

Basic Approach to Corporate Governance

The Ajinomoto Group positions corporate governance as one of the most important aspects of its management foundation for accelerating its ASV efforts and achieving its vision of becoming a Genuine Global Specialty Company. While continuously working to establish an effective corporate governance system that balances “supervising appropriate execution to reflect stakeholders’ opinions” and “flexible decision making and execution,” the Group

sincerely maintains the Ajinomoto Group Policy, which shows the behavior and way of thinking that each Group company, officer, and employee should follow. The Group believes that continuing to work on the establishment of internal control systems and their appropriate operation, and deepening dialogue and collaboration with stakeholders will become the foundation of ASV, continuously enhancing corporate value.

▶ For details, please see the Ajinomoto Principle on Corporate Governance and the Corporate Governance Report.
https://www.ajinomoto.com/en/ir/strategy/corp_gov.html

Initiatives to reinforce governance

2003

- Introduction of executive officer system
- Decrease in the number of directors (from 30 to 12)
- Appointment of an outside director (one out of 12 directors)

2004

- Appointment of outside corporate auditors (three)

2005

- Establishment of Nominating Advisory Committee
- Establishment of Compensation Advisory Committee

2009

- Increase in the number of outside directors (two out of 15 directors)

2011

- Appointment of a female outside director (one out of 15 directors)

2015

- Increase in the number of outside directors (three out of 14 directors)

2016

- Introduction of evaluation of the Board of Directors’ effectiveness
- Introduction of the Global Governance Policy

2017

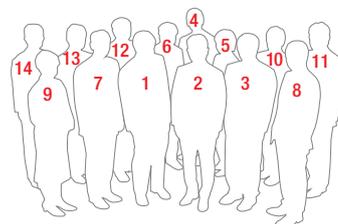
- Decrease in the number of internal directors (from 10 to 6)
- Establishment of Corporate Governance Committee
- Introduction of a medium-term company performance-linked stock compensation system

Overview of the corporate governance structure

Main Items	Current Status
Type of system	Company with Audit & Supervisory Board
Number of directors (including outside directors)	9 (3)
Number of Audit & Supervisory Board members (including Audit & Supervisory Board members [external])	5 (3)
Number of Board of Directors’ meetings held (FY2018) (Average attendance rate of outside directors) (Average attendance rate of Audit & Supervisory Board members [external])	17 (98%) (96%)
Number of Audit & Supervisory Board meetings held (FY2018) (Average attendance rate of Audit & Supervisory Board members [external])	17 (96%)
Directors’ term of office	2 years
Adoption of corporate executive officer system	Yes
Voluntary committees, etc. of the Board of Directors	Nominating Advisory Committee, Compensation Advisory Committee, Corporate Governance Committee, Management Foundation Review Committee
Compensation systems for officers, etc.*	(1) Monthly compensation (2) Short-term company performance-linked compensation (3) Medium-term company performance-linked stock compensation (See p52)
Accounting auditor	Ernst & Young ShinNihon LLC

* Outside directors and outside Audit & Supervisory Board members only receive (1).

Management Team



1 Masatoshi Ito
Chairman of the Board

2 Takaaki Nishii
Representative Director,
President & Chief Executive Officer

3 Hiroshi Fukushi
Representative Director,
Member of the Board &
Corporate Executive Deputy
President

4 Masaya Tochio
Representative Director,
Member of the Board &
Corporate Senior Vice President

5 Chiaki Nosaka
Member of the Board &
Corporate Vice President

6 Etsuhiro Takato
Member of the Board

7 Yasuo Saito
Outside Director

8 Takashi Nawa
Outside Director

9 Kimie Iwata
Outside Director

10 Yoichiro Togashi
Audit & Supervisory Board Member
(Standing)

11 Shizuo Tanaka
Audit & Supervisory Board Member
(Standing)

12 Atsushi Toki
Audit & Supervisory Board Member
(External),
Attorney-at-law

13 Hiroshi Murakami
Audit & Supervisory Board Member
(External)

14 Hideki Amano
Audit & Supervisory Board Member
(External),
Certified Public Accountant

▶ For more information on officers, please see below.
<https://www.ajinomoto.com/en/aboutus/data/officers.html>

Message from the Chairman of the Board



Developing a management and governance structure to respond flexibly to environmental changes

Masatoshi Ito

Chairman of the Board

All chairs of advisory bodies are Outside Directors, in order to ensure independence and stimulate debate.

The business environment surrounding the Ajinomoto Group is undergoing dramatic change. This includes slowing growth in the Japanese market due to the declining birth rate and aging society, ever more diverse and personalized patterns of consumption in conjunction with the evolution of digital technologies, and the reorganization of sales channels. To accurately identify these changes and realize sustained growth by creating value through ASV, the Group strives to implement decision-making and business execution swiftly and appropriately. At the same time, the Group is working continually to develop and enhance its corporate governance system, which monitors business transparency and fairness as well as the effectiveness and efficiency of business execution.

