

Ajinomoto Group Vision

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> Ajinomoto Group
Policies

Ajinomoto Group Vision

The Ajinomoto Group aims to become a solution-providing group of companies for food and health issues by 2030. To achieve this, we need to realize our outcome both helping extend the healthy life expectancy of one billion people and reducing our environmental impact by 50%.

The basic policy of our 2020-2025 Medium-Term Management Plan ("20-25 MTP") is to concentrate all our management resources on resolving food and health issues.

Purpose

Unlocking the power of amino acids to resolve the food and health issues.

Vision

Contribute to greater wellness for people worldwide, unlocking the power of amino acids to resolve the food and health issue associated with dietary habits and aging.

Outcome

By 2030, help extend the healthy life expectancy of 1 billion people

By 2030, reduce our environmental impact by 50%, while improving business performance

ASV Management

The Ajinomoto Group has grown by pursuing ASV (The Ajinomoto Group Creating Shared Value). ASV represents our unchanging commitment to help resolve social issues and create value through our business. This remains our fundamental management policy.

Conformance to compliance rules and procedures in every country and region, as well as adherence to international rules related to the 21st-century issues of human society will be necessary to promote ASV management. We will comply in good faith with the Ajinomoto Group Policy (AGP), which sets forth the way of thinking and actions that Group companies and their officers and employees should adhere to, and strive to become a solution-providing group of companies for food and health issues by earning trust through actions that comply with the policy.

Ajinomoto Group Vision

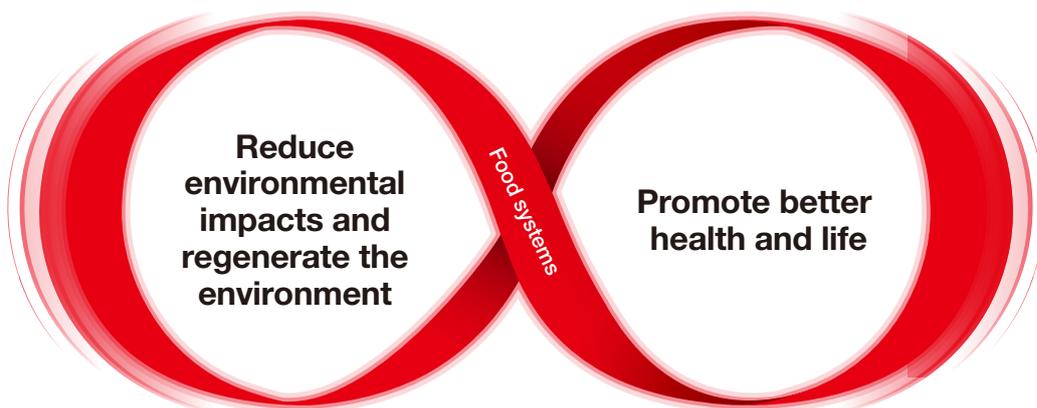
Our approach to achieving our goals for 2030

The business of the Ajinomoto Group is supported by sound food systems^[1] based on stable food resources and the vibrant natural environment. Today, when we are reaching the planetary boundaries, it is essential that we put in place efforts to regenerate the 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 acids 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.

