

Governance



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Risk management

Approach to risk management

Approach

The Ajinomoto Group complies with the Ajinomoto Group Policies (AGP), which outlines the concepts and actions to be observed by each Group company, officers, and employees. We continue to improve internal control systems and control operations. At the same time, we strengthen systems, treating sustainability as an active risk and striving to enhance corporate value.

Risk management framework

Framework

The Ajinomoto Co., Inc. Board of Directors determines important issues for the Ajinomoto Group (materiality) that serve as guidelines for ASV management and supervises the execution of initiatives related to sustainability. The Executive Committee identifies risks and opportunities based on material matters for the Ajinomoto Group (materiality) and assesses them for degree of impact, formulates measures, and manages their progress. Under the Group Shared Policy on Risk Management, we engage in a risk management process centered on effective communications and an autonomous PDCA cycle. We determine activity guidelines to strengthen our capacity to respond to major risks, and pursue autonomous risk management within every organization.

■ Sustainability Advisory Council

Under the supervision of the Board of Directors, the Sustainability Advisory Council, beginning April 2023, the Second Term Sustainability Advisory Council will continue

its work to enhance the Ajinomoto Group's corporate value from the viewpoint of sustainability. The Second Term Sustainability Advisory Council consists of four external experts, primarily investors and financial market specialists, and is chaired by an external expert. After receiving consultation from the Board of Directors, the council will investigate the implementation of materiality, disclosure and dialogue on its progress, and building relationships with stakeholders through these activities, in the interest of stronger monitoring of the Board of Directors, and issue a report in response to the Board of Directors. The Second Term Sustainability Advisory Council will meet at least twice a year and report the results of its deliberations to the Board of Directors.

■ Sustainability Committee

Under the supervision of the Executive Committee, in order to advance Medium-Term ASV Initiatives, the Sustainability Committee works with the Risk Management Committee to select and identify risks and opportunities based on materiality as well as assess their impact on the Ajinomoto Group, making proposals to the Executive Committee. The committee then formulates countermeasures and manages the progress of sustainability measures. The Sustainability Committee also formulates the entire Ajinomoto Group's sustainability strategy, promotes action themes (nutrition, environment, and society) based on this strategy, makes proposals and provides support for business plans from a sustainability viewpoint, and compiles internal information on ESG.

■ Risk Management Committee

Under the supervision of the Executive Committee, the Risk Management Committee works with the Sustainability Committee to select and identify risks calling for particular initiative by management (pandemics, geopolitical risks, information security risks, etc.) based on materiality as well as assess their impact on the Ajinomoto Group, making proposals to the Executive Committee. Furthermore, the Risk Management Committee meets four times a year to discuss the risks and opportunities to be addressed by management, reporting results to the Executive Committee and the Board of Directors. The committee also develops and manages the progress of risk management measures to establish a strong corporate structure that ensures prompt and accurate responses to risks and crises.

> ASV Report 2024 (Integrated Report) P112-113
> P018

Risk Management

Framework for ESG and sustainability

[Supervision]



[Execution]



Risk management processes

The risk management process of the Ajinomoto Group involves identifying risks, taking into account individual business strategies and the local political, economic, and social conditions of each domestic and overseas work site. We then assess impacts, formulate countermeasures, make improvements, and monitor progress. Each organization sets organizational goals every year and prepares a risk summary table. These risk summary tables organize processes from planning to review based on each organization's risk assessment. We use these tables to verify whether risk management is implemented in a reliable fashion. The Risk Management Committee improves this process, compiles the risks identified by each organization, and addresses those that management should take the initiative to address. In addition, each business and Group company has formulated a business continuity plan (BCP) in preparation for emergencies, and the Risk Management Committee has established a system for constant verification of each BCP's effectiveness and regularly monitors and manages risk response.

The collection rate of risk summary tables for fiscal 2023 amounted to 99% at Ajinomoto Co., Inc. and 96% for the Group companies. These results show how well autonomous risk management is entrenched in each organization. Full-time Audit Committee members attend the Sustainability Committee and the Risk Management Committee to monitor risk management process.

