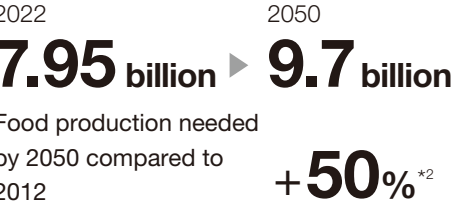


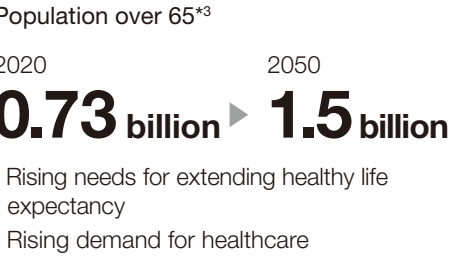
Macro environment surrounding the Ajinomoto Group

Growing world population\*1

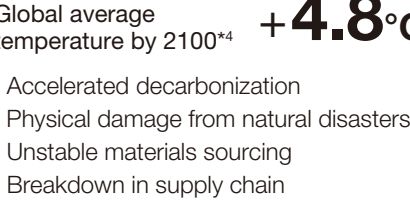


· Rising demand for food, water, and energy

Global population aging



Climate change



Major social changes due to the pandemic and the situation in Ukraine

· Changes in consumer behavior (in-home consumption, reluctance to go out, increased delivery, etc.)

· Increased awareness of hygiene and health management

· Growing sense of urgency regarding the stable supplies of goods and energy (resource capture, tendency toward local production for local consumption, etc.)

· Social fragmentation (polarization of rich and poor, increase in geopolitical risks)

· Increase in occasion of eating alone

· Promotion of the green recovery

Accelerated use of digital technology

· Emergence of new business opportunities and competition

· Changes in the way information, products, and services are provided (e.g., D2C)

· Increasing opportunities for direct communication with consumers

· Increase in the influence of Generation Z

\*1 United Nations (UN), 2019, 2022  
\*2 Food and Agriculture Organization of the UN, 2017  
\*3 UN, 2020  
\*4 Intergovernmental Panel on Climate Change, 2021

Ajinomoto Group corporate message Eat Well, Live Well.