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

Framework for ESG and Sustainability

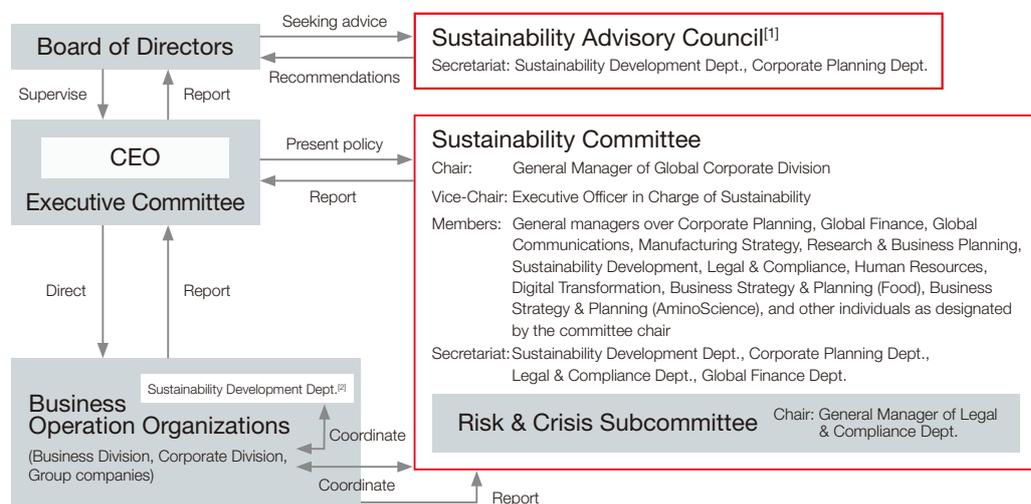
Framework for ESG and sustainability

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> 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 and the Sustainability Development Dept. formulate the Group's sustainability strategy and roadmaps of related initiatives that include nutrition, the environment and society, following up with recommendations on how to incorporate sustainability into business plans, compile internal information related to ESG, and report to the Executive Committee and the Board of Directors.



[1] The council is made up of outside experts from various disciplines, such as academia, emerging country perspectives, millennial and Gen Z perspectives, ESG/impact investors, as well as outside directors, and internal officers of the Company, including the president & CEO.

[2] Works together with the Sustainability Committee to formulate policies and strategies, offers recommendations for business plans from a sustainability perspective, and conducts reviews of policies and implemented measures.

Overview of the Sustainability Advisory Council

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

Since convened on April 1, 2021, the council has held a pre-meeting and three regular meetings.

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> Sustainability
Advisory Council

Framework for ESG and Sustainability

Overview of the Sustainability Committee

The 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 received from the Sustainability Advisory Council), and the strategic direction indicated by the Board. Matters 3) – 5) below are handled by the Risk & Crisis Subcommittee, which has been established as a subcommittee under the Sustainability Committee.

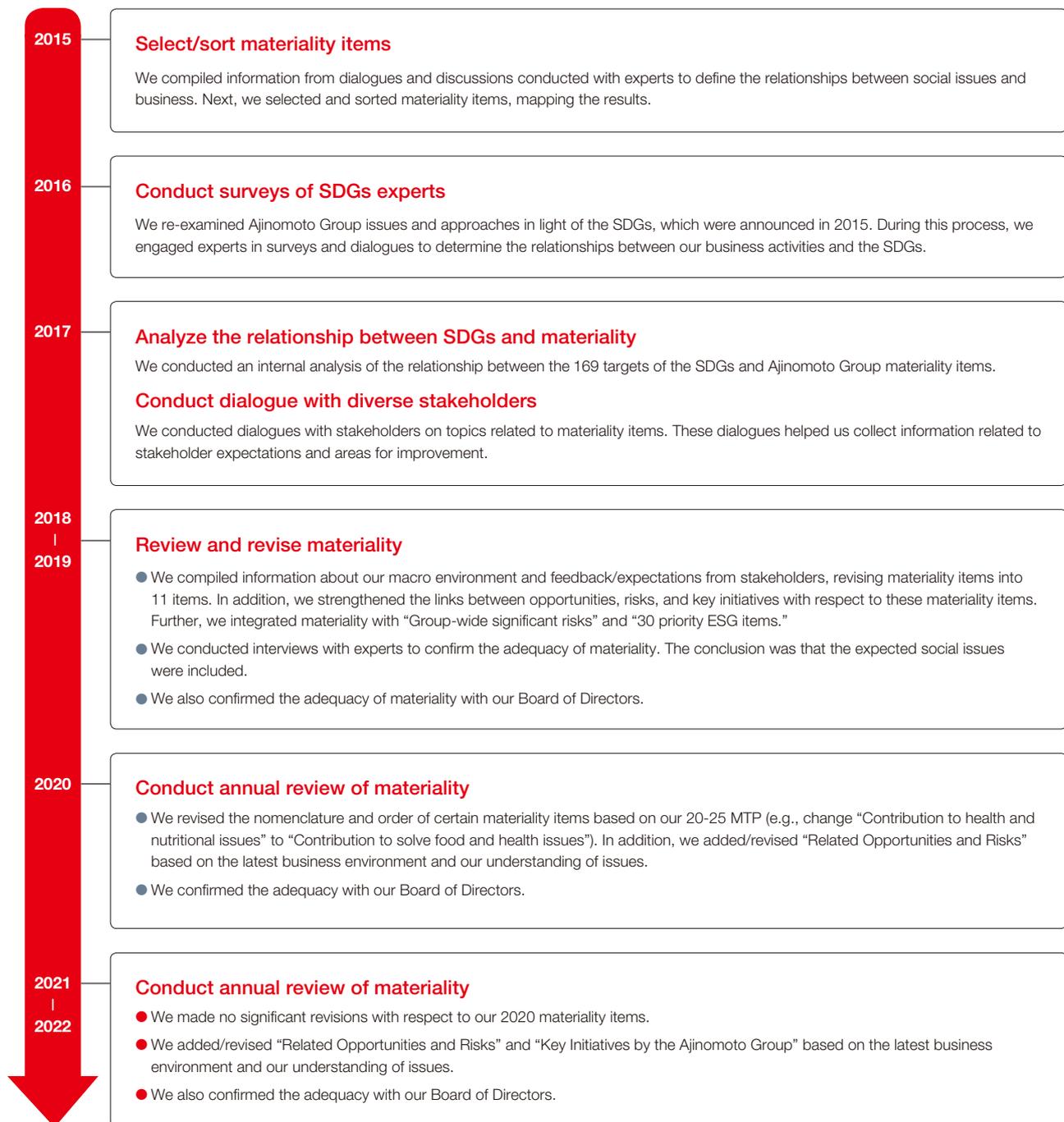
- 1) Risks and opportunities that have a Group-wide impact based on materiality items, and reflect them in business strategy
- 2) Pursuit sustainability-related initiatives
- 3) Develop and promote risk management processes that contribute to stronger internal controls
- 4) Manage and operate crisis-related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

