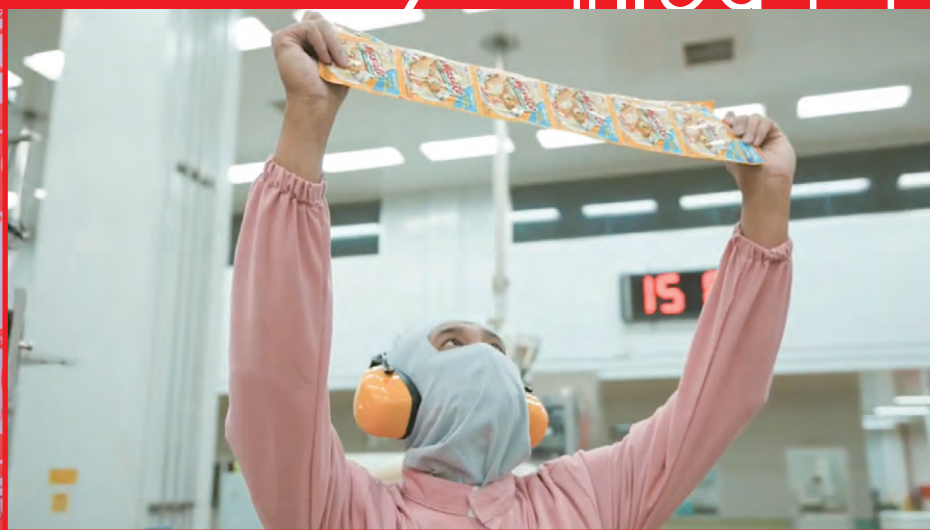




Part 4

# Our Governance



## Corporate Governance

### Basic approach to corporate governance

The Ajinomoto Group positions corporate governance as one of the most important aspects of its management foundation for strengthening ASV management and achieving the Group's vision.

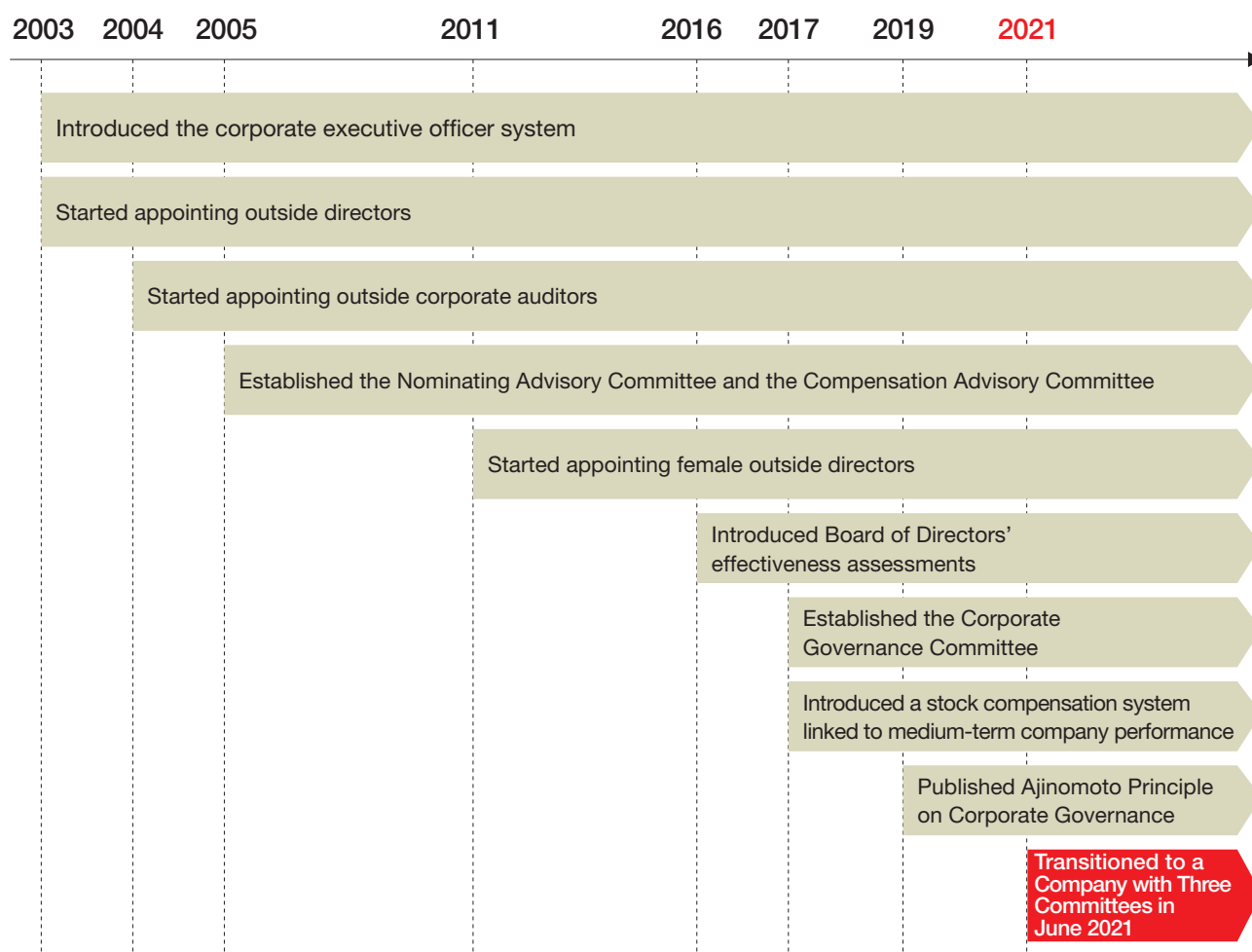
Toward 2030, through dialogue with multi-stakeholders, we have established helping to extend the healthy life expectancy of one billion people and reducing our environmental impact by 50% as outcomes. We will accelerate ASV management by unlocking latent assets such as human resources using digital transformation. Furthermore, in order to enhance the effectiveness of ASV management, in June 2021, we elected to transition to a Company with Three Committees that clearly separate supervision and execution by balancing "supervision of appropriate execution that reflects the opinions of stakeholders" and "business execution with a sense of speed." The Board of Directors consists of a variety of Directors, discusses and examines important management matters that greatly affect corporate value,

encourages risk-taking of execution by indicating a major direction, verifies the validity of execution processes and results, and appropriately supervises execution. On the other hand, the execution, the Chief Executive Officer who has been greatly delegated authority from the Board of Directors will take the lead in making decisions for important business execution at the Executive Committee, will realize sustainable enhancement of corporate value as one team. In order to closely communicate between the Board of Directors and the Executive Committee, governance rules are established based on the Company's approach to enhance corporate value, proposals and reports are made from the Executive Committee to the Board of Directors, and deliberations and resolutions are made by the Board of Directors.

➤ See pp.19–20 "Shift to a Company with Three Committees."