From June 2019, all three committees that report directly to the Board of Directors – Nominating Advisory Committee, Compensation Advisory Committee and Corporate Governance Committee – are chaired by outside Directors. This ensures the objectivity and independence of each committee, while at the same time drawing on the expertise of the outside Directors, as well as their extensive knowledge and experience, to stimulate debate at committee meetings. This will further enhance their effectiveness as advisory bodies to the Board of Directors.

Addition of Non-Executive Internal Director to strengthen Group cross-organizational management and supervisory functions

Under the new structure, which launched in June 2019, we appointed one additional Non-Executive Internal Director to enhance the effectiveness of the Group cross-organizational supervisory function. The Group has numerous consolidated subsidiaries, both in Japan and

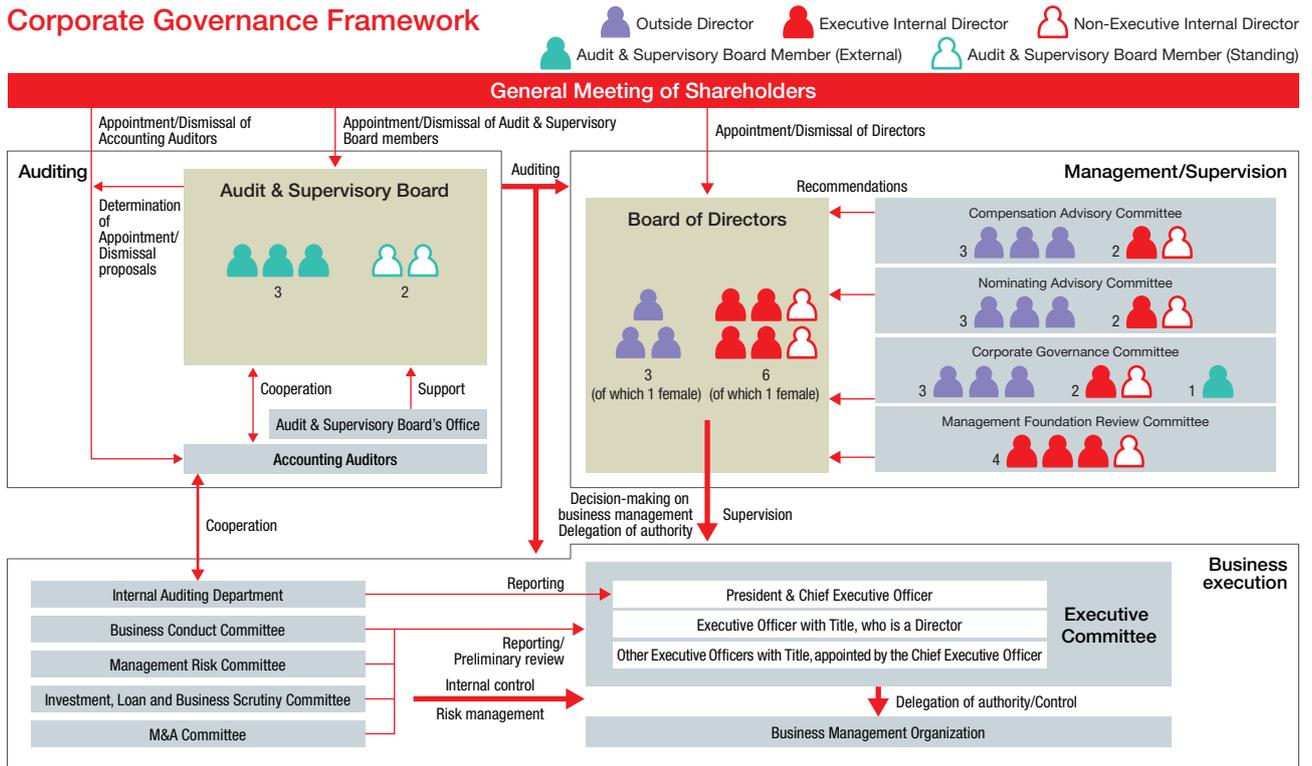
overseas, and we took this decision as we felt a full-time non-executive internal Director, who has deep knowledge and experience of the Group's operations, would be well qualified to closely supervise their management and business execution. The Non-Executive Internal Director appointed on this occasion will supervise a total of five companies, including subsidiaries that have a significant impact on consolidated earnings and recently acquired important subsidiaries.

