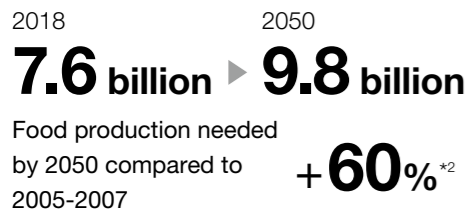


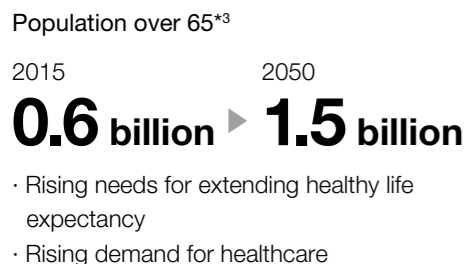
Macro environment surrounding the Ajinomoto Group

Growing world population*1

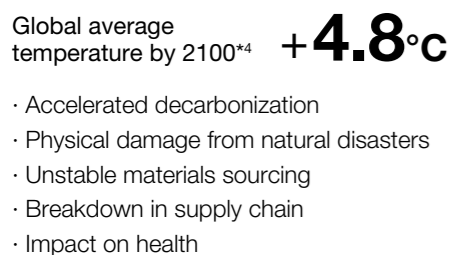


- Rising demand for food, water, and energy

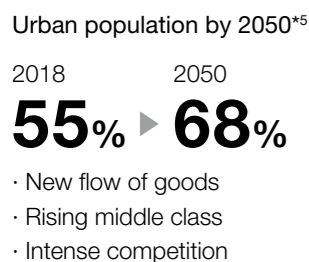
Global population aging



Climate change



Rapid urbanization



Digital innovation

- Digital disruption (new business opportunities and competitors)
- Changes of methods to provide information, products, and services
- Accelerated use of AI and IoT