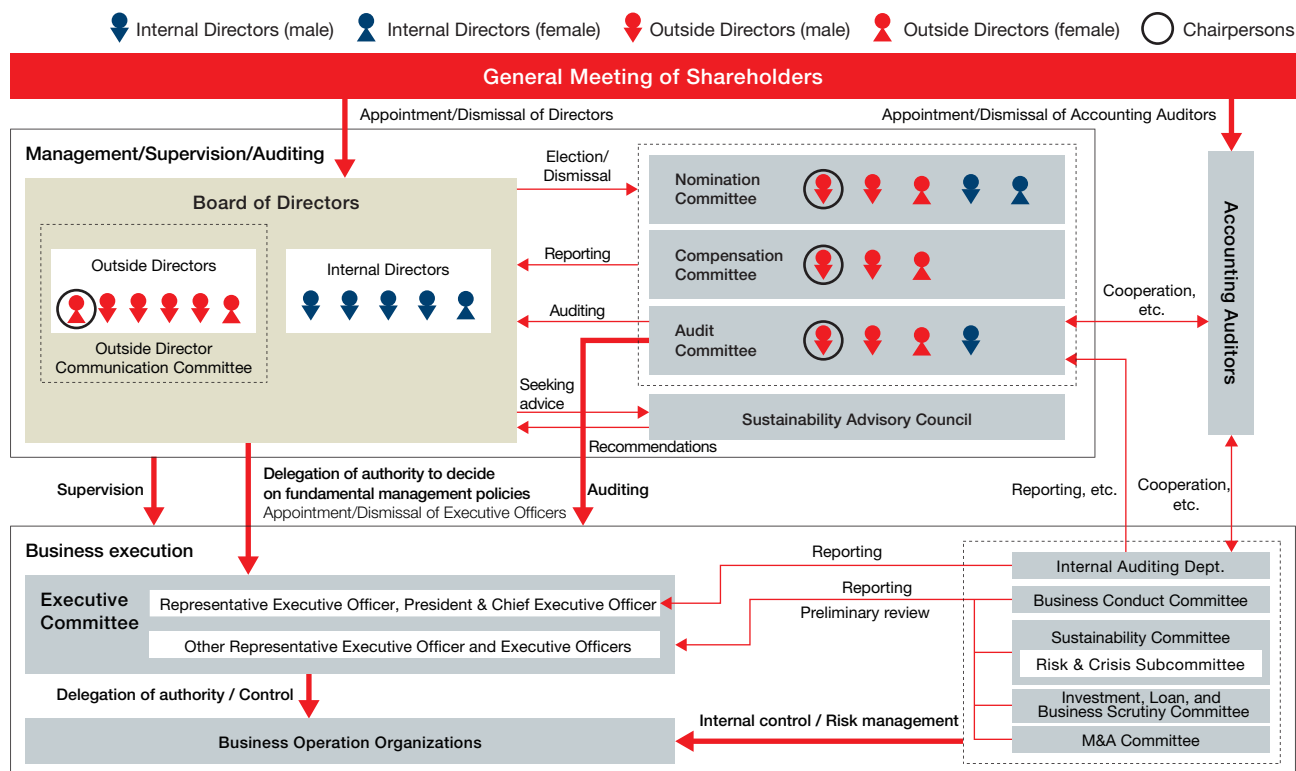
➤ For details, please see the Ajinomoto Principle on Corporate Governance and the Corporate Governance Report.  
[https://www.ajinomoto.co.jp/company/en/ir/strategy/corp\\_gov.html](https://www.ajinomoto.co.jp/company/en/ir/strategy/corp_gov.html)

### Initiatives to reinforce governance



## Corporate Governance

### Overview of corporate governance system



### Management, supervision, and audits Board of Directors

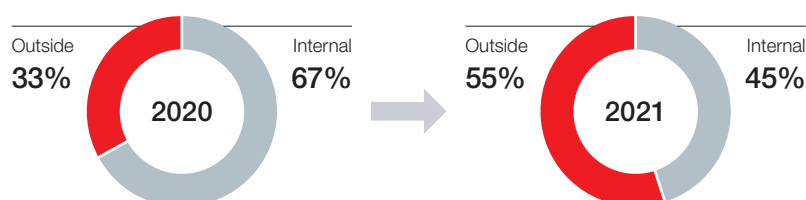
The Board of Directors, as the highest decision-making body for management, discusses and examines important management matters that greatly affect corporate value, indicates a major direction, and supervises appropriate executions that reflect the opinions of stakeholders.

The Company has the basic policy, considering the number of members, the percentage of Internal Directors and Outside Directors, the percentage of persons who concurrently serve as Directors and Executive Officers, individual experiences, abilities, insights, internationality,

gender, etc., for the Board of Directors composed of independent Outside Directors who can objectively supervise business execution from an independent standpoint, Internal Directors who concurrently serve as Executive Officers including Chief Executive Officer, and Internal Directors who are members of the Audit Committee (Standing). In order to promote the separation of supervision and execution and further enhance the effectiveness of the management oversight function by the Board of Directors, the Outside Directors shall occupy a majority, and the chairperson of the Board of Directors shall be an Outside Director.

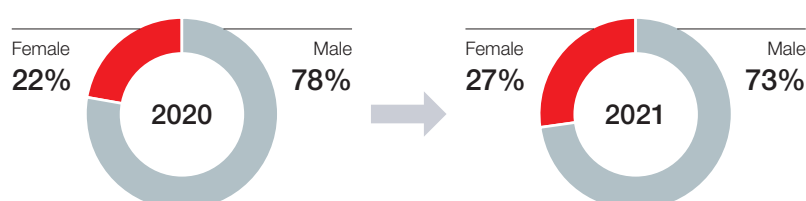
#### Ratio of Outside Directors

The ratio of Outside Directors was 55% as of June 30, 2021 (six out of 11 Directors).



#### Ratio of female Directors

The ratio of female Directors was 27% as of June 30, 2021 (three out of 11 Directors).





## Corporate Governance

### Nomination Committee

The Nomination Committee deliberates on validity of the evaluation and reappointment of Directors, on validity of the evaluation and reappointment of Representative Executive Officer & Presidents, and on succession planning of the Representative Executive Officer & President, etc. The Nomination Committee decides the policy of electing and dismissing Directors, proposals for the election and dismissal of Directors, and proposals of draft for selection of the Representative Executive Officer & President, etc.

The Nomination Committee is comprised of five Directors including three Outside Directors. The chairperson is an Outside Director who has expertise in management talent outside the Company and has supported the Company by fostering next-generation management talent internally.

### Compensation Committee

The Compensation Committee deliberates and decides matters related to remuneration for Directors and Executive Officers in order to determine the remuneration of Directors and Executive Officers fairly and appropriately.

The Compensation Committee is comprised of three Outside Directors only. The chairperson is an Outside Director with prior management experience at a multinational corporation.

### Audit Committee

The Audit Committee plays an important role in the function of “supervision of business execution” by the

Board of Directors by auditing the legality and appropriateness of Executive Officers’ and Directors’ business execution.

The Audit Committee is comprised of three Outside Directors and one Internal Director who does not serve concurrently as an Executive Officer. The chairperson is an Outside Director who is an attorney-at-law with in-depth knowledge of the Companies Act.












The Audit Committee’s Secretariat is assigned to the Internal Auditing Dept. The Executive Officer and staff, who have the appropriate knowledge and ability to assist the Audit Committee, are assigned. Appropriate collaboration between the Audit Committee and the Internal Auditing Dept. enhances the effectiveness of audit duties by the Audit Committee.

### Sustainability Advisory Council

In order to pursue the enhancement of the corporate value of the Ajinomoto Group from the perspective of sustainability, the Company has established the Sustainability Advisory Council as a subordinate organization of the Board of Directors with the aim of proposing the Company’s approach to sustainability from the perspective of multi-stakeholders.