Six meetings were held in fiscal 2021 to formulate and promote systems and strategies to achieve our 2030 goals of extending the healthy life expectancy of one billion people and reducing environmental impact by 50%.

Materiality

How we identify materiality items

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 management, 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

- The Sustainability Advisory Council considered materiality from a long-term perspective, reporting to the Board of Directors. The Board of Directors will identify new materiality items by the end of fiscal 2022.

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 2022, 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]

2022 2050
7.95 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

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

- Changes in consumer behavior (in-home consumption, reluctance to go out, increased delivery, etc.)
- Increased awareness of hygiene and health management
- Growing sense of urgency regarding the stable supplies of goods and energy (resource capture, tendency toward local production for local consumption, etc.)
- Social fragmentation (polarization of rich and poor, increase in geopolitical risks)
- Increase in occasion of eating alone
- Promotion of the green recovery

Accelerated use of digital technology

- Emergence of new business opportunities and competition
- Changes in the way information, products, and services are provided (e.g., D2C)
- Increasing opportunities for direct communication with consumers
- Increase in the influence of Generation Z

[1] United Nations (UN), 2019, 2022

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

[3] UN, 2020

[4] Intergovernmental Panel on Climate Change, 2021

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 etc. ● 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 ○ Increase in the number of channels for recruiting and promote human resources of diverse backgrounds ● Rising costs due to intense competition for human resources and loss of corporate reputation in the event of a failure to attract diverse human resources
Climate change adaptation and mitigation	<ul style="list-style-type: none"> ○ Initiatives toward net-zero GHG emissions, and cost competitiveness ensured through 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 conscious materials ● Damaged corporate value due to delays in waste reduction or recycling efforts ● Loss of business opportunities due to delays in complying with plastic waste regulations, etc.
Reduction of food loss and waste	<ul style="list-style-type: none"> ○ Cost reduction through efforts to improve yield in the production 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"> ○ Creating business opportunities by developing products in consideration of resource recycling and biodiversity ● Failure to procure raw materials, product recalls 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 ● Supply chain disruptions due to natural disasters, pandemics, or delays in responding to export restrictions in certain regions ● 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 ● 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 Supporting the practice of “delicious salt reduction” Promoting protein intake Supporting the practice of “delicious sugar and fat reduction” Workforce nutrition improvement 	<ul style="list-style-type: none"> Use of nutrient profiling systems for product development 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 Comprehensive quality assurance activities and human resources development 	
Diverse talent	<ul style="list-style-type: none"> Enhancing employee 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 Convert to fuels with lower greenhouse gas emissions emission factors 	<ul style="list-style-type: none"> Use of internal carbon-pricing Disclosing information in line with the Task Force on Climate-related Financial Disclosures (TCFD) (scenario analysis, etc.) Lowering environmental impact by feed-use amino acids (reduction of soil and water pollution) 	
Contribution to a circular economy	<ul style="list-style-type: none"> Supplying highly biodegradable amino acid-based detergent Reduce plastic usage and convert to mono-material packaging materials Contribute to social implementation of recycling in countries and regions where we do business Appeals on packaging labels to reduce plastic waste 		
Reduction of food loss and waste	<ul style="list-style-type: none"> Reduce losses in the production process Optimize supply-demand/supply/sales balance and extend best-before dates Pursue greater usefulness and efficiency Collaborate with suppliers, retailers, and distributors Develop products useful in reducing waste Engage in activities to reduce loss among consumers 		
Sustainable materials sourcing	<ul style="list-style-type: none"> Visualize issues in the supply chain Conduct human rights impact assessments Pursue animal welfare Establish traceability and purchase certified products 	<ul style="list-style-type: none"> 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"> Optimize production processes 		
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 	<ul style="list-style-type: none"> Establishing solutions-oriented R&D structure 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 its businesses while interacting with various stakeholders engaged in every process of its 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 and soil conservation, pollution prevention
- 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

