### Macro environment surrounding the Ajinomoto Group

### Growing world population\*1

2050

7.6 billion > 9.8 billion

Food production needed by 2050 compared to 2005-2007

· Rising demand for food, water, and energy

### Global population aging

Population over 65\*3

0.6 billion 1.5 billion

- · Rising needs for extending healthy life
- · Rising demand for healthcare

### Climate change

temperature by 2100\*4 +4.8°C

· Accelerated decarbonization

· Unstable materials sourcing

· Breakdown in supply chain

Rapid urbanization

Urban population by 2050\*5

**55% ► 68%** 

· Rising middle-income class

· Digital disruption (New business

opportunities and competitors)

· Changes of methods to provide

· Accelerated use of Al and IoT

\*2 Food and Agriculture Organization of the UN, 2014

\*4 Intergovernmental Panel on Climate Change, 2013

\*5 2018 Revision of World Urbanization Prospects, UN

information, products, and services

New flow of goods

· Intense competition

Digital innovation

\*1 United Nations (UN), 2017

\*3 UN, 2015

· Impact on health

· Physical damage from natural disasters





Food resources

Maximize limited food

resources and provide

more value

Related SDGs



Global sustainability

Reduce impact of business

activities for global

sustainability

Related SDGs

Health and well-being

Realize wellness for people

around the world

Related SDGs

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# waste

### Sustainable materials sourcing

Materiality items

Assurance of

product safety

Contribution

to health and

Rapid response

to consumer

lifestyle

changes

nutritional

issues



# Reduction of

# food loss and

Climate change

adaptation and

mitigation

Contribution

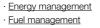
to a circular

economy

# Waste reduction in the distribution process

# Greenhouse gas emissions (Scope 1, 2, and 3)

Consumer edification (sustainable consumption, etc.)



## Air quality

## Waste reduction and 3Rs (Reduce, Reuse, Recycle) Product packaging

Specific examples (underlined: 30 priority ESG items\*6)

Response to diversification of values (smart cooking, joy of eating)

Undernutrition and overnutrition (customer welfare)

Nutrition for infants, young women, and seniors

Product quality and safety

Fair disclosure and labeling

New technology application

Religious standards

Regenerative medicine

Fair marketing and advertising

Product access and affordability

Eating alone, eating personalized meals

Eradication of child and forced labor

Preventive medicine

Biodiversity impacts

Deforestation control

Sustainable land use

Animal welfare

Supply chain management

Animal and plant nutrition

Efficient use of materials

Well-being

## Waste and hazardous materials management Reduction of environmental impact from containers and packaging

# Lifecycle impact of products and services

## O Development of environmentally-friendly materials • Damaged corporate value due to delays in waste reduction or recycling efforts

· Labor relations

Fair labor practices

# • Production stagnation due to droughts, floods or water quality deterioration

# Raw material procurement failure due to water resource depletion

O Company growth by improving employee engagement

• Higher tax burden due to changes in tax and tax effect

O Business foundation reform through digital disruption

O Specialty creation through technological innovation

Ajinomoto Group corporate message Eat Well, Live Well.

O Brand trust gained by increasing customer satisfaction

O Trust gained through fair disclosure to stakeholders

O Rising health awareness and needs of consumers

O New value creation using digital technology

environmental issues across the supply chain

O Brand trust

O Enhancing corporate value

diversifying values

Depletion of food resources

increased carbon tax burden

Procurement risk of sustainable raw materials

Related opportunities and risks

(o Opportunity ● Risk)

• Impact on business of growing negative rumors regarding umami and MSG

• Lower customer confidence due to product quality complaints or incidents

O Enhancing corporate reputation by offering the joy of eating together

• Impact on seasonings business due to less cooking time and skills

• Increased risk of raw material procurement failure due to climate change

O Cost reduction through initiatives to reduce product returns and waste

• Damaged corporate value due to delayed response to climate change

• Higher production costs due to delays in initiatives to eliminate carbon emissions or

O Collaboration with outside organizations on decarbonization

• Loss of growth opportunities due to delayed response to consumer lifestyle changes or

• Increased risk of raw material procurement failure due to delays in addressing social and