The Sustainability Advisory Council reviews matters related to sustainability themes and matters consulted by the Board of Directors, including consideration of materiality setting from a long-term perspective, confirmation of environmental changes (risks and opportunities) related to materiality, and examination of

### Directors and serving committees

Internal	Outside
<p><b>Nomination Committee</b> (majority of members are Outside Directors)</p>  <p><b>Takaaki Nishii*</b> (serves concurrently as Executive Officer)</p>  <p><b>Chiaki Nosaka</b> (serves concurrently as Executive Officer)</p>	<p><b>Compensation Committee</b> (comprised of Outside Directors only)</p>  <p><b>Kimie Iwata*</b> (Chair of the Board)</p>  <p><b>Takashi Nawa</b> (Chair of the Nomination Committee)</p>  <p><b>Joji Nakayama*</b> (Chair of the Compensation Committee)</p>
 <p><b>Hiroshi Fukushi</b> (serves concurrently as Executive Officer)</p>  <p><b>Kaoru Kurashima*</b> (serves concurrently as Executive Officer)</p>	
<p><b>Audit Committee</b> (majority of members are Outside Directors)</p>  <p><b>Masaya Tochio</b></p>	 <p><b>Atsushi Toki</b> (Chair of the Audit Committee)</p>  <p><b>Hideki Amano</b></p>  <p><b>Mami Indo</b></p>

\* Sustainability Advisory Council member

## Corporate Governance

response policies. The details of deliberations and the results are reported to the Board of Directors promptly.

The Sustainability Advisory Council is comprised of seven outside experts, two Outside Directors, and three internal officers including the Representative Executive Officer & President, for a total of 12 members. The Council is chaired by an outside expert.

➤ See pp.21–23 "Enhancing the Sustainability Promotion Framework."

### Business execution

The execution of business is led by the Representative Executive Officer & President who has been delegated substantial authority from the Board of Directors. Decisions regarding important business execution matters are made by the Executive Committee. Together, they work as one team to enhance the Company's sustainable corporate

value. The Representative Executive Officer & President oversees and executes the Company's business operations as Chief Executive Officer. Executive Officers execute the Company's business operations after dividing duties pursuant to resolutions of the Board of Directors.

The Executive Committee will realize prompt and appropriate business execution based on the major directions and mandates indicated by the Board of Directors. Deliberations and resolutions on basic plans, policies, and other important matters related to business execution will be described in the minutes along with the approval and disapproval of the members of the Executive Committee. In addition, proposals and reports to the Board of Directors are conducted in accordance with the Regulations on Board of Directors and the Minor Regulations on Board of Directors, and close communication

### Members of the Executive Committee and serving committees

Members of the Executive Committee			Serving committees
	<b>Takaaki Nishii (Chair)</b>	Representative Executive Officer, President & Chief Executive Officer	
	<b>Hiroshi Fukushi</b>	Representative Executive Officer & Executive Vice President Chief Digital Officer (CDO)	Business Conduct Committee (Chair)
	<b>Kaoru Kurashima</b>	Executive Officer & Senior Vice President General Manager, Global Corporate Division and Corporate Service Division	Sustainability Committee (Chair)
	<b>Chiaki Nosaka</b>	Executive Officer & Senior Vice President In charge of Diversity and HR	
	<b>Taro Fujie</b>	Executive Officer & Senior Vice President General Manager, Food Products Division	
	<b>Hiroshi Shiragami</b>	Executive Officer & Senior Vice President Chief Innovation Officer (CIO) Management of R&D	M&A Committee (Chair)
	<b>Gwinnett Bompas</b>	Executive Officer & Vice President General Manager, AminoScience Division	
	<b>Takayuki Koda</b>	Executive Officer & Vice President Chief Transformation Officer (CXO) In charge of SCM Reform	Investment, Loan, and Business Scrutiny Committee (Chair)
	<b>Tetsuya Nakano</b>	Executive Officer & Vice President In charge of Finance & Investor Relations	Business Conduct Committee (Vice-Chair)

## Corporate Governance

is made so that the agenda of the Board of Directors can be set systematically and effectively. The Executive Committee is comprised of the Representative Executive Officer & President, Representative Executive Officer & Executive Vice President, four Executive Officer & Senior Vice Presidents, and three Executive Officer & Vice Presidents for a total of nine members.

The business operation organizations include the Global Corporate Division, Corporate Service Division, Food Products Division, and AminoScience Division. Each business operation organization carries out its prescribed operations according to the directions and supervision of

the Executive Officer responsible.

In order to execute business strategically in specific functions across the Business Operation Organizations, we have appointed a Chief Digital Officer, who oversees the Company's digital transformation as the head of digital technology, Chief Transformation Officer, who oversees the improvement of organizational strengths through operational innovation as the head of companywide operational transformation, and Chief Innovation Officer, who oversees new business model creation as the head of business model transformation, to head up these respective functions.

### Evaluation of board effectiveness

Every year the Company asks Directors (Directors and Audit & Supervisory Board Members until fiscal 2020) to complete a self-evaluation questionnaire, which is then analyzed by an outside legal counsel, with the results examined by the Board of Directors. The self-evaluation questionnaire for fiscal 2020 indicated that board effectiveness was generally high and found that improvements were made in the following four areas compared to fiscal 2019.

- (1) Discussions on corporate strategies and medium- to long-term policies have been further enhanced.
- (2) Comments by Internal Directors have been further activated.
- (3) Diversity of candidates for Outside Directors has been further sophisticated.
- (4) Report of the results including the review process by the advisory committees has been further enhanced.

On the other hand, we are aware that the following points remain to be improved.

- (1) Diversity of members of the Board of Directors
- (2) Comments by Internal Directors
- (3) Training of Internal Directors
- (4) Development program of the Executive Officers
- (5) Further ingenuity for review process of the advisory committees
- (6) Provision of information in advance at the Nomination Committee

After discussions held by the Board of Directors on the results of this board effectiveness evaluation, the Company has decided that in fiscal 2021 it will further promote initiatives based on the above issues and promote ingenuity of effective operation of the Board of Directors based on the Company's transition to a Company with Three Committees.

➤ For details, please see the Summary of the Effectiveness of the Board of Directors.  
[https://www.ajinomoto.co.jp/company/en/ir/strategy/corp\\_gov.html](https://www.ajinomoto.co.jp/company/en/ir/strategy/corp_gov.html)

### Officer compensation systems

The Company has a policy in place whereby the Compensation Committee, chaired by an Outside Director, determines policy regarding the amount of compensation paid to Directors and Executive Officers and how this amount is calculated.

#### Basic policy regarding compensation paid to Directors and Executive Officers

- (a) In line with the Ajinomoto Group Policies (AGP), it will lead to medium- to long-term expansion of corporate value
- (b) The level of compensation is sufficiently competitive with the market level
- (c) Compensation will be determined through a transparent process that is accountable to stakeholders

#### Executive Officer compensation

Compensation for Executive Officers (including Executive Officers serving concurrently as Director) comprises base compensation, short-term company performance-linked compensation, and medium-term company performance-linked stock compensation, as described below.

- Base compensation  
Fixed amount paid monthly
- Short-term company performance-linked compensation  
Paid based on an assessment of the Company's overall and each division's earnings performance for a fiscal year.
- Medium-term company performance-linked stock compensation  
Paid in the Company's shares and cash in the amount

## Corporate Governance

equivalent to the conversion value of the Company's shares after the end of the third business year beginning from April 1, 2020, based on an evaluation using pre-determined KPI.

