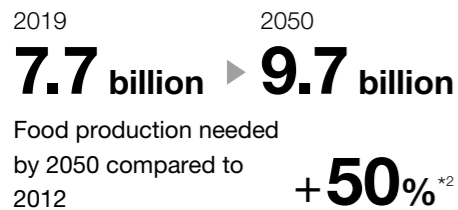


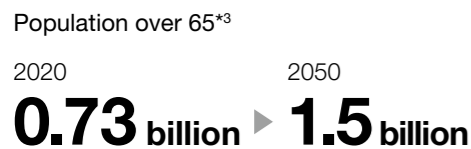
Macro environment surrounding the Ajinomoto Group

Growing world population*1



· Rising demand for food, water, and energy

Global population aging



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

Climate change



· Accelerated decarbonization
 · Physical damage from natural disasters
 · Unstable materials sourcing
 · Breakdown in supply chain

Transition to the new normal in the wake of the COVID-19 pandemic

· Changes in consumer behavior (in-home consumption, reluctance to go out, increased delivery, etc.)
 · Increased awareness of hygiene and health management
 · Increased awareness of stable supply of goods (trend toward local production for local consumption, etc.)
 · Social fragmentation (polarization of rich and poor, increase in the number of the poor and unemployed, etc.)
 · 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., e-commerce)
 · Increasing opportunities for direct communication with consumers
 · Increase in the influence of Generation Z

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"> ○ Revised lifestyle habits, including diet and exercise, due to increasing seriousness and diversity of health issues ○ Brand trust ○ Stronger laws and rules related to health and nutrition (sugar tax, nutrition labeling) ○ Involvement of food and nutrition in predictive prevention ○ Development of regenerative medicine technology, antibody drugs, and oligonucleotide therapeutics ● Rising competition 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” (<i>Umami</i>) · Promoting protein intake · “Delicious sugar and fat reductions” · Workforce nutrition improvement · Use of nutrient profiling systems for product development · Customized proposals of products and services that are useful for improving nutrition (personalized nutrition) · Contributing to preventive medicine through <i>Aminoindex</i> technology · Cell culture medium for regenerative medicine · Contract development and manufacturing of biopharmaceuticals 	
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 	<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 · 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 / decent work · 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"> · Enhancing employee ASV engagement (<i>ASV as one's own initiative</i>) · Promoting PDCA cycle using the engagement survey · Organizational culture reform to promote diversity and inclusion · Training and promotion of female employees · Promoting health management · Human rights awareness training · Fostering a corporate culture of innovation 	
Climate change adaptation and mitigation	<ul style="list-style-type: none"> · Reduction of greenhouse gas emissions (Scope 1, 2, and 3) · Energy management · Fuel management · Air quality 	<ul style="list-style-type: none"> ○ Cost competitiveness ensured through renewable energy and reduced carbon tax burden ○ Collaboration with outside organizations on decarbonization ● 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 · Use of internal carbon-pricing · 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"> ○ Gaining market share through the 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 materials (mono-materials, biodegradable plastics, plant-derived materials) and 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 efforts to improve yield in the manufacturing process, 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 · Elimination of child labor 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"> · Promoting awareness and understanding of procurement policies and guidelines among suppliers · Establishing a CSR audit system for suppliers and contract manufacturers · Management of fair operating practices (traceability, etc.) · Establishing a PDCA cycle related to 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"> ○ Stable procurement of raw materials and stable supply of products by reducing water risk ● Production stagnation due to droughts, floods or water quality deterioration ● 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"> ○ Appropriate risk-taking ● Business continuity risk or other unexpected losses due to failures in corporate governance or internal controls ● Lack of appropriate information disclosure resulting in a loss of investor confidence ● Decreased competitiveness due to vulnerabilities in IT management structure ● Delay or suspension of operations due to a combination of natural disasters, diseases, and pandemics (COVID-19, avian influenza, etc.) ● Disruptions to organizational operations and decline in business profitability due to changes in macroeconomic conditions ● 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 · Strengthening cybersecurity countermeasures by ensuring information security regulations · Managing intellectual property risk · Engagement in dialogue with various stakeholders 	
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 ● Opportunity loss and loss of competitive ability due to neglect of IT investment ● 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 · Reviewing global production system, logistics system, and employment system 	

*1 United Nations (UN), 2019
 *2 Food and Agriculture Organization of the UN, 2017
 *3 UN, 2020
 *4 Intergovernmental Panel on Climate Change, 2013