- Responsible sourcing of raw materials (conduct human rights and environmental due diligence)
- Contribute to sustainable agriculture by using co-products^[1]; reduce raw material losses
- Establish traceability and purchase certified products
- Comprehensive quality assurance activities

[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 and soil conservation, pollution prevention
- 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, or water quality deterioration
- Occupational accidents • Potential human rights violation risks

Group initiatives

- Reduce greenhouse gas emissions by converting to fuels having lower greenhouse gas emission factors
- Reduce food loss and waste in the production process
- Engage in recycling through water treatment
- Strengthen social and environmental audits of suppliers, collaborate to resolve issues
- Occupational safety and health management • Comprehensive quality assurance activities

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, increased work hour restrictions
- Occupational accidents • Potential human rights violation risks

Group initiatives

- Promote modal shifts • Increase the ratio of renewable energy use
- Collaborate with other companies and government agencies to achieve smart logistics (improve operational efficiencies and work environments using digital technologies)
- Comprehensive quality assurance activities

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
- Comprehensive quality assurance activities

Consumers

Social issues and concerns

- Environmental issues (climate change, plastic waste, food loss and waste, etc.)
- Product quality and safety • Health and nutrition issues • 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 conscious packaging materials
- Comprehensive quality assurance activities
- Products and services that are useful for improving nutrition

Dialogue and Collaboration with Stakeholders

Stakeholder engagement

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The Ajinomoto Group interacts with diverse stakeholders in the course of conducting its 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 are 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 the food and health issues.

Based on this recognition, our customer call center for product inquiries sincerely listens to each opinion and inquiry, we analyze this feedback, and then discuss and explore issues along with methods for improvement with the relevant business department. We also provide a variety of food-related experiences and information through our Group website, factory tours, events, and more. For example, in response to growing interest in ethical consumption among consumers, we offer menu ideas on our website that can reduce food loss and waste.

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 raise topics with strong needs, helping to enhance dialogue with shareholders and investors.

Dialogue and Collaboration with Stakeholders

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Policies

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 audits to share our expectations with business partners, with which they graciously understand and cooperate.

We are also making improvements to our products, such as adopting environmentally conscious packaging materials, through dialogue with our suppliers.

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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.

We are working to build an organizational culture that supports employee growth and encourages diversity and inclusion, as well as to provide various skills development and training opportunities necessary in building individual employee careers. In addition, we strive to promote an understanding of management and bring employee voices to management through direct dialogues with employees, the CEO, and general managers of business or corporate divisions, as well as AGP worksite meetings and social media platforms connecting employees globally.

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

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For reporting and consultation, we have not only established hotlines and internal and external harassment consulting services, but we have also established consulting services for persons with disabilities and those who identify as LGBT, taking appropriate action while safeguarding privacy. 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 nutritional 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.

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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.

Dialogue and Collaboration with Stakeholders

- > Participation in Initiatives
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Outside experts, NPOs, and 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, business associations, etc., with respect to the Ajinomoto Group are sincere dialogue and collaborative activities.

As for global initiatives, with regard to nutrition, NPOs and NGOs have expressed their expectation that the Group will strengthen efforts to address the double burden of malnutrition. In response to this feedback, we engage with international organizations such as GAIN^[1] and ATNF^[2]. And we take concrete action for nutritional improvement through local collaborative ecosystems and other methods.