### Compensation paid to Outside Directors and Internal Directors who are members of the Audit Committee

Compensation paid to Outside Directors and Internal Directors who are members of the Audit Committee comprises base compensation only, which is paid in cash monthly according to a fixed amount.

### Determination of individual compensation amounts

#### Setting of compensation amount

Compensation is set for each title based on the responsibilities for supervision and business execution of each officer.

#### Determination of compensation level

- Internal Directors and Executive Officers excluding those of foreign nationality  
The 50th to 75th percentile (top 25 to 50%) of around 50 major Japanese corporations similar in size and business lines as the Company based on the survey results of an external institution.
- Officers of foreign nationality  
The 50th to 75th percentile (top 25 to 50%) of a group

of corporations similar in size and business lines as the Company in the country or region with the closest ties to the officer based on the survey results of an external institution.

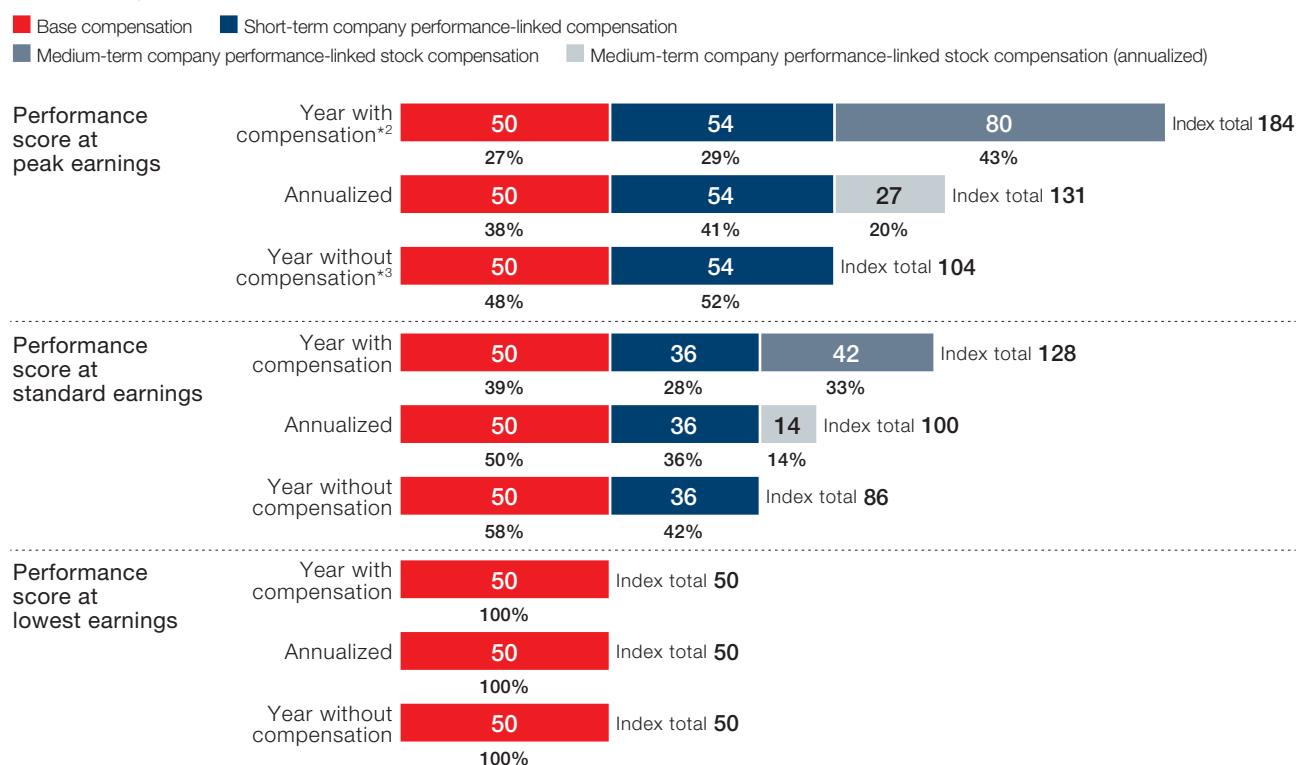
#### Outside Directors

The 50th to 75th percentile (top 25 to 50%) of around 50 major Japanese corporations similar in size and business lines as the Company based on the survey results of an external institution.

### Ratio of compensation paid

The proportions of base compensation, short-term company performance-linked compensation, and medium-term company performance-linked stock compensation paid to Executive Officers (including Executive Officers serving concurrently as Director) is approximately 50:36:14 (47:40:13 for some positions) on an annual basis\*1 when the performance targets are achieved. If the total compensation at the time of a standard evaluation (on an annual basis) when the performance targets are reached is assigned an index of 100, then the indices of total compensation under the conditions of highest possible performance and of lowest possible performance, as well as the proportions of each type of compensation in total compensation are as follows.

#### Ratio of compensation



\*1 The amount of medium-term company performance-linked stock compensation that would be paid after the three-year Medium-Term Management Plan period is completed, divided into equal amounts for each year

\*2 The amount paid in a year with medium-term company performance-linked stock compensation

\*3 The amount paid in a year without medium-term company performance-linked stock compensation

## Corporate Governance

### KPI for performance-linked compensation

#### Short-term company performance-linked compensation

Compensation paid to Executive Officers who serve concurrently as Director and the Executive Officer & Chairman of Company is determined based on an evaluation of the company's overall earnings performance only.

The compensation paid to all other Executive Officers is determined based on an evaluation of the company's overall and each division's earnings performance using a weighting of 1:1.

- Formula used to determine the company's overall earnings performance  
Short-term company performance-linked compensation = Base amount per position × KPI\*1

\*1 Calculated based on the total for the following three elements. The maximum achievement rate for each KPI is set at 1.25.  
(Achievement rate of consolidated sales × 2 – 1) × 30%  
(Achievement rate of consolidated business profit × 2 – 1) × 50%  
(Achievement rate of consolidated net income × 2 – 1) × 20%

- Each division's earnings performance  
Determined based on a pre-approved compensation table after a performance evaluation of the division, organization, and subsidiary each Executive Officer is responsible for.

#### Medium-term company performance-linked stock compensation

Assessment criteria	Performance target	Assessment weighting
ROIC achievement rate*2	8.0%	60%
Core business sales ratio achievement rate*3	70%	20%
Relative total shareholder return*4	1	10%
Employee engagement*5	–	5%
ESG targets*6	–	5%

\*2 Weighted average value of target achievement rate for each year in the period (weighted average: 25% in 2020, 25% in 2021, 50% in 2022)  
ROIC is calculated based on the following formula. All figures are consolidated amounts.  
Net operating profit less adjusted taxes for the fiscal year ÷ (Invested capital for the fiscal year + Invested capital for the previous fiscal year) ÷ 2  
Invested capital = Shareholders' equity attributable to owners of the parent company + Interest-bearing debt

\*3 Target achievement rates for fiscal 2022

Core business sales ratio achievement rate is calculated based on the following formula. All figures are consolidated amounts.  
Core business sales for fiscal 2022 ÷ Consolidated sales for fiscal 2022

\*4 Target achievement rates for fiscal 2022

Relative total shareholder return is calculated based on the following formula.  
Total Company shareholder return at the final day of fiscal 2022 ÷ Total TOPIX shareholder return including dividends for the corresponding period used to calculate total Company shareholder return

\*5 Self-assessment of employee engagement survey results, the initiatives started in the Medium-Term Management Plan, and achievement of these initiatives

\*6 Self-assessment of the initiatives and achievement of the ESG targets in the Medium-Term Management Plan

### Total amount of consolidated compensation paid to each officer in fiscal 2020

The total amount of compensation paid to directors in the fiscal year under review is as follows.

