

Approach to Sustainability

Ajinomoto Group ESG and sustainability

GRI102-11

Approach to sustainability toward the 2030 outcomes

The Ajinomoto Group has put forth being a solution-providing group of companies for food and health issues as our vision for 2030. To achieve this, we need to both help extend healthy life expectancy of one billion people and reduce our environmental impact by 50%.

The business of the Ajinomoto Group is supported by sound food systems^[1] based on stable food resources and the vibrant natural environment. However, we are also aware that our business activities have an impact on the environment.

Today, when we are reaching the planetary boundaries, it is essential that we put in place efforts to regenerate the environment. We believe that we can only implement initiatives aimed at extending healthy life expectancy in a sustainable manner by reducing our environmental impact through measures such as responding to climate change, ensuring sustainability of food resources, and the conservation of biodiversity.

Through our business activities, we provide products and services that are tasty, nutritionally balanced, and of benefit for people's dietary habits, and that further promote a reduced environmental impact caused by greenhouse gases, plastic waste, and food loss and waste. Also, through our resource recycling-based amino acid fermentation process (a bio-cycle), we are contributing to sustainable food systems that are more resilient and to regeneration of the global environment.

Furthermore, we will maximize our strength in amino acids, and transform food systems through innovation and building ecosystems.

[1] The series of activities related to food production, processing, transport, and consumption.

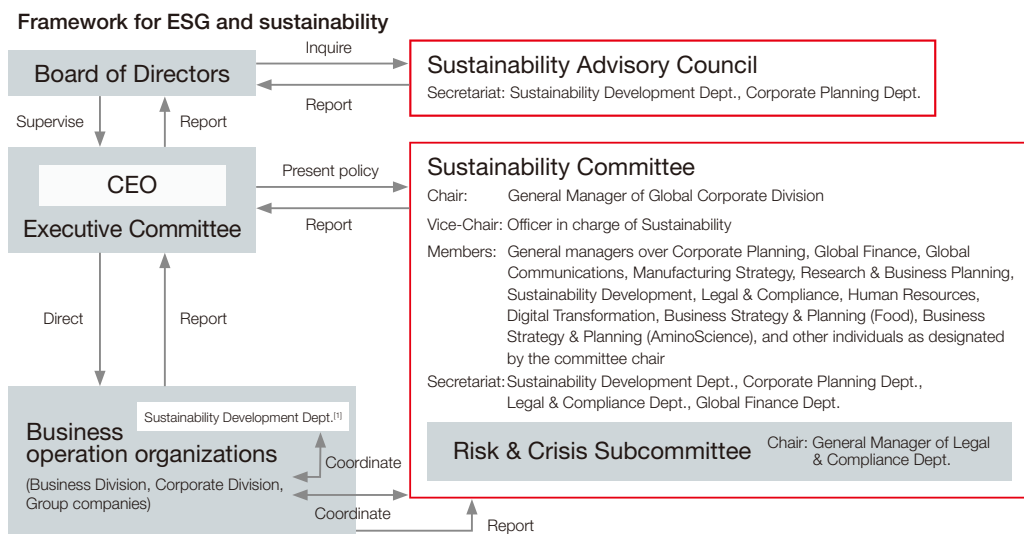
Framework for ESG and sustainability

With respect to ESG and sustainability management, the Ajinomoto Group has built a management system modeled on ISO 9001, ISO 14001, and other standards, based on the Ajinomoto Group Policies (AGP) and relevant internal rules. We continue with operations as we ensure optimal processes.

In April 2021, we established the Sustainability Advisory Council as a subordinate body of the Board of Directors, and we established the Sustainability Committee as a subordinate body of the Executive Committee. In this way, we strengthened our system for setting important policies to pursue the enhancement of corporate value on a continuing basis from the perspective of sustainability. The Sustainability Committee identifies risks and opportunities that have a Group-wide impact based on materiality items approved by the Board of Directors upon the Sustainability Advisory Council's report and strategic direction provided by the Board of Directors, and reflects these factors in business strategy, and also reports to the Executive Committee and the Board of Directors. The Sustainability Committee and the Sustainability Development Dept. formulate the Group's sustainability strategy and roadmaps of related topics that include nutrition, the environment and society, follow up on recommendations to incorporate sustainability into business plans, compile internal information related to ESG, and report to the Executive Committee and the Board of Directors.

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Approach to Sustainability



[1] Formulate policies and strategies / make proposals to business plans from the perspective of sustainability / follow up on measures together with the Sustainability Committee

> Overview of the Sustainability Advisory Council

Overview of the Sustainability Advisory Council

Roles

Report to the Board of Directors after conducting investigations on the following in response to consultations from the Board.