In addition, we have launched a Management Foundation Review Committee, which reports directly to the Board of Directors, in order to strengthen the foundation of the cross-Group management function. It is composed of three Representative Directors and the abovementioned Non-Executive Internal Director, making a total of four members, including the President who serves as the chair. The Management Foundation Review Committee conducts discussions on strengthening internal control of each group company, and on the portfolio of group assets in relation to the strategic direction of Group management, and provides feedback on these discussions to the Board. Its role is to further deepen Board discussion while supporting Group cross-organizational business decision-making.

We also seek to build a management and governance structure that enables us to respond flexibly to environmental change and diversifying values. We will do this by actively appointing Directors (internal and outside) with high-level expertise from a wide range of backgrounds, regardless of gender or nationality, so as to increase diversity.

Masatoshi Ito
Chairman of the Board

Corporate Governance Framework



Audit & Supervisory Board

The Audit & Supervisory Board members work together with the accounting auditor and Internal Auditing Department to conduct audits on the execution of duties by Directors and Corporate Executive Officers, etc.

Nominating Advisory Committee

The Nominating Advisory Committee consists of five Directors, including three Outside Directors. The Committee deliberates on such matters as Director nominees and proposals for the election of Directors and a successor plan of future Chief Executive Officer, and reports on these deliberations to the Board of Directors.

Management Foundation Review Committee

The Management Foundation Review Committee consists of three Representative Directors including the President and one Non-Executive Internal Director (total of four). The committee determines the strategic direction for Group management and strengthens the foundation of the cross-Group management function. It reports on its deliberations to the Board of Directors.

Board of Directors

The Board of Directors oversees the business execution of Directors and Corporate Executive Officers, and makes important business execution decisions as management's highest decision-making body.

Compensation Advisory Committee

The Compensation Advisory Committee consists of five Directors, including three Outside Directors. The Committee deliberates on proposals for compensation of Directors and Corporate Executive Officers, etc., and reports on these deliberations to the Board of Directors.

Executive Committee

The Executive Committee deliberates on company management policies and plans, and makes important decisions concerning business execution.

Corporate Governance Committee

The Corporate Governance Committee consists of five Directors, including three Outside Directors, and one Audit & Supervisory Board member (External). The Committee holds discussions on matters related to corporate governance, and reports on these discussions to the Board of Directors.

I will help the Corporate Governance Committee perform its function while improving corporate governance.

When analyzing the soundness of the Company's corporate governance and exploring how to improve it in the future, it is extremely important to accurately understand the roles of the function of the Audit & Supervisory Board and its members. For that reason, I believe it is significant that an external member of the Audit & Supervisory Board sits on the Corporate Governance Committee and provides impartial information and analyses. As that member at present, I express opinions and analyze issues concerning the Company's corporate governance system from a legal standpoint while comparing it to the systems of other companies. In that process, I make use of my experience as an outside director at several companies and my expertise as a lawyer specializing in corporate legal affairs. I also intend to propose ideas for the corporate governance system while reflecting the opinions of outside directors on the committee as much as possible within the framework of current laws. I look forward to helping the committee fully perform its function as an advisory body.



Atsushi Toki
External member of the Audit & Supervisory Board and member of the Corporate Governance Committee

Succession Plan

For selection of Directors and top management candidates, including Chief Executive Officer, the following competence requirements, etc., are determined by the Board of Directors, based on discussions of the Nominating Advisory Committee.

1. Ability to achieve ASV
2. Ability to achieve global top 10 class company
3. Ability to create markets
4. Ability to achieve sustainable growth

Based on these competence requirements, etc., the Nominating Advisory Committee reports to the Board of Directors about candidates for future Chief Executive Officer, develops a successor plan, and confirms and advises on its operation.