Compliance

Approach to compliance

Approach

The Ajinomoto Group treats compliance as adhering to laws, regulations, and the Ajinomoto Group Policies (AGP), as well as meeting the social demands that underpin these policies. Here, we work to build an awareness of compliance and to cultivate an open corporate culture.

Compliance framework

Framework

The Business Conduct Committee, under the oversight of

the Executive Committee, ensures widespread adoption of the AGP and verifies that corporate activities align with the AGP. Additionally, the Business Conduct Committee devises and enacts measures to promptly and appropriately address crises and other situations. The Business Conduct Committee meets every three months to update the Executive Committee and the Board of Directors on the Business Conduct Committee's discussions and activities. Major group companies have also set up Business Conduct Committees to encourage the adoption of AGP and implement tailored initiatives in each country, region, and company.

> [Ajinomoto Group Policies \(AGP\)](#)

Raising awareness of compliance

Performance

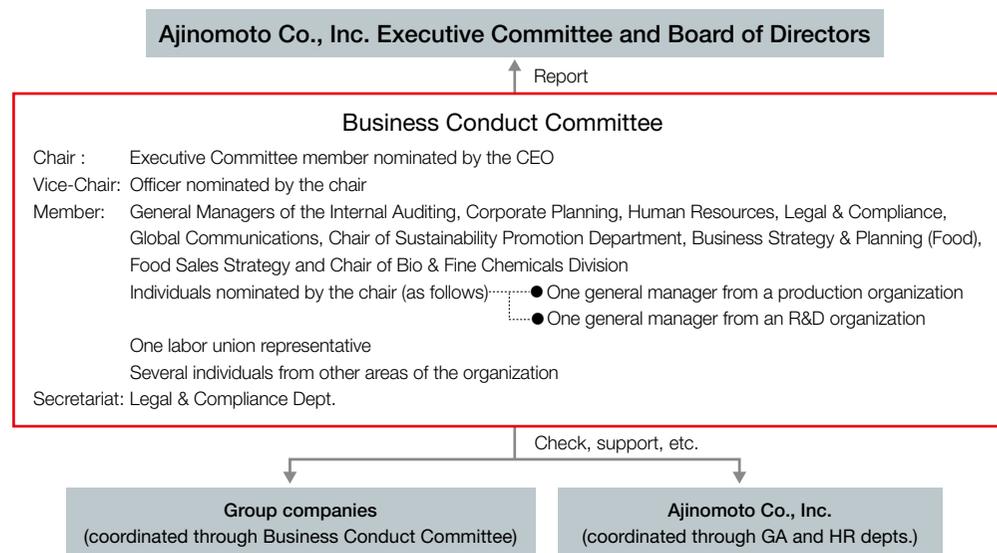
Education for employees

The following activities were part of our fiscal 2023 efforts to raise awareness and understanding of AGP and our internal whistle-blowing system.

- Compliance training
 - E-learning for Group employees in Japan to study the entirety of AGP throughout the year (conducted every other year): Available to 1,195 employees in fiscal 2023, 896 of whom participated (75%).
 - Group training by department for managers of Group companies in Japan, focused on the case method: Held remotely for Research, Production, Corporate, and Sales and Marketing departments.
- Awareness-raising posters (produced in 22 languages)
- Flashing message displayed on screen when an employee starts their PC

Worksite Session on AGP

Members of the Business Conduct Committee at Ajinomoto Co., Inc. hold the Worksite Session on AGP, soliciting direct feedback from employee representatives at each workplace about issues concerning compliance in the workplace. We held 30 meetings for 250 participants (27 meetings for full-time employees and three meetings for part-time employees). Summaries of the Worksite Session on AGP discussions are provided to organizational heads, each worksite, and posted on the corporate intranet to share with all employees. Any compliance issues raised that warrant corporate-level attention are discussed at the Business Conduct Committee. Decisions by the committee are then incorporated into AGP communication policies and compliance promotion activities.