- 1) Materiality from a long-term perspective (through the year 2050) to be reflected in the material items and strategy of Phase 2 of the Medium-Term Management Plan (fiscal 2023-2025)
- 2) Materiality from a multi-stakeholder perspective and policies for responding to environmental changes (risks and opportunities) associated with materiality
- 3) Appropriate involvement in the creation of topics and social rules expected and required of companies in the year 2030 and beyond
- 4) Goals for the year 2030 and beyond related to the creation of social value, including reducing environmental impact and extending healthy life expectancy

Structure

The council consists of outside experts from various disciplines, including academia, emerging economy perspectives, millennial and Gen Z perspectives, and ESG/impact investors, as well as outside directors and internal officers of the Company, including the president & CEO.

Roles of the Sustainability Committee

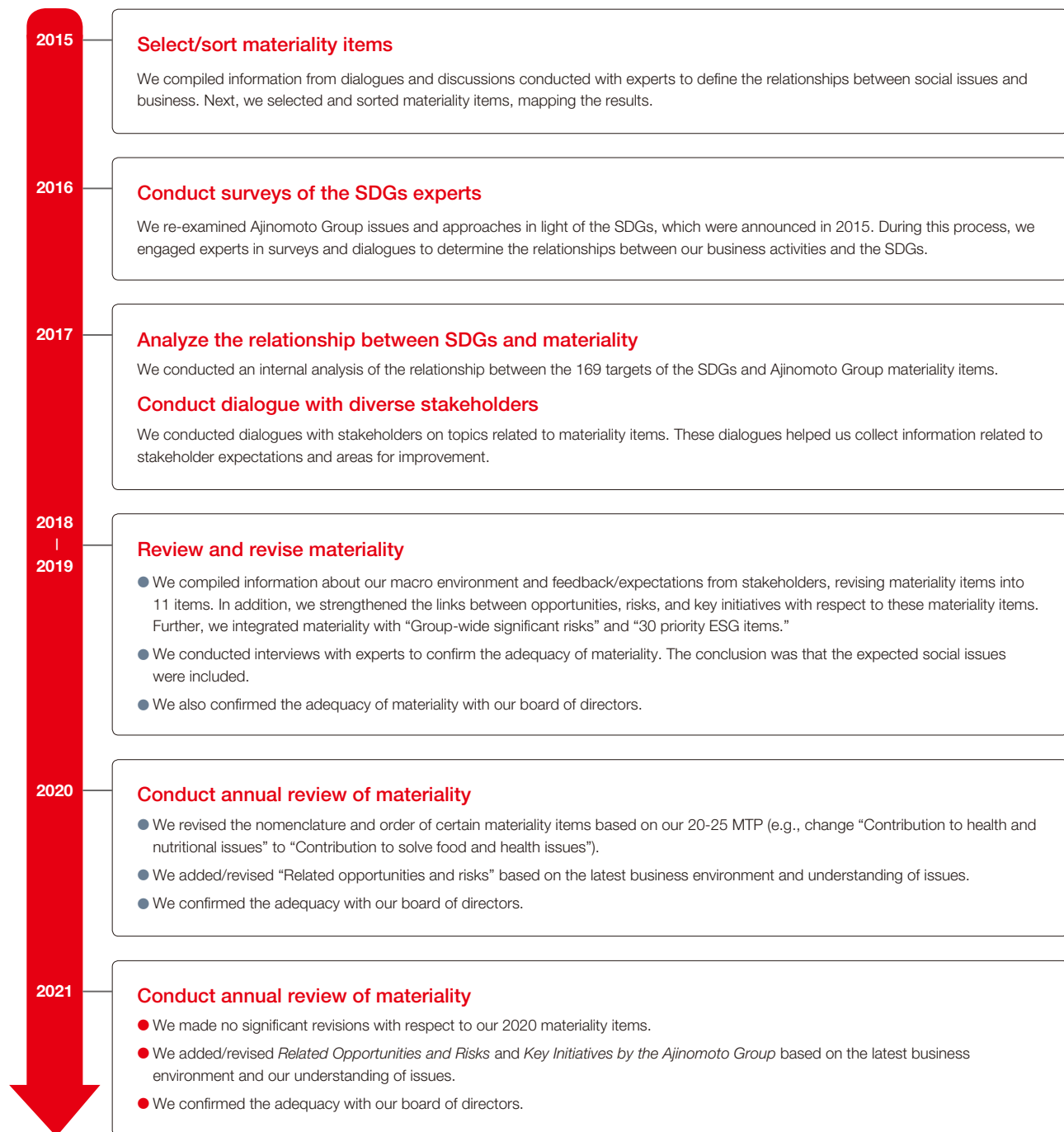
The Sustainability Committee carries out the matters discussed below and reports to the Executive Committee and the Board of Directors, the contents of which are based on materiality items approved by the Board of Directors (based on reports from the Sustainability Advisory Council) and the strategic direction indicated by the Board. Matters 3) to 5) below are handled by the Risk & Crisis Subcommittee, established as a subcommittee under the Sustainability Committee.