- Directors (excluding Outside Directors)  
600 million yen (292 million yen of monthly compensation, 252 million yen of short-term company performance-linked compensation and 55 million yen of medium-term company performance-linked stock compensation) was paid to six Directors.
- Outside Directors  
45 million yen (monthly compensation only) was paid to three Outside Directors.
- Audit & Supervisory Board Members (Standing)  
82 million yen (monthly compensation only) was paid to two Audit & Supervisory Board Members (Standing).
- Audit & Supervisory Board Members (External)  
45 million yen (monthly compensation only) was paid to four Audit & Supervisory Board Members (External).

The officers who were paid 100 million yen or more in total consolidated compensation in the fiscal year under review are as follows.

Name		Takaaki Nishii	Masatoshi Ito	Hiroshi Fukushi
Officer category		Director	Director	Director
Company category		The Company	The Company	The Company
Amount of compensation by type (Millions of yen)	Monthly compensation	74	60	50
	Short-term company performance-linked compensation	63	52	42
	Medium-term company performance-linked stock compensation	14	8	10
Total amount of compensation (Millions of yen)		153	121	103

➤ For details, please see the Policy for determining individual compensation for Directors and Executive Officers.  
[https://www.ajinomoto.co.jp/company/en/ir/strategy/corp\\_gov.html](https://www.ajinomoto.co.jp/company/en/ir/strategy/corp_gov.html)



## Corporate Governance

### Message from the Chair of the Nomination Committee



## Cultivating and appointing transformative human resources to drive ASV management

### Takashi Nawa

Outside Director

Chair of the Nomination Committee

#### Refining the skills needed for an effective Board of Directors

My duty as Chair of the Nomination Committee is to determine how to form and foster a management group to lead the Ajinomoto Group's transformation and its execution of business based on a deep understanding of future-oriented ASV management. At this juncture of the Company's history, I believe this responsibility is more critical than ever, and I am solemnly committed to fulfilling my duty.

I believe the Board of Directors must be highly proficient at four key skills to advance ASV management: 1) the ability to take a long-term view from the perspective of multiple stakeholders, 2) the ability to take an external viewpoint to identify the essential management issues the Company faces for realizing ASV, 3) the ability to objectively assess and monitor action plans for problem solving, and 4) the ability to interactively communicate and carefully coordinate with the executives implementing initiatives related to the first three areas. The Board of Directors is fully capable in each of these areas for the current situation but must continue refining its skills to remain fully effective into the future.

The Nomination Committee is engaging in discussing training plans and the selection process for candidates to become directors with a focus on acquiring, developing, and appointing the transformative human resources needed to accelerate ASV management throughout the Group.

#### Progressing from heteronomous to autonomous governance

The transition to a Company with Three Committees has better clarified the responsibilities of the directors and executives. Nevertheless, in addition to knowing the division of the roles of each side, I believe the two sides must also seek to have a full understanding of each other. At the same time, I believe it will become increasingly important for the Company to redirect its tendency to focus inward and on immediate issues to become more outward-looking and future-oriented. I also believe the Company would benefit in the medium to long term by evolving away from governance that is heteronomous and regulative to governance that is autonomous and self-governing. This would essentially make the word "governance" obsolete as regulatory bodies evolve into advisory bodies. The new organizational structure is a firm step in the right direction.

Another key to enhancing the Ajinomoto Group's ability to innovate and to realize ASV is becoming more diverse, not just through a better balance of male and female representation, but also in the broader sense of diversity in age, nationality, culture, personalities, careers, and ways of thinking. At the same time, increased diversity will also make it more challenging to cultivate a sense of unity (inclusion). The new form of corporate organization introduces various changes to the business execution system, including reducing the number of executive officers by about half. This has created a tight vortex where the officers can foster an innovative culture and sense of unity throughout the organization and be a center point for unifying the Group companies as well as outside parties.

## Corporate Governance

### Message from the Chair of the Compensation Committee



## Evaluating and continuing to improve the effectiveness of the new governance structure

### Joji Nakayama

Outside Director

Chair of the Compensation Committee

#### Increasing the objectivity of the Compensation Committee

I have been appointed as Outside Director at a critical juncture as the Company adopts a new organizational structure and changes its business execution system. My role is to verify whether the new governance structure is functioning as intended and to determine what effects the new structure is producing. I also must ensure that this self-evaluation is used for continuing improvement. As such, my input will play a part in the Company's supervisory and decision-making functions.

I have also been appointed as the Chair of the Compensation Committee, which is comprised solely of outside directors. I understand that the change from a voluntary to statutory compensation committee is intended to improve the objectivity of the deliberative process and its outcome. I believe the change is profoundly important and highly sensible, and as the Chair, I will endeavor to ensure the committee functions with the utmost objectivity. In seeking to establish a remuneration system that is appropriate for the Company, the Compensation Committee will focus discussions on the three areas of 1) the direction the Company should take in its business development, 2) the remuneration structure for Group executives, and 3) the personnel system and remuneration of general employees.

The Company instituted progressive changes in its executive compensation system in 2020, including incorporating the non-financial indicators of employee engagement and ESG targets into the evaluation

indicators for medium-term company performance-linked stock compensation. I believe these are laudable changes as they are in accord with the new Medium-Term Management Plan and reflect the Company president's strong commitment to bringing about change. In addition to the matrix of evaluation indicators, the committee will also focus on executive performance in the areas of improving employee engagement and ESG management initiatives.

#### Governance responsive to consumer issues in each area

A look at the Ajinomoto Group's presence around the world reveals wide regional disparities in brand image and product acceptance. I believe this indicates a need to respond better to stakeholders in each specific location, which will entail a deeper understanding of consumer "food and health issues." To do this, we must set a clear direction for corporate governance.

My experience includes serving business and corporate management roles at Suntory Limited in the alcoholic beverage industry, where branding is essential, and at Daiichi Sankyo Company, Limited in the pharmaceuticals industry which is driven by innovation. The positions gave me a wide range of experience in areas including major changes in management policies as well as acquiring and selling business. I will use my experience to strengthen the governance of Ajinomoto Co., Inc. to help advance the Ajinomoto Group and give back to society.

## Corporate Governance

### Message from the Chair of the Audit Committee



## Robust group governance with hybrid auditing

### Atsushi Toki

Outside Director  
Chair of the Audit Committee

#### The first step to enhance corporate value while incorporating multifaceted opinions

Corporate management is rapidly evolving. At the same time, stakeholders have diverse perspectives, and do not necessarily have the same values. Our company must have a governance system that enables us to consider various perspectives as we set a single path forward for our future. I consider the change in our organizational structure to be the first step toward establishing such a governance system. I believe that the Company with Three Committees structure provides the most suitable form of corporate governance for us to continuously enhance our corporate value and advance our ASV management. I expect this step will also be well received by overseas institutional investors.

I also think that we need to be sure to focus on developing each system under the new organizational structure in accordance with the original idea. We must address each and every issue that arises. For each one, we need to look beyond the numbers and assess the actual situation by constantly asking ourselves as an organization, is this consistent with our vision of being a “solution-providing group of companies for food and health issues,” and if not, then is our governance a cause of the inconsistency?