Materiality items	Specific examples	Related opportunities and risks ( ○ Opportunity ● Risk)		Key initiatives by the Ajinomoto Group	Related SDGs
Contribution to solve food and health issues	<div>· Undernutrition and overnutrition (customer welfare)</div> <div>· Nutrition for infants, young women, and seniors</div> <div>· Well-being</div> <div>· Regenerative medicine</div> <div>· Preventive medicine</div>	<div>○Revised lifestyle habits, including diet and exercise, due to increasing seriousness and diversity of health issues</div> <div>○Brand trust</div> <div>○Stronger laws and rules related to health and nutrition (sugar tax, nutrition labeling)</div>	<div>○Involvement of food and nutrition in predictive prevention</div> <div>○Development of regenerative medicine technology, antibody drugs, and oligonucleotide therapeutics</div> <div>●Rising competition in the health and nutrition field</div>	<div>· Offering tasty food and amino acid products as well as menus that nourish health and well-being</div> <div>· Supporting the practice of “delicious salt reduction”</div> <div>· Promoting protein intake</div> <div>· Supporting the practice of “delicious sugar and fat reduction”</div> <div>· Workforce nutrition improvement</div> <div>· Use of nutrient profiling systems for product development</div> <div>· Contributing to preventive medicine through “AminoIndex technology”</div> <div>· Cell culture medium for regenerative medicine</div> <div>· Contract development and manufacturing of biopharmaceuticals</div>	<div>2</div> <div>3</div> <div>17</div>
Rapid response to consumer lifestyle changes	<div>· Fair marketing and advertising</div> <div>· Product access and affordability</div> <div>· Response to diversification of values (smart cooking, joy of eating)</div> <div>· Eating alone, eating personalized meals</div>	<div>○Enhancing corporate reputation by offering the joy of eating together</div> <div>○New value creation using digital technology etc.</div> <div>●Loss of growth opportunities due to delayed response to consumer lifestyle changes or diversifying values</div>		<div>· Creating strong communities and social bonds through food</div> <div>· Advanced marketing efforts by leveraging big data and consumer data</div> <div>· Building strategies to deal with smaller markets</div> <div>· Properly delivering products, services, and information to customers</div> <div>· Expanding products and services to meet the need for convenience, such as smart cooking</div>	<div>3</div> <div>17</div>
Assurance of product safety	<div>· Product quality and safety</div> <div>· Fair disclosure and labeling</div> <div>· New technology application</div> <div>· Religious standards</div>	<div>○Brand trust gained by increasing customer satisfaction</div> <div>○Trust gained through fair disclosure to stakeholders</div> <div>●Impact on business of growing negative rumors regarding umami and MSG</div> <div>●Lower customer confidence due to product quality complaints or incidents</div>		<div>· Providing proper information via product packaging and online</div> <div>· Reflecting customer feedback on developing and improving products and services</div> <div>· Enhancing communication to share the benefits of umami and MSG</div> <div>· Comprehensive quality assurance activities and human resources development</div>	<div>3</div> <div>17</div>
Diverse talent	<div>· Employee engagement / decent work</div> <div>· Diversity and inclusion</div> <div>· Employee health, safety, and well-being</div> <div>· Labor relations</div> <div>· Fair labor practices</div> <div>· Compensation and benefits</div> <div>· Recruitment, development and retention</div>	<div>○Company growth by improving employee engagement</div> <div>○Creation of an innovative environment</div> <div>○Increase in the number of channels for recruiting and promote human resources of diverse backgrounds</div> <div>●Rising costs due to intense competition for human resources and loss of corporate reputation in the event of a failure to attract diverse human resources</div>		<div>· Enhancing employee engagement (ASV as one’s own initiative)</div> <div>· Promoting PDCA cycle using engagement surveys</div> <div>· Organizational culture reform to promote diversity and inclusion</div> <div>· Training and promotion of female employees</div> <div>· Promoting health management</div> <div>· Human rights awareness training</div> <div>· Fostering a corporate culture of innovation</div>	<div>5</div> <div>8</div>
Climate change adaptation and mitigation	<div>· Reduction of greenhouse gas emissions (Scope 1, 2, and 3)</div> <div>· Energy management</div> <div>· Fuel management</div> <div>· Air quality</div>	<div>○Initiatives toward net-zero GHG emissions, and cost competitiveness ensured through reduced carbon tax burden</div> <div>○Collaboration with outside organizations on decarbonization</div> <div>●Failure to procure raw materials due to climate change</div> <div>●Damaged corporate value due to delayed response to climate change</div>		<div>· Long-term effort to turning the overall product lifecycle carbon neutral</div> <div>· Initiatives to reduce energy use during production and transportation</div> <div>· Convert to fuels with lower greenhouse gas emissions emission factors</div> <div>· Use of internal carbon-pricing</div> <div>· Disclosing information in line with the Task Force on Climate-related Financial Disclosures (TCFD) (scenario analysis, etc.)</div> <div>· Lowering environmental impact by feed-use amino acids (reduction of soil and water pollution)</div>	<div>7</div> <div>13</div> <div>17</div>
Contribution to a circular economy	<div>· Waste reduction and 3Rs (Reduce, Reuse, Recycle)</div> <div>· Product packaging</div> <div>· Waste and hazardous materials management</div> <div>· Reduction of environmental impact from containers and packaging</div> <div>· Lifecycle impact of products and services</div>	<div>○Gaining market share through the development of environmentally conscious materials</div> <div>●Damaged corporate value due to delays in waste reduction or recycling efforts</div> <div>●Loss of business opportunities due to delays in complying with plastic waste regulations, etc.</div>		<div>· Supplying highly biodegradable amino acid-based detergent</div> <div>· Reduce plastic usage and convert to mono-material packaging materials</div> <div>· Contribute to social implementation of recycling in countries and regions where we do business</div> <div>· Appeals on packaging labels to reduce plastic waste</div>	<div>14</div> <div>15</div> <div>17</div>