- 1) Risks and opportunities that have a Group-wide impact based on materiality items, and reflect them in business strategy
- 2) Pursuit sustainability-related initiatives
- 3) Develop and promote risk management processes that contribute to stronger internal controls
- 4) Manage and operate crisis-related tasks (safety and security)
- 5) Respond to risks that have a Group-wide impact (task force, etc.)

Materiality

How we identify material issues

The Ajinomoto Group identifies materiality items that have a substantial impact on our ability to create value in the short, medium and long term through ASV, taking into account changes in the macro environment. Once we identify opportunities and risks from materiality items, we clarify their importance and priority, and then reflect these matters in our business activities.



Future plans

- In response to an inquiry from our board of directors, the Sustainability Advisory Council will consider the identification of materiality items from a long-term perspective.
- The board of directors will decide new materiality items during fiscal 2021, based on reports from the Sustainability Advisory Council.

Materiality

Ajinomoto Group materiality

The Ajinomoto Group conducts an annual review of materiality items, revising content based on the latest social conditions and the feedback and expectations of our stakeholders. After a careful examination of content during fiscal 2021, we did not make any major changes to materiality items. We aim to create value by identifying opportunities and risks within our materiality and developing corresponding initiatives.

Macro environment surrounding the Ajinomoto Group

Growing world population^[1]

2019 2050
7.7 billion ▶ 9.7 billion
 Food production needed by 2050 compared to 2012 **+50%**^[2]
 · Rising demand for food, water, and energy

Global population aging

Population over 65^[3]
 2020 2050
0.73 billion ▶ 1.5 billion
 · Rising needs for extending healthy life expectancy
 · Rising demand for healthcare

Climate change

Global average temperature by 2100^[4] **+4.8°C**
 · 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

[1] United Nations (UN), 2019

[2] Food and Agriculture Organization of the UN, 2017

[3] UN, 2020

[4] Intergovernmental Panel on Climate Change, 2013

Materiality items	Specific examples
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
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
Assurance of product safety	<ul style="list-style-type: none"> · Product quality and safety · Fair disclosure and labeling · New technology application · Religious standards
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
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
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
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
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
Conservation of water resources	<ul style="list-style-type: none"> · Water and wastewater management · Agriculture and livestock water use
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
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

Materiality

Materiality items	Related opportunities and risks (○ Opportunity ● Risk)
Contribution to solve food and health issues	<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
Rapid response to consumer lifestyle changes	<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
Assurance of product safety	<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
Diverse talent	<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
Climate change adaptation and mitigation	<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
Contribution to a circular economy	<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
Reduction of food loss and waste	<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
Sustainable materials sourcing	<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
Conservation of water resources	<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
Strong corporate governance	<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
Preparation for intense global competition	<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

Materiality

Materiality items	Key initiatives by the Ajinomoto Group	Related SDGs	
Contribution to solve food and health issues	<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” (umami) Promoting protein intake “Delicious sugar and fat reduction” Workforce nutrition improvement Use of nutrient profiling systems for product development 	<ul style="list-style-type: none"> Customized proposals of products and services that are useful for improving nutrition (personalized nutrition) Contributing to preventive medicine through “AminoIndex 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"> 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 	<ul style="list-style-type: none"> 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"> Providing proper information via product packaging and online Reflecting customer feedback on developing and improving products and services 	<ul style="list-style-type: none"> 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"> Enhancing employee ASV engagement (ASV as one’s own initiative) Promoting PDCA cycle using engagement surveys Organizational culture reform to promote diversity and inclusion 	<ul style="list-style-type: none"> 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"> 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 	<ul style="list-style-type: none"> 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"> 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"> Using raw materials in manufacturing process without waste Upgrading, optimizing 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"> 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 	<ul style="list-style-type: none"> 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"> Maintaining forests for water sources Developing wastewater treatment technology 		
Strong corporate governance	<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 	<ul style="list-style-type: none"> 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"> Stronger collaboration between food and AminoScience divisions Evolving supply chain management (digitization, establish ecosystem, etc.) Promoting digital transformation Establishing solutions-oriented R&D structure 	<ul style="list-style-type: none"> 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 	

Our Supply Chain

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Ajinomoto Group supply chain

The Ajinomoto Group operates our businesses while interacting with various stakeholders engaged in every process of our global supply chain. We have identified social issues, concerns and risks closely related to each process as described below. We aim to resolve social and environmental issues through steady efforts and responses in collaboration with related parties.