#### Hybrid audits by the Internal Auditing Dept. and the Audit Committee

The Audit Committee of a Company with Three Committees is responsible for conducting audits after

verifying and assessing if a robust internal control system is constructed and if the system is functioning properly. I expect the audits conducted by the Internal Auditing Dept., which serves as our internal control department, to play a critical role in our governance, not the least because it determines whether the Audit Committee is functioning properly. The Internal Auditing Dept. fully recognizes the importance of this and has always worked closely with the Audit & Supervisory Board, but I believe that appointing an executive officer to be in charge and having the function of assisting the Audit Committee will enable it to perform to full effect.

At the same time, I think the Company needs to take full advantage of the expertise and auditing experience of the Audit & Supervisory Board. In other words, I believe the Company will adopt a hybrid auditing structure with audits by the Internal Auditing Dept. and independent audits by the Audit Committee. We are also considering having the Audit Committee conduct direct examinations of executive officers. The committee members are accounting, financial, and business experts, and my biggest imperative as the committee chair is to take full advantage of their expertise.

The focus of the Audit Committee will be governance of the Group, including overseas subsidiaries. Some of our core subsidiaries have full-time corporate auditors, and it will be important to maintain open lines of communication. We are also examining the feasibility of conducting audits overseas through our regional headquarters as an additional level of governance.

## Corporate Governance

### Sustainability and risk management

Recently, the business environment has changed dramatically due to the prolonged COVID-19 crisis, and more comprehensive risk management is important than ever. We honestly comply with the Ajinomoto Group Policy (AGP) that shows the ideal way of thinking and action that Ajinomoto Group companies and their officers and employees should comply with, continue to develop and properly operate our internal control system, strengthen our system that considers sustainability as an active risk-taking system, and continuously enhance our corporate value. The Board of Directors will establish a system to recommend the company's sustainability and ESG approach from a multi-stakeholder perspective. In addition, the Executive Committee selects and extracts "risks and opportunities at the companywide management level," evaluates the degree of impact, defines responses as risk management, establishes each committee, and strengthens internal control and risk management. In promoting digital transformation (DX), we are implementing measures to prevent loss of data and information leaks as well as to strengthen cybersecurity by using a zero trust network architecture.

#### Sustainability Advisory Council

➤ See p.81 "Sustainability Advisory Council."

#### Sustainability Committee

In order to promote sustainability management, the Company has established the Sustainability Committee as a subcommittee of the Executive Committee. In accordance with materiality, the Sustainability Committee formulates measures, proposes them to the Executive Committee, and manages progress. In addition, the Sustainability Committee formulates risk countermeasures for companywide management issues, manages progress, develops and promotes risk management processes that contribute to strengthening internal control, and conducts matters related to crisis (safety and security) management based on the Ajinomoto Group Crisis Management Regulations. The Risk & Crisis Subcommittee established under the Sustainability Committee is responsible for matters related to crisis management.

#### Investment, Loan, and Business Scrutiny Committee

The Investment, Loan, and Business Scrutiny Committee carries out multifaceted reviews of investment and loan decisions, revitalization of unprofitable businesses, and exits from unprofitable businesses, prior to deliberations by the Executive Committee.

#### M&A Committee

The M&A Committee carries out multifaceted reviews of M&A deals prior to deliberations by the Executive Committee.

#### Internal control system

The Company's Board of Directors passed a resolution approving the Basic Policy on the Internal Control System. This policy is comprised of matters concerning the system to ensure that the execution of duties by executive officers and employees complies with laws and regulations as well as the Articles of Incorporation, matters concerning the system for the management of risk of losses of the Company, matters concerning the system to ensure the appropriate operation of Group companies, and matters concerning the system to ensure that the audit by the Audit Committee is conducted effectively. Every year, the Board of Directors confirms the operating status of the internal control system and monitors its effectiveness.

➤ For details, please see the Basic Policy on the Internal Control System.  
[https://www.ajinomoto.co.jp/company/en/ir/strategy/corp\\_gov.html](https://www.ajinomoto.co.jp/company/en/ir/strategy/corp_gov.html)

#### Compliance

The Ajinomoto Group believes that compliance is complying with laws and AGP, as well as meeting the social demands behind laws and AGP, and works to raise compliance awareness and foster an open corporate culture.

#### Business Conduct Committee

The aim is to strengthen the Group's management base and enhance corporate value by fostering an open corporate culture and building a corporate structure that is resistant to crises, etc., by raising compliance awareness and instilling AGP. In addition, the Business Conduct Committee thoroughly disseminates AGP, determines and implements various measures to respond promptly and appropriately to crises, etc., disseminates information to raise compliance awareness, grasps trends and responds from the viewpoint of compliance, and implements smooth and prompt responses and appropriate resolution.

#### Principal risks

Every year the Group reviews materiality items that have substantial impact on its ability to create value in the short, medium, and long term through ASV. Opportunities and risks are identified for each materiality item, with business activities executed after clarifying the importance and priority level of materiality. Details of opportunities and risks related to materiality, and key initiatives by the Group can be found in the Ajinomoto Group Materiality and our Sustainability Data Book 2021, and financial opportunities and risks in our Securities Report.



## Corporate Governance

### Opportunities and risks related to materiality

Materiality items	Related opportunities and risks (○ Opportunity ● Risk)
Contribution to solve food and health issues	<ul style="list-style-type: none"> <li>○ Revised lifestyle habits, including diet and exercise, due to increasing seriousness and diversity of health issues</li> <li>○ Brand trust</li> <li>○ Stronger laws and rules related to health and nutrition (sugar tax, nutrition labeling)</li> <li>○ Involvement of food and nutrition in predictive prevention</li> <li>○ Development of regenerative medicine technology, antibody drugs, and oligonucleotide therapeutics</li> <li>● Rising competition in the health and nutrition field</li> </ul>
Rapid response to consumer lifestyle changes	<ul style="list-style-type: none"> <li>○ Enhancing corporate reputation by offering the joy of eating together</li> <li>○ New value creation using digital technology</li> <li>● Loss of growth opportunities due to delayed response to consumer lifestyle changes or diversifying values</li> </ul>
Assurance of product safety	<ul style="list-style-type: none"> <li>○ Brand trust gained by increasing customer satisfaction</li> <li>○ Trust gained through fair disclosure to stakeholders</li> <li>● Impact on business of growing negative rumors regarding umami and MSG</li> <li>● Lower customer confidence due to product quality complaints or incidents</li> </ul>
Diverse talent	<ul style="list-style-type: none"> <li>○ Company growth by improving employee engagement</li> <li>○ Creation of an innovative environment</li> <li>● Rising costs due to intense competition for human resources</li> </ul>
Climate change adaptation and mitigation	<ul style="list-style-type: none"> <li>○ Cost competitiveness ensured through renewable energy and reduced carbon tax burden</li> <li>○ Collaboration with outside organizations on decarbonization</li> <li>● Failure to procure raw materials due to climate change</li> <li>● Damaged corporate value due to delayed response to climate change</li> </ul>
Contribution to a circular economy	<ul style="list-style-type: none"> <li>○ Gaining market share through the development of environmentally friendly materials</li> <li>● Damaged corporate value due to delays in waste reduction or recycling efforts</li> </ul>
Reduction of food loss and waste	<ul style="list-style-type: none"> <li>○ Cost reduction through efforts to improve yield in the manufacturing process, reduce product returns and waste</li> <li>● Damage to corporate value due to delays in addressing food loss and waste</li> </ul>
Sustainable materials sourcing	<ul style="list-style-type: none"> <li>● Failure to procure raw materials, product returns due to quality issues in the supply chain</li> <li>● Failure to procure raw materials and damage to corporate value due to delays in addressing social and environmental issues in the supply chain</li> <li>● Failure to procure raw materials due to food resource depletion</li> </ul>
Conservation of water resources	<ul style="list-style-type: none"> <li>○ Stable procurement of raw materials and stable supply of products by reducing water risk</li> <li>● Production stagnation due to droughts, floods, or water quality deterioration</li> <li>● Damage to corporate value due to delays in addressing water resource conservation</li> </ul>
Strong corporate governance	<ul style="list-style-type: none"> <li>○ Appropriate risk-taking</li> <li>● Business continuity risk or other unexpected losses due to failures in corporate governance or internal controls</li> <li>● Lack of appropriate information disclosure resulting in a loss of investor confidence</li> <li>● Decreased competitiveness due to vulnerabilities in IT management structure</li> <li>● Delay or suspension of operations due to a combination of natural disasters, diseases, and pandemics (COVID-19, avian influenza, etc.)</li> <li>● Disruptions to organizational operations and decline in business profitability due to changes in macroeconomic conditions</li> <li>● Impact of intellectual property risks on business</li> <li>● Impact of sudden foreign exchange and interest rate fluctuations on business</li> <li>● Higher tax burden due to changes in tax and tax effect</li> </ul>
Preparation for intense global competition	<ul style="list-style-type: none"> <li>○ Business foundation reform through digital disruption</li> <li>○ Value creation from external collaboration</li> <li>○ Specialty creation through technological innovation</li> <li>○ Establishment of competitive advantage by forecasting future changes</li> <li>● Opportunity loss and loss of competitive ability due to neglect of IT investment</li> <li>● Emergence of multiple competitors due to an inability to erect strong barriers to entry</li> </ul>