Reduction of food loss and waste	<div>· Efficient use of materials</div> <div>· Consumer edification (sustainable consumption, etc.)</div> <div>· Waste reduction in the distribution process</div>	<div>○Cost reduction through efforts to improve yield in the production process, reduce product returns and waste</div> <div>●Damage to corporate value due to delays in addressing food loss and waste</div>		<div>· Reduce losses in the production process</div> <div>· Optimize supply-demand/supply/sales balance and extend best-before dates</div> <div>· Pursue greater usefulness and efficiency</div> <div>· Collaborate with suppliers, retailers, and distributors</div> <div>· Develop products useful in reducing waste</div> <div>· Engage in activities to reduce loss among consumers</div>	<div>2</div> <div>12</div> <div>17</div>
Sustainable materials sourcing	<div>· Biodiversity impacts</div> <div>· Deforestation control</div> <div>· Elimination of child labor and forced labor</div> <div>· Supply chain management</div> <div>· Sustainable land use</div> <div>· Animal welfare</div> <div>· Animal and plant nutrition</div>	<div>○Creating business opportunities by developing products in consideration of resource recycling and biodiversity</div> <div>●Failure to procure raw materials, product recalls due to quality issues in the supply chain</div> <div>●Failure to procure raw materials and damage to corporate value due to delays in addressing social and environmental issues in the supply chain</div>	<div>●Supply chain disruptions due to natural disasters, pandemics, or delays in responding to export restrictions in certain regions</div> <div>●Failure to procure raw materials due to food resource depletion</div>	<div>· Visualize issues in the supply chain</div> <div>· Conduct human rights impact assessments</div> <div>· Pursue animal welfare</div> <div>· Establish traceability and purchase certified products</div> <div>· Ensuring fair competition and providing thorough employee training</div> <div>· Contributing to sustainable agriculture by using co-products</div>	<div>12</div> <div>14</div> <div>15</div> <div>17</div>
Conservation of water resources	<div>· Water and wastewater management</div> <div>· Agriculture and livestock water use</div>	<div>○Stable procurement of raw materials and stable supply of products by reducing water risk</div> <div>●Production stagnation due to droughts, floods, or water quality deterioration</div> <div>●Damage to corporate value due to delays in addressing water resource conservation</div>		<div>· Optimize production processes</div>	<div>6</div> <div>12</div> <div>14</div> <div>17</div>
Strong corporate governance	<div>· Compliance</div> <div>· Accident and safety management</div> <div>· Competitive behavior</div> <div>· Intellectual property protection</div> <div>· Political activities and contributions</div> <div>· Business ethics and transparency of payments</div> <div>· IT management</div> <div>· Response to natural disasters and diseases</div> <div>· Systemic risk management</div> <div>· Data security and customer privacy</div> <div>· Regulatory capture and political influence</div> <div>· Environment, social impacts on assets and operations</div> <div>· Succession planning</div> <div>· Management transparency</div> <div>· Human rights and community relations</div>	<div>○Appropriate risk-taking</div> <div>●Business continuity risk or other unexpected losses due to failures in corporate governance or internal controls</div> <div>●Lack of appropriate information disclosure resulting in a loss of investor confidence</div> <div>●Decreased competitiveness due to vulnerabilities in IT management structure</div> <div>●Delay or suspension of operations due to a combination of natural disasters, diseases, and pandemics</div>	<div>●Disruptions to organizational operations and decline in business profitability due to changes in macroeconomic conditions</div> <div>●Impact of intellectual property risks on business</div> <div>●Impact of sudden foreign exchange and interest rate fluctuations on business</div> <div>●Higher tax burden due to changes in tax and tax effect</div>	<div>· Raising awareness of the Ajinomoto Group Policies among all Group employees</div> <div>· Establishing whistleblower hotline</div> <div>· Strengthening corporate governance system</div> <div>· Stronger business continuity management (BCM)</div> <div>· Occupational safety and health management</div> <div>· Selecting Group-wide significant risks and considering appropriate responses</div> <div>· Strengthening cybersecurity countermeasures by ensuring information security regulations</div> <div>· Managing intellectual property risk</div> <div>· Engagement in dialogue with various stakeholders</div>	<div>8</div>
Preparation for intense global competition	<div>· Business selection and focusing</div> <div>· Early creation of innovation</div> <div>· Open innovation</div> <div>· Enhancement of basic infrastructure</div>	<div>○Business foundation reform through digital disruption</div> <div>○Value creation from external collaboration</div> <div>○Specialty creation through technological innovation</div> <div>○Establishment of competitive advantage by forecasting future changes</div>	<div>●Opportunity loss and loss of competitive ability due to neglect of IT investment</div> <div>●Emergence of multiple competitors due to an inability to erect strong barriers to entry</div>	<div>· Stronger collaboration between food and AminoScience divisions</div> <div>· Evolving supply chain management (digitization, establish ecosystem, etc.)</div> <div>· Promoting digital transformation</div> <div>· Establishing solutions-oriented R&amp;D structure</div> <div>· Competitive intelligence (medium- to long-term initiatives)</div> <div>· Promoting open &amp; linked innovation</div> <div>· Reviewing global production system, logistics system, and employment system</div>	<div>17</div>