Raw materials procurement

Social issues and concerns

- Transition to a decarbonized society (response to climate change)
- Biodiversity • Water resources • Raw materials loss
- Labor shortages in agriculture, securing sufficient farmland
- Animal welfare • Occupational safety and health • Respect for workers' rights

Risks

- Failure to procure raw materials due to food resource and water resource depletion
- Insufficient procurement of raw materials due to delays in addressing animal welfare, land hoarding, and deforestation
- Increased losses during the transportation and storage of raw materials
- Occupational accidents • Potential human rights violation risks

Group initiatives

- Procure environmentally friendly raw materials
- Contribute to sustainable agriculture by using co-products^[1]; reduce raw material losses
- Strengthen supply chain CSR audits and collaborate to resolve issues
- Thorough quality assurance based on the Ajinomoto System of Quality Assurance (ASQUA)

[1] Nutrient-rich by-products generated during amino acid production

Production

Social issues and concerns

- Transition to a decarbonized society (response to climate change)
- Product quality and safety • Food loss and waste • Water resources
- Occupational safety and health • Respect for workers' rights

Risks

- Loss of trust due to intentional contamination by mixing in foreign substances
- Environmental impact, cost increases, or production stagnation due to delay in decarbonization
- Production stagnation due to droughts, floods, and deterioration of water quality
- Occupational accidents • Potential human rights violation risks

Group initiatives

- Reduce greenhouse gas emissions by shifting to renewable energy sources
- Reduce food loss and waste at production sites
- Engage in recycling through water treatment
- Strengthen supply chain CSR audits and collaborate to resolve issues
- Occupational safety and health management
- Thorough quality assurance based on ASQUA

Our Supply Chain

Distribution

Social issues and concerns

- Transition to a decarbonized society (response to climate change)
- Labor shortages and aging demographics in the logistics industry
- Increase in logistics volume due to increase in e-commerce
- Occupational safety and health • Respect for workers' rights

Risks

- Environmental impact and cost increase due to delay in decarbonization
- Logistics delays due to labor shortages • Occupational accidents
- Potential human rights violation risks

Group initiatives

- Promote modal shifts • Increase the ratio of renewable energy use
- Collaborate with other companies to reduce energy consumption during transportation
- Thorough quality assurance based on ASQUA

Sales

Social issues and concerns

- Transition to a decarbonized society (response to climate change)
- Fair competition • Responsible marketing • Food loss and waste
- Protect customer privacy • Occupational safety and health • Respect for workers' rights

Risks

- Legal risks, including antitrust law violations, competition laws, and food safety and labeling laws
- Loss of trust due to inappropriate advertising and marketing
- Loss of trust due to insufficient consideration of personal information protection and privacy
- Occupational accidents • Potential human rights violation risks

Group initiatives

- Education regarding related laws and regulations including antitrust laws, and anti-bribery
- Implement appropriate methods of delivering products, services, and information to customers
- Reduce product returns and product disposals by extending best-before dates, improving supply chain management accuracy, etc.
- Enhance information security • Thorough quality assurance based on ASQUA

Consumers

Social issues and concerns

- Transition to a decarbonized society (response to climate change)
- Product quality and safety • Waste (plastics) • Food loss and waste • Information overload

Risks

- Erroneous use of products and health hazards
- Environmental impact due to increased waste and food loss
- Lack of understanding of correct information on food and health

Group initiatives

- Reflect customer feedback on developing and improving products and services
- Provide appropriate information on packaging and via the internet
- Use environmentally friendly packaging materials
- Thorough quality assurance based on ASQUA

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> Making Nutrition a
Priority During the
Pandemic

> Ajinomoto Group
Initiatives in the
With-COVID-19
Era (Japanese
only)

Stakeholder engagement

The Ajinomoto Group engages in ongoing dialogue with all of our stakeholders across a diverse range of forums. We reflect the opinions obtained through these dialogues in our corporate activities, leading to value creation toward solving food and health issues. We also leverage these opinions in our actions to achieve sustainability in society and the global environment.

Purpose of engagement

The Ajinomoto Group interacts with diverse stakeholders in the course of conducting our business. We also make use of many different kinds of capital from society and the global environment. To fulfill our responsibility for the sustainability of society and the global environment, not only must we pursue our own profit, but we must also share created value with all stakeholders. Here, we must understand and analyze the concerns of each stakeholder and their expectations of the Group. We must take this knowledge and apply it to our business activities. For this reason, we consider it important and essential for Group management to engage with each stakeholder in two-way communication.

Engagement

The Ajinomoto Group is especially proactive in engagement with the following stakeholders, with whom we are likely to have a mutual impact in the course of doing business.

The departments and facilities most closely linked to each stakeholder is responsible for sharing information and engaging in dialogues, serving as an interface and responsible party in communications. The results of this engagement are shared with senior management as needed. In response, we implement improvement measures and disclose information through our websites, our Sustainability Data Book, and other channels.

Customers and consumers

The Ajinomoto Group aims to contribute to health and well-being of every person on the planet by delivering our products and services. We identify the diverse preferences and needs of consumers, and then provide value that meets these preferences and needs.