➤ For details, please see the Ajinomoto Group Materiality.  
[https://www.ajinomoto.com/sustainability/pdf/2020/materiality\\_en\\_2106.pdf](https://www.ajinomoto.com/sustainability/pdf/2020/materiality_en_2106.pdf)

➤ For details, please see the Ajinomoto Group Sustainability Data Book 2021.  
<https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

## Corporate Governance

### Finance-related opportunities and risks

Financial risks	Related opportunities and risks (○ Opportunity ● Risk)
Impairment loss	<ul style="list-style-type: none"> <li>● Failure of acquired subsidiaries, etc., to fulfill business plan</li> <li>● Sharp increase in interest rates</li> </ul>
Capital procurement	<ul style="list-style-type: none"> <li>● Depletion of capital due to financial crisis</li> <li>● Ratings downgrade</li> <li>● Additional capital procurement and worsening of rating arising from failure to fulfill plans due to various risk factors</li> </ul>
Bankruptcy of customers	<ul style="list-style-type: none"> <li>● Unforeseen bankruptcies of customers including overseas customers</li> </ul>
Fluctuation in exchange and interest rates	<ul style="list-style-type: none"> <li>● Slowdown in overseas business activity</li> <li>● Impact on yen translation of business results of overseas subsidiaries</li> </ul>
Country risk	<ul style="list-style-type: none"> <li>● Expropriation risk</li> <li>● Risk of outbreak of war, conflict, etc.</li> </ul>
Tax system change	<ul style="list-style-type: none"> <li>○ Lower future tax burden through system reform (e.g., reform of U.S. tax system)</li> <li>● Increase in business operational costs due to system reform (e.g., value-added tax in Brazil)</li> </ul>
Tax effect change	<ul style="list-style-type: none"> <li>○ ● Higher/lower tax expenses due to change in estimates of future taxable income, etc.</li> </ul>

> For details, please see our Securities Report (Japanese only) and Financial Report 2021.  
<https://www.ajinomoto.co.jp/company/jp/ir/library/securities.html>  
<https://www.ajinomoto.co.jp/company/en/ir/library/report.html>

## Directors and Executive Officers

### Directors



#### Takaaki Nishii

Director, Representative Executive Officer, President & Chief Executive Officer  
Member of the Nomination Committee

Number of Company shares held: 57,500 shares

#### Meeting attendance (FY2020)

Board of Directors: 100% (16/16), Nominating Advisory Committee: 100% (9/9), Compensation Advisory Committee: 100% (6/6), Corporate Governance Committee: 100% (6/6), Management Foundation Review Committee: 100% (12/12)

#### Career summary

1982 Joined Company  
2004 Director, Ajinomoto Frozen Foods Co., Inc.  
2009 General Manager, Human Resources Dept.  
2013 Member of the Board & Corporate Vice President  
President, AJINOMOTO DO BRASIL INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA.  
2015 Representative Director, President & Chief Executive Officer  
2021 Appointed to current position in June



#### Hiroshi Fukushi

Director, Representative Executive Officer & Executive Vice President, Chief Digital Officer (CDO)

Number of Company shares held: 36,700 shares

#### Meeting attendance (FY2020)

Board of Directors: 100% (16/16), Management Foundation Review Committee: 100% (12/12)

#### Career summary

1984 Joined Company  
2009 General Manager, Amino Acids Dept.  
2013 Member of the Board & Corporate Vice President  
General Manager, Bioscience Products & Fine Chemicals Division (currently, AminoScience Division)  
2017 Representative Director  
2019 Member of the Board & Corporate Executive Deputy President  
2021 Appointed to current position in June



#### Kaoru Kurashima

Director, Executive Officer & Senior Vice President  
General Manager, Global Corporate Division and Corporate Service Division

Number of Company shares held: 16,769 shares

#### Meeting attendance (FY2020) --

#### Career summary

1984 Joined Company  
2011 President, AJINOMOTO DEL PERÚ S.A.  
2016 Corporate Vice President, General Manager, ASEAN Division  
2019 Corporate Senior Vice President, General Manager, Food Products Division  
2021 Appointed to current position in June



#### Chiaki Nosaka

Director, Executive Officer & Senior Vice President  
In charge of Diversity and HR  
Member of the Nomination Committee

Number of Company shares held: 27,800 shares

#### Meeting attendance (FY2020)

Board of Directors: 100% (16/16)

#### Career summary

1983 Joined Company  
2009 General Manager, Food Technology Development Center, Food Products Company  
2015 Corporate Vice President, General Manager, Institute of Food Sciences and Technologies  
Chairman, SHANGHAI AJINOMOTO FOOD RESEARCH AND DEVELOPMENT CENTER CO., LTD.  
2019 Member of the Board & Corporate Vice President  
2021 Appointed to current position in June



#### Masaya Tochio

Director,  
Member of the Audit Committee

Number of Company shares held: 34,671 shares

#### Meeting attendance (FY2020)

Board of Directors: 100% (16/16), Management Foundation Review Committee: 100% (12/12)

#### Career summary

1983 Joined Company  
2007 General Manager, Overseas Foods & Seasonings Dept.  
2011 General Manager, Corporate Planning Dept.  
2017 Member of the Board & Corporate Senior Vice President  
2018 General Manager, Global Corporate Division and Corporate Service Division  
2019 Representative Director  
2021 Appointed to current position in June

## Directors and Executive Officers

### Directors



**Kimie Iwata**

Outside Director  
Chair of the Board  
Member of the  
Nomination Committee and  
the Compensation Committee