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	<ul style="list-style-type: none"> · Undernutrition and overnutrition (customer welfare) · Nutrition for infants, young women, and seniors · Well-being · Regenerative medicine · Preventive medicine 	<ul style="list-style-type: none"> ○Rising health awareness and needs of consumers ○Revised eating habits in response to rising health and nutrition issues ○Brand trust ○Enhancing corporate value ○More restrictive health and nutrition regulations (sugar tax, etc.) ○Involvement of food and nutrition in predictive prevention ●Rising competition and subordination risk in the health and nutrition field 	<ul style="list-style-type: none"> · Offering tasty food and amino acid products as well as menus that nourish health and well-being · "Delicious salt reduction" with umami · Sugar reduction, fat reduction · Promoting protein intake · Contributing to disease prevention with "AminoIndex technology" · Introduction of nutrient profiling system · Customized programs to each consumer for improving nutrition (personalized nutrition) 	
Rapid response to consumer lifestyle changes	<ul style="list-style-type: none"> · Fair marketing and advertising · Product access and affordability · Response to diversification of values (smart cooking, joy of eating) · Eating alone, eating personalized meals 	<ul style="list-style-type: none"> ○Enhancing corporate reputation by offering the joy of eating together ○New value creation using digital technology ●Loss of growth opportunities due to delayed response to consumer lifestyle changes or diversifying values ●Impact of consumer lifestyle changes on existing businesses (less time for cooking, lack of skills, changes in food distribution) 	<ul style="list-style-type: none"> · Creating strong communities and social bonds through food · Advanced marketing efforts by leveraging big data and consumer data · Building strategies to deal with smaller markets (due to urbanization, etc.) · Properly delivering products, services and information to customers · Expanding products and services to meet the need for convenience, such as smart cooking 	
Assurance of product safety	<ul style="list-style-type: none"> · Product quality and safety · Fair disclosure and labeling · New technology application · Religious standards 	<ul style="list-style-type: none"> ○Brand trust gained by increasing customer satisfaction ○Trust gained through fair disclosure to stakeholders ●Impact on business of growing negative rumors regarding umami and MSG ●Lower customer confidence due to product quality complaints or incidents 	<ul style="list-style-type: none"> · Providing proper information via product packaging and online · Reflecting customer feedback on developing and improving products and services · Enhancing communication to share the benefits of umami and MSG · Thorough quality assurance and human resource training based on the Ajinomoto System of Quality Assurance (ASQUA) 	
Diverse talent	<ul style="list-style-type: none"> · Employee engagement · Diversity and inclusion · Employee health, safety, and well-being · Labor relations · Fair labor practices · Compensation and benefits · Recruitment, development and retention 	<ul style="list-style-type: none"> ○Company growth by improving employee engagement ○Creation of an innovative environment ●Rising costs due to intense competition for human resources 	<ul style="list-style-type: none"> · Promoting PDCA cycle using the engagement survey · Reforming organizational culture to promote diversity · Training and promotion of female employees · Promoting health management · Human rights awareness training · Enhancing employee ASV engagement (ASV as one's own initiative) · Fostering a corporate culture of innovation (integrated accelerator program) 	
Climate change adaptation and mitigation	<ul style="list-style-type: none"> · Greenhouse gas emissions (Scope 1, 2, and 3) · Energy management · Fuel management · Air quality 	<ul style="list-style-type: none"> ○Collaboration with outside organizations on decarbonization ●Higher production costs due to delays in initiatives to eliminate carbon emissions or increased carbon tax burden ●Failure to procure raw materials due to climate change ●Damaged corporate value due to delayed response to climate change 	<ul style="list-style-type: none"> · Long-term effort to turning the overall product lifecycle carbon neutral · Initiatives to reduce energy use during production and transportation · Shifting to renewable energy · Disclosing information in line with the Task Force on Climate-related Financial Disclosures (TCFD) (scenario analysis, etc.) · Lowering environmental impact by feed-use amino acids (reduction of soil and water pollution) 	
Contribution to a circular economy	<ul style="list-style-type: none"> · Waste reduction and 3Rs (Reduce, Reuse, Recycle) · Product packaging · Waste and hazardous materials management · Reduction of environmental impact from containers and packaging · Lifecycle impact of products and services 	<ul style="list-style-type: none"> ○Development of environmentally-friendly materials ●Damaged corporate value due to delays in waste reduction or recycling efforts 	<ul style="list-style-type: none"> · Supplying highly biodegradable amino acid-based detergent · Promoting the 3Rs of containers and packaging (reduction of plastic waste, etc.) · Eco-friendly packaging (single-layer materials, biodegradable plastics, plant-derived materials, certified paper) · Promoting use of environmentally-friendly product labels · Appeals on packaging labels to reduce plastic waste 	
Reduction of food loss and waste	<ul style="list-style-type: none"> · Efficient use of materials · Consumer edification (sustainable consumption, etc.) · Waste reduction in the distribution process 	<ul style="list-style-type: none"> ○Cost reduction through initiatives to reduce product returns and waste ●Damage to corporate value due to delays in addressing food loss and waste 	<ul style="list-style-type: none"> · Using raw materials in manufacturing process without waste · Upgraded, optimal supply chain management using digital technology · Reducing product returns and waste by extending product best-before dates, etc. · Reducing food loss and waste during product use by consumers · Proposing eco-friendly lifestyles for enjoying food without leftovers 	
Sustainable materials sourcing	<ul style="list-style-type: none"> · Biodiversity impacts · Deforestation control · Eradication of child and forced labor · Supply chain management · Sustainable land use · Animal welfare · Animal and plant nutrition 	<ul style="list-style-type: none"> ●Failure to procure raw materials, product returns due to quality issues in the supply chain ●Failure to procure raw materials and damage to corporate value due to delays in addressing social and environmental issues in the supply chain ●Failure to procure raw materials due to food resource depletion 	<ul style="list-style-type: none"> · Management of fair operating practices (traceability, etc.) · Promoting sustainability to suppliers · Human rights due diligence · Identifying important raw materials and engaging in responsible procurement (paper, palm oil, skipjack, etc.) · Ensuring fair competition and providing thorough employee training · Contributing to sustainable agriculture by using co-products 	
Conservation of water resources	<ul style="list-style-type: none"> · Water and wastewater management · Agriculture and livestock water use 	<ul style="list-style-type: none"> ●Production stagnation due to droughts, floods or water quality deterioration ●Raw material procurement failure due to water resource depletion ●Damage to corporate value due to delays in addressing water resource conservation 	<ul style="list-style-type: none"> · Maintaining forests for water sources · Developing wastewater treatment technology 	
Strong corporate governance	<ul style="list-style-type: none"> · Compliance · Accident and safety management · Competitive behavior · Intellectual property protection · Political activities and contributions · Business ethics and transparency of payments · IT management · Response to natural disasters and diseases · Systemic risk management · Data security and customer privacy · Regulatory capture and political influence · Environment, social impacts on assets and operations · Succession planning · Management transparency · Human rights and community relations 	<ul style="list-style-type: none"> ○Enhancing corporate value ○Appropriate risk-taking ●Business continuity risk or other unexpected losses due to failures in corporate governance or internal controls ●Decreased competitiveness due to vulnerabilities in IT management structure ●Delays or interruptions in operations due to natural disasters, diseases, pandemics (COVID-19, swine fever, avian influenza, etc.) ●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 ●Higher tax burden due to changes in tax and tax effect 	<ul style="list-style-type: none"> · Raising awareness of the Ajinomoto Group Policies among all Group employees · Establishing whistleblower hotline · Strengthening corporate governance system · Stronger business continuity management (BCM) · Occupational safety and health management · Selecting Group-wide significant risks and considering appropriate responses · Managing intellectual property risk · Strengthening information security through the creation of Information Security Regulations 	
Preparation for intense global competition	<ul style="list-style-type: none"> · Business selection and focusing · Early creation of innovation · Open innovation · Enhancement of basic infrastructure 	<ul style="list-style-type: none"> ○Business foundation reform through digital disruption ○Value creation from external collaboration ○Specialty creation through technological innovation ○Establishment of competitive advantage by forecasting future changes ●Competitive weakness due to delays in responding to digital technology innovation and digital disruption ●Emergence of multiple competitors due to an inability to erect strong barriers to entry 	<ul style="list-style-type: none"> · Stronger collaboration between food and AminoScience divisions · Evolving supply chain management (digitization, establish ecosystem, etc.) · Promoting digital transformation · Establishing solutions-oriented R&D structure · Executing global strategy in consumer food businesses (seasonings, quick nourishment, frozen foods) · Competitive intelligence (medium- to long-term initiatives) · Promoting open & linked innovation 	

*1 United Nations (UN), 2017
 *2 Food and Agriculture Organization of the UN, 2014
 *3 UN, 2015
 *4 Intergovernmental Panel on Climate Change, 2013
 *5 2018 Revision of World Urbanization Prospects, UN