We recognize that the main expectations and concerns of customers and consumers with respect to the Group are the safety and security of our products, as well as resolutions to food and health issues.

Based on this recognition, we established a customer call center for product inquiries. We also offer a variety of experiences and information regarding food, including factory tours and websites. Market research and other methods aid our search for the types of products and services our customers demand. We give our sincere attention to customer opinions and inquiries. Further, we analyze this feedback, and then discuss and explore issues along with methods for improvement with the relevant business unit. As an example, we received a message that our granulated seasonings tend to stick to the mouth of their container bottles under humid conditions. In response, we improved the container for our *Chuka Aji* product and other granulated seasonings. This satisfied our customers, who informed us that the seasoning no longer sticks, even when using over a steaming pot.

We also propose solutions to consumer food and health issues. These proposals include salt reduction and the *Love Vege* program, which encourages vegetable intake, operated in collaboration with local governments, distributors, academia, and media. We share information and exchange opinions with consumers through events and lectures. These are valuable opportunities for mutual understanding and product development. During the spread of COVID-19, we disseminated

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information and took action to support the maintenance of health and well-being in this era of the new normal.

Shareholders and investors

Our shareholders and investors have high expectations regarding the management and the businesses of the Ajinomoto Group. We strive to enhance corporate value sustainably. Through our efforts, we endeavor to enhance shareholder return in a stable and consistent way.

We recognize that the main expectations and concerns of shareholders and investors are constructive dialogue and stronger governance.

We hold events to deepen an understanding of our Group. These events include general meetings of shareholders, financial results briefings, IR Days and business briefings for institutional investors and analysts, dialogues with institutional investors, company briefings for individual investors, and more. Further, we strive to disclose information in a timely and appropriate manner.

We strive to offer immediate responses to opinions and questions received at events and during direct dialogues. We also provide content on our website to deepen an understanding of the Group, including videos of briefings and Q&A sessions. The opinions we receive provide valuable information to improve our management and IR activities. For example, our IR Days and business briefings provide opportunities to deepen an understanding of Group strengths. These activities and other events lead to enhanced dialogue with shareholders and investors.

Business partners

The Ajinomoto Group seeks mutual growth with business partners and conducts fair and transparent transactions in compliance with laws, regulations, and other rules.

We recognize that the main expectations and concerns of our business partners with respect to the Group are the pursuit of initiatives toward sustainable supply chains and fair business practices.

Our daily procurement and sales activities are based on the Group Shared Policy on Procurement and Group Shared Policy for Suppliers. We conduct procurement policy briefings and food defense briefings and audits to share our expectations with business partners, with which they graciously understand and cooperate.

Through dialogues with customers (retailers) in Japan, we shared changes in dietary habits and awareness of the COVID-19 pandemic. We developed in-store offerings of immunity-boosting products and local meals from around Japan that create a sense of travel for homebound individuals. We also made several proposals to help our customers (restaurants) respond to the harsh environment surrounding the food service industry due to the spread of the COVID-19, which we have learned through sales activities. These proposals reflect our expertise in seasoning products allowing clients to reduce food loss and waste, control costs, prevent food poisoning, and offer take-out menu items that taste fresh for a longer period of time.

Employees

For the Ajinomoto Group to contribute to society through our businesses and to grow as a company, we must have the active participation of every employee.

We recognize that the main expectations and concerns of employees with respect to the Group are human resource development / career development, diversity and inclusion, improved employee engagement, compensation and benefits, and occupational safety and health.

In addition to providing various skills development and training opportunities that support employee growth and encourage diversity and inclusion, we strive to promote an understanding of management through dialogues with the CEO and general managers of business or corporate divisions, AGP worksite meetings, and social media platform to connect employees globally.

In our engagement survey for fiscal 2019, employees showed an extremely high level of understanding regarding ASV and Group-wide goals. However, results highlighted the issue of an insufficient connection of this understanding to their organization's goals and their own work. In other words, an insufficient connection with ASV as one's own initiative. Under our 20-25

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MTP, we operate in a management cycle that increases ASV engagement, holding personal goal presentations and sponsoring the ASV Awards to accelerate ASV as one's own initiative. As a result of these measures, the ASV engagement score improved in the fiscal 2020 survey.

Through dialogues between management and employees, we are also deepening a mutual understanding about the work environment, including occupational safety and health, as well as compensation and benefits.

Hotlines and harassment consulting services are available to accept reports and consultation, and we take appropriate action in response.

We are striving to improve employee engagement through these measures.

Local communities

The Ajinomoto Group, which has business locations around the world, works to maintain communication and build relationships with local communities.

We recognize that the main expectations and concerns of local communities with respect to the Group are community safety, environmental conservation, and sustainable development.