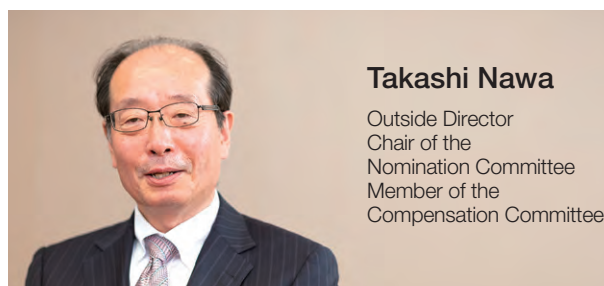
**Number of Company shares held:** 1,100 shares

**Meeting attendance (FY2020)**

Board of Directors: 100% (16/16), Nominating Advisory Committee: 100% (9/9),  
Compensation Advisory Committee: 100% (6/6), Corporate Governance  
Committee: 100% (6/6)

**Reasons for appointment**

Ms. Iwata has a high degree of insight into corporate management and corporate social responsibility, as well as a wealth of experience in supporting the active participation of women and promoting diversity. Since her appointment as Outside Director in June 2019, in addition to holding lively discussions on the Board of Directors and at other meetings, she has demonstrated great leadership as the Chair of the Nominating Advisory Committee.



**Takashi Nawa**

Outside Director  
Chair of the  
Nomination Committee  
Member of the  
Compensation Committee

**Number of Company shares held:** 0 shares

**Meeting attendance (FY2020)**

Board of Directors: 100% (16/16), Nominating Advisory Committee: 100% (9/9),  
Compensation Advisory Committee: 100% (6/6), Corporate Governance  
Committee: 100% (6/6)

**Reasons for appointment**

Using his great insight into international corporate management that he has developed both through being a professor at a graduate school in the field of international corporate strategy and the wealth of work experience that he has gained at non-Japanese consulting companies, Mr. Nawa has been active as an Outside Director since June 2015. He has offered proposals in the formulation of the current Medium-Term Management Plan from a new perspective and novel way of thinking and has also supported our in-house training of managers.



**Joji Nakayama**

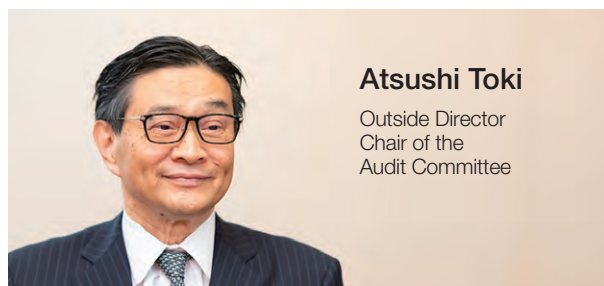
Outside Director  
Chair of the  
Compensation Committee  
Member of the  
Nomination Committee

**Number of Company shares held:** 0 shares

**Meeting attendance (FY2020) --**

**Reasons for appointment**

Mr. Nakayama has served as president and chairman of a global healthcare company. He has extensive experience in corporate management and governance, and deep insights into healthcare businesses. We envision that he will utilize this knowledge to participate in the decision-making of important management matters at the Board of Directors of the new structure.



**Atsushi Toki**

Outside Director  
Chair of the  
Audit Committee

**Number of Company shares held:** 5,400 shares

**Meeting attendance (FY2020)**

Board of Directors: 100% (16/16, as Audit & Supervisory Board Member), Audit &  
Supervisory Board: 100% (14/14), Corporate Governance Committee: 100% (6/6)

**Reasons for appointment**

Mr. Toki has specialized knowledge as a lawyer and has a wealth of experience. Since his appointment in June 2016 as an Audit & Supervisory Board Member (External), he has utilized his extensive knowledge relating to corporate law to actively participate from his legal perspective in meetings of the Board of Directors. He makes a significant contribution to the strengthening of our Company in auditing functions and structures of corporate governance.



**Hideki Amano**

Outside Director  
Member of the  
Audit Committee

**Number of Company shares held:** 3,500 shares

**Meeting attendance (FY2020)**

Board of Directors: 100% (16/16, as Audit & Supervisory Board Member), Audit &  
Supervisory Board: 100% (14/14)

**Reasons for appointment**

Mr. Amano has specialized knowledge as a certified public accountant and has a wealth of experience both in Japan and overseas. In June 2018 he was appointed as an Audit & Supervisory Board Member (External). Since taking office, he has been very active, especially in the fields of finance and accounting.



**Mami Indo**

Outside Director  
Member of the  
Audit Committee

**Number of Company shares held:** 400 shares

**Meeting attendance (FY2020)**

Board of Directors: 100% (11/11, as Audit & Supervisory Board Member), Audit &  
Supervisory Board: 100% (10/10)

**Reasons for appointment**

Ms. Indo, in addition to many years of experience working for securities companies and think tanks, has worked in the Securities and Exchange Surveillance Commission, gaining broad insight and a wealth of experience. Her achievements and insights are highly regarded both inside and outside of our Company. Since being appointed as an Audit & Supervisory Board Member (External) in June 2020, she has been active in her field and has made a great contribution, especially in the areas of governance and risk management.



## Directors and Executive Officers

### Executive Officers



**Takaaki Nishii**

Representative Executive Officer,  
President & Chief Executive Officer



**Hiroshi Fukushi**

Representative Executive  
Officer &  
Executive Vice President  
Chief Digital Officer (CDO)



**Kaoru Kurashima**

Executive Officer &  
Senior Vice President  
General Manager,  
Global Corporate Division and  
Corporate Service Division



**Chiaki Nosaka**

Executive Officer &  
Senior Vice President  
In charge of Diversity and HR



**Taro Fujie**

Executive Officer &  
Senior Vice President  
General Manager,  
Food Products Division



**Hiroshi Shiragami**

Executive Officer &  
Senior Vice President  
Chief Innovation Officer (CIO)  
Management of R&D



**Gwinnett Bompas**

Executive Officer &  
Vice President  
General Manager,  
AminoScience Division



**Takayuki Koda**

Executive Officer &  
Vice President  
Chief Transformation  
Officer (CXO)  
In charge of SCM Reform



**Tetsuya Nakano**

Executive Officer &  
Vice President  
In charge of Finance &  
Investor Relations

## Directors and Executive Officers

### Executive Officers



**Masatoshi Ito**

Executive Officer and  
Chairman of Company



**Jiro Sakamoto**

Executive Officer &  
Vice President  
General Manager,  
North America Division



**Narutoshi Fukase**

Executive Officer &  
Vice President  
Management of  
Food Products Sales



**Yoshiteru Masai**

Executive Officer &  
Vice President  
General Manager,  
Europe & Africa Division



**Tatsuya Sasaki**

Executive Officer &  
Vice President  
General Manager,  
Latin America Division



**Junichiro Kojima**

Executive Officer &  
Vice President  
General Manager,  
Institute of Food Sciences  
and Technologies



**Ichiro Sakakura**

Executive Officer &  
Vice President  
General Manager,  
ASEAN Division



**Ikuo Kira**

Executive Officer &  
Vice President  
General Manager,  
Research Institute for  
Bioscience Products &  
Fine Chemicals



**Chika Morishima**

Executive Officer  
In charge of Sustainability and  
Communications



**Takumi Matsuzawa**

Executive Officer  
In charge of Internal  
Control and Audit Committee