biosafety Committee, in accordance with the nature of the research.