The Group engages in business and provides products and services that vary from region to region. The needs of residents living within a region are also diverse. For this reason, we emphasize communication rooted in each local area. For example, the Group has been expanding into Southeast Asia since the 1960s. Since the beginning, we have established a supply system for products and services adapted to the market conditions of each region. We work closely with national and local governments to understand the health and nutrition issues that exist in the region, taking steps to resolve these issues. Our contributions to the region include proposals at retail stores in Japan on ways to increase consumption of local specialty vegetables, a school lunch project in Vietnam, and nutrition seminars for midwives in Indonesia. We also engage proactively in dialogue with consumers residing near our factories, and we sponsor events in our local communities. In the event of a natural disaster, we provide recovery assistance for the communities affected.

After the spread of COVID-19, we provided support to households, restaurants, medical institutions, and other facilities.

Furthermore, we support needs-based activities through foundations established in three countries.

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Outside experts, NPOs, NGOs, and business associations

To deepen our understanding of social issues, we hold dialogues and discussions with outside experts who have proven track records in each field, NPOs, NGOs, and business associations. We incorporate the results of these interactions in specific actions.

We recognize that the main expectations and concerns of outside experts, NPOs, NGOs, industry groups, etc., with respect to the Ajinomoto Group are sincere dialogue and collaborative activities.

Since February 2020, we have held eight Roundtables on Better Animal Welfare. Based on insights gained from outside experts, we revised our Group Shared Policy on Animal Welfare and our Commitment to Minimizing Animal Testing. We also hold dialogues with NPOs and NGOs such as GAIN^[1]. NPOs and NGOs have expressed the expectation that the Group strengthens efforts to address the double burden of malnutrition. In response to this feedback, we take concrete action for nutritional improvement through local collaborative ecosystems and other methods.

We participate in activities to resolve social issues through international organizations and industry-government-academia collaboration. Partners include the SUN^[2] Business Network, the Japan Platform for Migrant Workers towards Responsible and Inclusive Society, and the IP Open Access Declaration Against COVID-19.

[1] Global Alliance for Improved Nutrition: A nutrition improvement NGO established in 2002 under the leadership of the United Nations

[2] Scaling Up Nutrition. A worldwide framework involving governments, people, the United Nations, aid organizations, business and academia working to resolve nutrition issues in developing countries.

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Dialogue and Collaboration with Stakeholders

In addition, we participate in dialogues at The Consumer Goods Forum (CGF), where Takaaki Nishii, Director, Representative Executive Officer, and President & CEO has served as board member since 2015. These dialogues address sustainability and include nearly 400 consumer goods manufacturers and global retailers from around the world. This has led to our efforts in health and wellness in Japan, for example, the launch of activities in April 2021 to raise awareness of salt reduction for citizens of Chiba City in collaboration with Aeon Co., Ltd., the Chiba City government, and others.

We conduct our AIN program on an ongoing basis, supporting NPOs and NGOs working in the food and nutrition field through foundation initiatives.

Dialogue and Collaboration with Stakeholders

Expectations and recommendations from external stakeholders

To continue responding to varying sustainability requirements in different parts of the world, the Ajinomoto Group collected opinions from local experts on the Group's overall approach to sustainability and specific initiatives regarding human rights, the environment and other issues.

The Ajinomoto Group's visionary commitment to driving systemic change in society through innovation, awareness and consumer behavior is evident in the Group's 2020-2025 Medium-Term Management Plan to advance food value, AminoScience and ESG leadership. The Group's plans could be enhanced by:

(1) Clear, credible outcome methodology - The Group aspires to help extend the healthy life expectancy of one billion people by 2030. Defining how the Group will achieve and measure this is a critical aspect of demonstrating progress against the Group's vision and strategy. I eagerly await a clear methodology with milestones for achievement through 2030.

(2) Expanded partnerships in healthcare - The intersection between nutrition and healthcare is undeniable –The Group could forge meaningful partnerships with leading global healthcare, lifestyle and technology companies to drive ground-breaking innovation at the intersection of AminoScience, health, and well-being in ways that support SDG 3: Good Health and Well-Being targets.

(3) Bolder critical ESG targets - Climate change (which also is closely linked to health impacts), circularity, food value chain efficiencies, and equity/inclusion are core issues that demand the Group's leadership as a prominent Japanese and global corporation. A plan to achieve net zero emissions, full circularity by design (beyond recycling), and full gender parity at all levels of the organization with a ten-year timeframe would not only benefit society and the planet, they would elevate the Group's ESG commitment to leading edge and would help the Group become a more resilient and successful business.



Elaine Cohen
Founder and CEO
Beyond Business Ltd.

During 2020, the Ajinomoto Group demonstrated a welcome evolution of its approach to shared value with a clear commitment to managing for the medium to long term. The refocused vision strongly places the company's impacts upon, and contribution to, pressing issues relating to global health and wellbeing, climate change, and the UN Sustainable Development Goals (SDGs) at the heart of strategy.