As for initiatives in Japan, the sustainability of food distribution faces dangers due to a shortage of drivers and unique business practices. Through dialogue with stakeholders, the Group has identified issues and is working to realize smart distribution by engaging with business associations and collaborating with government agencies, making improvements to operational efficiency such as standardizing exterior packaging size and digitizing, and improving working environments for distribution workers.

[1] Global Alliance for Improved Nutrition

[2] Access to Nutrition Foundation: An organization that compiles the Access to Nutrition Index (ATNI) ranking the nutrition improvement activities of food and beverage companies

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 continues to advance a forward-looking approach to improving its contribution to society. The transparency of the Group's pathways to achieving its strategic goals in each area are clear and well considered, from the overarching aspects of extending healthy life expectancy to the more recent commitment to achieving carbon neutrality by 2050 in line with science-based targets. Continuous improvement is evident, with the Group's pushing the boundaries each year with new ambitions.

Moving forward, the Group should continue to focus on meticulous delivery of these important strategies, including addressing new challenges as they arise. Beyond this, the Group could consider leveraging and amplifying its strong influence to address the interconnected nature of impacts: healthcare and life sciences, climate, lifestyle, waste, water, nutrition, agriculture, technology—they are all connected as part of a holistic whole, and the need for social innovation that addresses interrelated dimensions of sustainable development is now urgent. The Group participates in UN platforms and other public-private partnerships, but I believe there is opportunity for further innovative leadership and engagement in and across sectors through the entire value chain, both upstream and downstream. I'd like to see the Group's spearheading interrelated research and innovation at the industry, national and international levels to help understand multiple impact lifecycles—including unintended negative impacts—and to help deliver new, integrated sustainable solutions for the greater good.



Elaine Cohen
Founder and CEO
Beyond Business Ltd.

With a clearly articulated 2030 integrated strategy, and the 2020-2025 Medium-Term Management Plan (MTP) in place, the work ahead for the Ajinomoto Group is to deliver against their ambitious targets. The Ajinomoto Group's recent activity in the sustainable finance space—the SDG Bond issuance and securing a Positive Impact-linked line of credit—positions them well, while evidencing that a strong commitment to a sustainable future can be beneficial from a financing perspective.

As we move beyond the global pandemic, the race to stabilize the climate, and transition to renewable energy is accelerating. I was pleased to see sophisticated climate-positive plans outlined in the SDG Bond issuance that track well with the Group's best-in-class GHG mitigation programs, and overarching commitment to reduce environmental impact by 50%. Both on-site biomass cogeneration facilities and on-site ammonia production facilities exemplify low-carbon, low-waste, circular thinking. Further investments in these areas are positive developments for the Group, and beyond.

In the next reporting cycle, I look forward to seeing details around the Group's assessment of its own resilience vis-à-vis climate-related physical and transition risks based on the results of the scenario analysis, and how this information is translated into financial statements. Further, I'll be following with interest the Group's efforts to further quantify and express social- and pre-financial value generated through the integrated strategy over time, especially as it relates to contributing to the resolution of food and health issues.



**Celine Solsken
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Dialogue and Collaboration with Stakeholders

A real contribution to sustainability requires going beyond reporting standards

While ESG management and reporting is becoming a more prominent part of the agenda of the international business community, regulators and standard setters are also stepping up their game. Next to voluntary guidelines and principles issued by (inter-)national organisations, stock exchanges and civil society platforms, formal regulations and directives are increasingly defining ESG.

For example, the European Commission has adopted rather complex regulations in an effort to tackle climate change and other sustainability challenges. These regulations include the Non-Financial Reporting Directive (NFRD) soon to be replaced by the Corporate Sustainability Reporting Directive (CSRD), the Sustainable Finance Disclosure Regulation (SFDR) and the Green Taxonomy. On other continents we see or expect to see similar developments.

Such regulations will clearly contribute to increasing the level playing field and assure that business across the board will do less harm. However, as meeting the rules and regulations requires a considerable effort, I see a risk that the resources of many large companies will mainly be focused on compliance. Yet, the sustainability challenges of our economies and societies require more than compliance. Innovation, product development and for example cross-organisational collaboration will be crucial in designing the solutions that will respect planetary boundaries and contribute to more equality and inclusiveness.