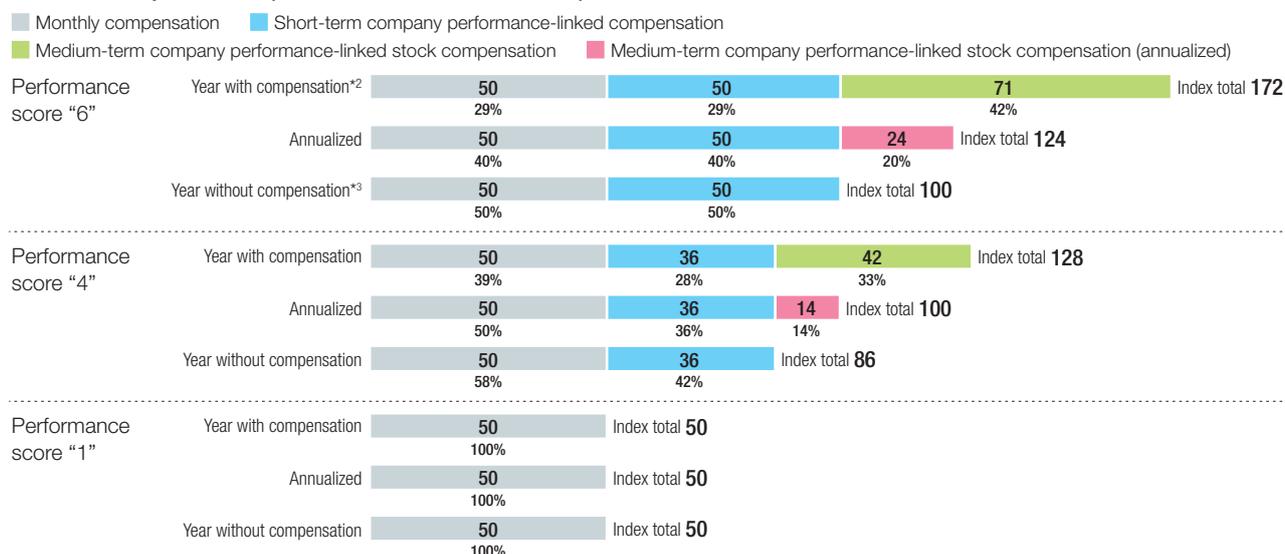
Compensation Systems for Officers, etc.

Compensation for Directors (excluding outside Directors) comprises (1) monthly compensation; (2) short-term company performance-linked compensation; and (3) medium-term company performance-linked stock compensation. The details and evaluation indicators are shown below.

Compensation	Details	Evaluation Indicator
Monthly compensation	Set with reference to the results of a survey by an external organization	–
Short-term company performance-linked compensation	Paid according to companywide and divisional performance for the fiscal year	Sales, business profit, profit attributable to owners of parent company, ROE (all on a consolidated basis)
Medium-term company performance-linked stock compensation	Shares of the Company and an amount of cash equivalent to the conversion value of Company shares are provided according to performance in the final fiscal year of the MTP	Business profit and ROA in the final fiscal year of the MTP (both on a consolidated basis)

The payment ratio of “monthly compensation,” “short-term company performance-linked compensation,” and “medium-term company performance-linked stock compensation” is approximately 50:36:14 (annualized*1) when the performance target criteria are achieved (performance score of “4” out of 6 levels). This ratio varies depending on performance. Taking the total compensation (annualized) when the performance score is “4” as 100, the index for total compensation and the ratios of each type of compensation for the highest performance score “6” and the lowest performance score “1,” are shown below.

Ratio of compensation (in the case of the President)



*1 The amount that would have been paid each year after equalizing the medium-term company performance-linked stock compensation provided after the three-year period of MTP

*2 The amount paid in a year with medium-term company performance-linked stock compensation

*3 The amount paid in a year without medium-term company performance-linked stock compensation

Messages from Outside Directors

“ It is essential to clearly explain the need for asset-light management.

The Group has set a goal in the next medium-term management plan to bolster its competitiveness and achieve sustainable growth through asset-light management and digital transformation. I fully expect that management will stay focused on this vision while recognizing that the means are not ends in themselves. Therefore, management should clarify its approach and clearly explain the reasons and goals of asset-light management and impart this information to employees and investors. At the same time, I will constructively examine management's efforts to demonstrate how ASV initiatives and work-style innovation will lead to the growth of the Ajinomoto Group.

**Yasuo Saito** Outside Director**“ We need to clarify our short- and long-term goals and do everything necessary to achieve them.**

Today's world is changing rapidly, so it is important to have a clear roadmap to follow over the long term from 2030 through to 2050. Accordingly, we need to start envisioning that path through concrete discussions and then do everything necessary to move forward. Over the short term, the Ajinomoto Group's management tasks are to shift to an asset-light business model and step up the pace and scale of productivity improvements. Over the long term, we must create the Group's own growth algorithm, and for that purpose, it will be vital to develop and attract a new generation of management talent. I believe it is especially important to actively recruit talent from outside the Group into its management.

**Takashi Nawa** Outside Director**“ I will draw on my experience in administrative affairs and corporate management to help enhance corporate value.**

Having been newly appointed as an outside director in June 2019, I hope to contribute to enhancing corporate value going forward by making the most of my experience in administrative affairs, corporate management, and non-profit organizations, while also drawing from my perspective as a female consumer. To help supervise management from a standpoint independent of business execution, I intend to learn as much as possible about the Ajinomoto Group so I can actively contribute in deliberations by the Board of Directors and offer alternative ideas if there are any issues I oppose. I also hope to play a useful role in providing advice to management by applying the experience I have gained in promoting diversity, work-style innovation, and creating shared value management.

**Kimie Iwata** Outside Director