This is to be applauded at a time when the COVID-19 pandemic has had such a significant impact on the health and wellbeing of the planet's people and highlighted the vulnerability of business as usual. Strengthening the role for the company to respond to global challenges of health, wellbeing and nutrition through innovation and technology is a major step towards driving not only a more resilient company, but a more resilient world.

Other positive developments are the company's adoption of the TCFD guidelines and the use of TCFD scenarios to identify the company's risks from global climate change, together with setting and receiving approval of their decarbonisation ambitions by the Science Based Targets (SBT) Initiative^[1].

This strategic shift towards tackling global problems such as adequate nutrition, reducing global emissions through innovation and an overall move towards managing for the longer term, show that the Ajinomoto Group is orientating itself to play a positive role in the sustainability challenges of the future.

[1] SBTi: An initiative established by UNGC, CDP, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). This organization encourages companies to set goals based on scientific evidence, striving to limit the temperature increase to 1.5 °C relative to time of the Industrial Revolution.



Joss Tantram
FRSA FICRS
Partner, Terrafiniti

Dialogue and Collaboration with Stakeholders

While the 2020 year focused on coping with the COVID-19 pandemic, the introduction of the 2020-2025 Medium-Term Management Plan (“20-25 MTP”) and the enhancements to the sustainability promotion framework, were key governance developments that will help the Ajinomoto Group to continuously increase corporate value from the perspective of sustainability. Additionally, I was pleased to see continued positive developments in several social and environmental areas including protections for migrant workers, animal welfare and climate change.

In the 20-25 MTP, I see a clear convergence around overarching societal outcomes of helping a billion people enhance healthier life and reducing the Group’s environmental footprint by 50% while maintaining focus around the material ESG topics through Phase 1 (fiscal 2020-2022): Structural Reform and Phase 2 (fiscal 2023-2025): Regrowth. The 20-25 MTP clearly outlines the Group’s plans to streamline the various segments of the business in order to improve profitability. I was pleased to see the articulation of the two specific strategic themes around improving health outcomes globally - “delicious salt reduction” and “protein intake optimization” - and look forward to seeing progress towards the quantitative targets for these areas in future Integrated Reports and Sustainability Data Books. The people-related investments in employee engagement, diversity and inclusion, and new ways of working, including making ASV relevant to all employees, are other important governance-related developments. Further, the appointment of the Sustainability Advisory Council, charged with examining and informing the Board about risks and opportunities relating to material ESG topics with a long-term view (up to 2050), is a very positive development to the sustainability promotion framework.

During the reporting year, the Group initiated programs that enhance their focus on contributing to healthy living for humankind. In support of the “Group Shared Policy on Human Rights,” the Group has made measures to protect the human rights of migrant workers in their operations and supply chain through participation in the “Japan Platform for Migrant Workers toward Responsible and Inclusive Society” (created in November 2020) and started operating the ASSC Workers Voice (AWV), a multi-language hotline which allows migrant workers in Japan to voice their concerns about the workplace and their work. I look forward to hearing about the success of this important program and future developments to extend the AWV hotline to suppliers and contract manufacturers.

Building on the “Group Shared Policy on Better Mutual Relationships with Animals”, originally launched in 2018, the Group hosted a series of round table discussions in the reporting year with external experts, as well as carried out engagements with stakeholders to inform how the Group can realize better relationships with animals. The learnings from these discussions and working groups clearly informed the revised “Group Shared Policy on Animal Welfare” that launched this year. To gain a more global outlook this topic, expanding the pool of external experts to encompass viewpoints beyond Japan is recommended.

Ambitious climate-related developments for the Group include the SBT, as well as a commitment to RE100^[1], and endorsement of TCFD. As the global economy emerges from the pandemic the urgency around transitioning to a net-zero GHG emissions economy will likely be front and center. The recovery will also focus on a shift towards circular economy for which the Group is well positioned.

[1] RE100: An international initiative pursuing the goal of procuring and using 100% renewable energy in business operations. Member companies are asked to publicly announce their goals for 100% renewable energy use in their business activities by the year 2050.



**Celine Solsken
Ruben-Salama**

Principal, FOR THE LONG-TERM, LLC
Lecturer and Faculty Advisor, M.S. Sustainability Management Program, Columbia University (NY)

Dialogue and Collaboration with Stakeholders

It is to the Ajinomoto Group's credit that the company has positioned itself at the leading edge of innovation receptivity, come to stakeholder interests up and down the line of the 17 UN Sustainable Development Goals. The reason this sequencing will be advantageous is that what initially seemed a short-term 2020 business continuity hiccup has quietly morphed into a historic strategic challenge. A company whose footing is less solid than the Group's will not have a pleasant decade.