International companies like the Ajinomoto Group will have to strike the right balance between ESG compliance and ESG innovation (expanding the sustainable product portfolio). The world will be served better by improving the sustainability attributes of products, than by ever more comprehensive ESG reports. The Group will thrive because it will sell ever more sustainable and healthy products, more than by writing reports. I wish you well on your journey.



Wouter Scheepens

Partner of Steward Redqueen,
the sustainability and impact
consultancy based in Amsterdam,
The Netherlands

The Ajinomoto Group does not settle for less on the road to pursuing a sustainable future. It has identified materiality items to echo the UN Sustainable Development Goals (UNSDGs) with concrete actions, such as procuring renewable energy and introducing new technologies to achieve carbon neutrality by fiscal 2050 and rolling out the Positive Impact Finance scheme to include sustainable factors as part of the corporate KPIs. I am delighted to see that these targets are on good track and the Group is at the leading edge of building a resilient and sustainable food eco-system.

As the key player in the food industry, the Group can step further to advocate a more transparent and cohesive supply chain network in the region, fostering sustainable and responsible business conduct to address the needs of community at large who are impacted by the COVID-19 pandemic, take the example of the Zero Hunger goal set out in the UNSDGs. The Group can also deepen the commitment in empowering gender diversity in the regional supply chain. As always, at amfori, we look forward to exploring opportunities to join hands with the Group and other stakeholders with a common vision to build a betterment for all.



Joyce Chau

Director APAC
amfori

Dialogue and Collaboration with Stakeholders

In this increasingly uncertain society, there is a heightened sense of trust in and expectations on companies that maintain a firm orientation in the right direction and that advance steadily in that direction. In response to the urgent issue of climate change, the Ajinomoto Group has pledged its commitment to the SBT Initiative with the goal of achieving zero greenhouse gas emissions by fiscal 2050. Attention is growing and focusing on how to increase effectiveness and achieve this goal.

The Group was also one of the first among its Japanese corporate peers to start taking action on animal welfare, and has established policies and approaches alongside its stakeholders. As more and more companies take action in this area, my hope is that the Group will take an even greater leadership role.

ASV efforts have evolved over the years, and the work of employees in all departments is making the Group an organization that considers the dual aspects of environmental and social value and economic value. The results of this organizational culture change will no doubt be increasingly evident.

In the future, my expectation is that the Group will take a leading role in initiatives to address agriculture, which emits about one-third of greenhouse gases, as well as biodiversity and water issues.



Junko Edahiro

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In recent years, actions taken to address sustainability have entered a new phase, with the rise not only of COVID-19, the climate crisis, and the biodiversity crisis, but also of human rights issues and related geopolitical risks. In this context, many companies are being forced to restructure their business models and supply chains. The food industry, in particular, is one of the most susceptible industries to this impact. The Ajinomoto Group has also been implementing various sustainability-related initiatives over the years, building up a strong track record. Here, though the Group has been steadily generating a level of results with respect to individual issues, but the overarching direction that the Group should aim for (e.g., KPIs) has been somewhat inconsistent over the past several years, and I have the impression that their progress here is not being properly reported. My expectation for the Group is that, under a new management structure, they will redefine the right direction for them in this new era of sustainability and rebuild strategies based on that direction. By doing this, I hope they will become a leading Japanese food company presenting a corporate vision for this new era, not only in terms of business scale but also as a company that represents Japan.



Hidemi Tomita

Managing Director
LRQA Sustainability Co., Ltd.

The Ajinomoto Group is a company that has taken the lead in the food industry in addressing ESG issues. My impression is that it strikes a good balance in this area. Many companies are working to effectively use local crops and conduct initiatives regarding technology. However, the Group is also contributing to health and firmly taking environmental measures alongside this. In particular, its approach to health through salt reduction and nutritional balance has inspired discussions in society, including quantitatively, based on scientific backing that it leads to an increase in healthy life expectancy. Further progress is expected here going forward. What concerns me is that the Group only mentions crops and water as its natural capital. Biodiversity, which is receiving increasing attention next to climate change, is also part of natural capital. Therefore, as a company in the food industry, an area of high impact, the Group will need to consider how to treat this concept. In substance, activities contributing to health do not themselves harm the environment, and in fact constitutes promoting a nature-positive approach to the expansion of nature. For example, if the Group can develop products in a way that does not damage ecosystems in its research and development, and if that also contributes to health, this would be an area where the Group can make a significant contribution. I look forward to its future efforts.



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