### Promoting PDCA cycle using the engagement survey Reforming organizational culture to promote diversity

## **Business foundation**

Create a corporate group that grows sustainably

# Diverse talent

Strong

corporate

governance

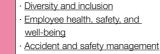
Preparation for

intense global

competition

Conservation of

water resources



Competitive behavior

Intellectual property protection

Systemic risk management

Early creation of innovation

Business selection and focusing

Enhancement of basic infrastructure

Political activities and contributions

Business ethics and transparency

Compliance

of payments

IT management

Open innovation

Employee engagement

Water and wastewater management

Agriculture and livestock water use

# Recruitment, development

Data security and customer privacy community relations

### and retention Regulatory capture and O Enhancing corporate value political influence · Environment, social impacts on assets and operations · Succession planning

· Management transparency

· Human rights and

### Compensation and benefits O Creation of an innovative environment Rising costs due to intense competition for human resources

Appropriate risk-taking
Decreased competitiveness due to inability to adapt to digital technology
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o Establishment of competitive advantage by forecasting future changes

- advances • Decreased competitiveness due to vulnerabilities in IT management structure Confusion in organizational management and reduced business profitability due to unstable
- political, economic, and social conditions such as financial crises, trade issues, etc. • Impact of intellectual property risks on business • Impact of sudden foreign exchange and interest rate fluctuations on business
- Raising awareness of the Ajinomoto Group Policies among all Group employees Establishing whistleblower hotline Strengthening corporate governance system

Key initiatives by the Ajinomoto Group

Reflecting customer feedback on developing and improving products and services

Thorough quality assurance and human resource training based on the Ajinomoto

Offering tasty food and amino acid products as well as menus that nourish health and

Customized programs to each consumer for improving nutrition (personal nutrition)

Expanding products and services to meet the need for convenience, such as smart

Identifying important raw materials and engaging in responsible procurement (paper,

Reducing product returns and waste by extending product best-before dates, etc.

Enhancing communication to share the benefits of umami and MSG

Contributing to disease prevention with "AminoIndex technology"

Creating strong communities and social bonds through food

Management of fair operating practices (traceability, etc.)

Promoting sustainability to suppliers

Human rights due diligence

Shifting to renewable energy

pollution)

Disclosures (TCFD) (scenario analysis, etc.)

Maintaining forests for water sources

Developing wastewater treatment technology

Training and promotion of female employees

Occupational safety and health management

Promoting health management

Human rights awareness training

palm oil, skipjack, etc.)

Developing nutritional standards that Group products should meet

Advanced marketing efforts by leveraging big data and consumer data

Properly delivering products, services and information to customers

Ensuring fair competition and providing thorough employee training

Upgraded, optimal supply-chain management using digital technology

Reducing food loss and waste during product use by consumers

Proposing eco-friendly lifestyles for enjoying food without leftovers

Long-term effort to turning the overall product lifecycle carbon neutral

Initiatives to reduce energy use during production and transportation

Supplying highly biodegradable amino acid-based detergent

Promoting use of environmentally-friendly product labels

Disclosing information in line with the Task Force on Climate-related Financial

Lowering environmental impact by feed-use amino acids (reduction of soil and water

Promoting the 3Rs of containers and packaging (reduction of plastic waste, etc.)

Using biodegradable plastic/plant-derived raw materials/certified paper

Contributing to sustainable agriculture by using co-products

Using raw materials in manufacturing process without waste

Building strategies to deal with smaller markets (due to urbanization, etc.)

Properly sharing information on package and website

System of Quality Assurance (ASQUA)

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

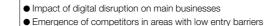
well-being

Promoting protein intake

- Selecting Group-wide significant risks and considering appropriate responses Managing intellectual property risk
- Strengthening information security through the creation of Information Security Regulations

## Related SDGs

### \*6 The 30 priority ESG items set by the Group have been incorporated.



O Value creation from external collaboration

### Rapidly commercializing research findings (R&D system reorganization)

Competitive intelligence (medium- to long-term initiatives)

Value chain restructuring (production system reorganization)

Promoting open & linked innovation

Promoting digital transformation