The Ajinomoto Group has kept its overall business functions well in order. Therefore, the company can unhesitatingly devote its attention full-time to the now urgent question of process adjustment to accommodate changing workforce needs and product demands in the unpredictable conditions surrounding the COVID era. Stakeholder communication internally and externally, supported by performance metrics, is the priority of the moment. Soon to come will be the follow-on challenge of embedding continuous adaptability into the corporate culture: The appearance of a static "new normal" appears unlikely in the near future.



Alex Mavro

Senior Advisor to the
Sasin Sustainability &
Entrepreneurship Center,
Chulalongkorn University
(Thailand)

The world is pivoting rapidly toward decarbonization, and at the same time, conditions are worsening in the areas of marine plastic pollution, water, and ecosystems. More young people and investors are calling into question the meaning of a company's existence in these respects. The issues of a shrinking and aging population, as well as attrition in rural areas, have yet to subside in Japan, and society is taking a harsher look at how companies will deal with the COVID-19 pandemic.

One of the strengths of the Ajinomoto Group is that it has a mechanism in place to respond rapidly at a management level to the emergence of these various risks. As a result, the company has been able to take the lead in tackling new issues such as marine plastic pollution and animal welfare.

In the future, it will be important to make swift and steady advancement and improvements in these newly launched initiatives, and to further generate initiatives that are unique to the Group. The concepts and initiatives behind ASV have become instilled in the Group, so now I am asking the Group to make efforts in communicating and establishing cooperative relationships externally. My hope is that this will become a driving force not only for this industry, but also for all industries, for Japanese society, and for the world at large.



Junko Edahiro

President of Miraisozobu
(dba For Future Company)
Representative Director,
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Despite rising ESG investment worldwide, the gravity of the crises standing between businesses and sustainability is greater than ever. These crises include COVID-19, the climate crisis, wealth inequality, human rights issues, and more. While the Ajinomoto Group and other corporate entities are making progress in their efforts, these efforts are still not enough to overcome these challenges. Companies must offer a new vision and new capabilities to accomplish their sustainability initiatives. For example, companies must not only set greater medium- to long-term targets for CO₂ emission reductions and other metrics in the interest of carbon neutrality, but they must also achieve reductions as soon as possible. Even if one company implements these advanced initiatives, we will be unable to escape this global crisis so long as many more companies fail to follow suit. Businesses in the food industry have a particularly deep connection to sustainability. As a corporate entity representing Japan's food industry, the Ajinomoto Group is expected to play a role in not only in implementing model initiatives for the industry, but also in transforming the industry as a whole.



Hidemi Tomita

Managing Director, Lloyd's
Register Japan K.K.

Dialogue and Collaboration with Stakeholders

Today, environmental and social issues affect corporate management both directly and indirectly. ESG is not performed separately from economic actions as a corporate social responsibility. ESG is an economic activity itself.

In 1909, the Ajinomoto Group began its work to address social issues under the founding aspiration to improve the nutrition of the Japanese people. Today, the Group is poised to transform from a traditional food manufacturer to a foodtech company that aims to resolve global food and health issues. Ajinomoto Group management strives to be an early game changer, setting ambitious and bold quantitative targets to help extend the healthy life expectancy of one billion people and to reduce its environmental impact by 50%. Group management reviews materiality on an annual basis, seeking to respond to ever-changing social issues in a continuous and dynamic fashion. Whatever the era, the Group seeks to address the social issues of the times, viewing such as business opportunities. This is the sustainability and the ESG that investors demand.

What I expect next from the Ajinomoto Group is the financial quantification of social value and non-financial capital. The social value that the Group achieves will be reflected in future economic value (cash flows). It is my hope that the Group applies clear financial criteria to sustainability and work to bring visibility to invisible issues and achievements.



Naomi Yamazaki

Representative Director,
ESG Network of
Shareholders & Companies

The Ajinomoto Group is a Japanese company that began to expand globally early on, and has built a strong presence in Japan and overseas. The Group has been proactive in addressing the issue of nutrition, even before sustainability became a movement in Japan. At the same time, the advantages of the Group have yet to be noticed by international investors.

There is a rapidly growing sense of crisis around the world regarding food, agriculture, and fisheries. This is said to be one area of the SDGs where business reform is required particularly. While global companies involved in the food industry take the lead in acting and communicating information, the name of "Ajinomoto Group" is not on thought leader lists. One reason for this may be that the Group is not participating in international dialogue and rule-making. This could lead to a situation in which future industry rules are established in their absence, leaving the Group in a position as a follower and at risk of losing business opportunities. As a company that represents Japan, the Group must take action to collaborate with global organizations including the UN system.

The largest challenge to be addressed would be globalizing the organizational management. Would you promote internationally-diversified employees to the corporation leadership? Such talent management will be highly likely to determine the future growth of the Group.



Kenji Fuma

CEO, Neural Inc.