Compliance

AGP awareness survey

Each year, we ask all domestic corporate Group employees to respond to an AGP awareness questionnaire. The goal of this survey is to monitor awareness and understanding of AGP and identify any potential compliance issues. Out of the 13,374 employees we targeted, 11,716 (88%) responded to the fiscal 2023 survey. We coordinated with individual departments to resolve any compliance issues that emerged.

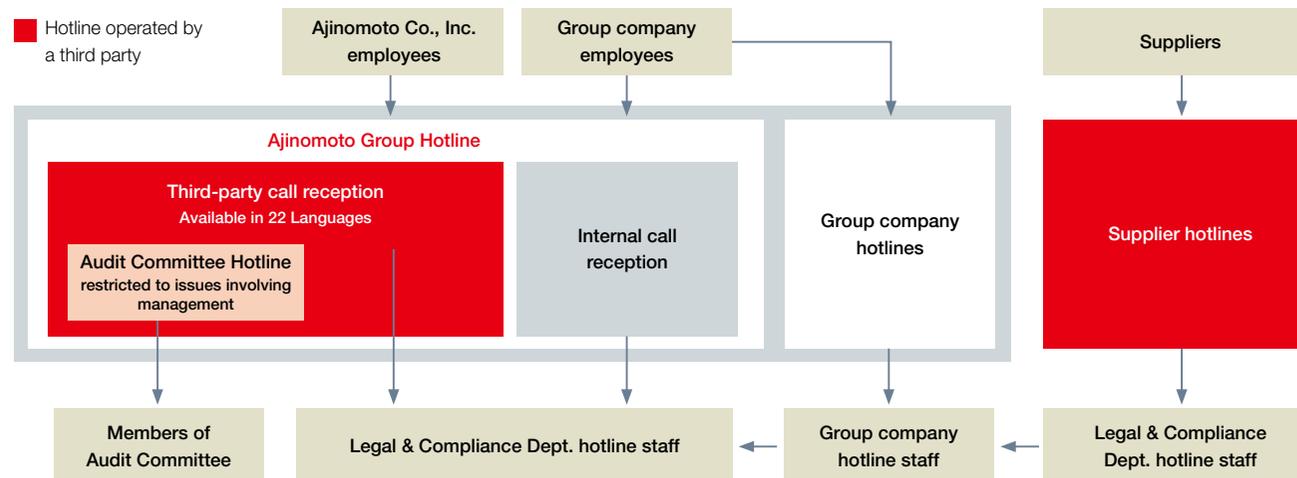
Bolstering our internal reporting hotline (whistle-blowing)

Performance

The Ajinomoto Group established a hotline as part of an internal reporting (whistle-blowing) system. In April 2023, we consolidated the global and domestic desks of the Ajinomoto Group Hotline, managed and operated by the Ajinomoto Co., Inc. Business Conduct Committee. The hotline now accepts reports in 22 languages from anywhere in the world, including reports from employees of various nationalities in Japan. The Audit Committee Hotline is used to report matters involving executives of Group companies. This hotline also now accepts reports in 22 different languages. All domestic group companies have established systems and regulations that comply with the revised Whistleblower Protection Act, which became effective in June 2022. In fiscal 2023, the number of cases reported through the domestic hotline increased to 152 from the previous year. The number of cases reported to the group-wide (global) hotline rose to 1,392, marking a three-times increase. The increase is likely due to improved systems at overseas locations, more face-to-face interactions among employees as COVID-19 restrictions eased, and more people willing to use the hotline because of its promotion. Hotline staff and the relevant parties engage in discussions to resolve cases reported.

- > Group Shared Policy on Whistle-blowing
- > Personnel and Labor-related Data: Number of hotline reports

Hotline (internal reporting channels)



Number of hotline reports*

	FY2019	FY2020	FY2021			FY2022			FY2023		
			Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas	Total
Human rights, harassment	45	50	36	5	41	38	19	57	52	41	93
Employment, working conditions	19	36	26	34	60	14	66	80	21	301	322
Quality, environment, safety	1	3	7	2	9	6	14	20	9	22	31
Fraud	4	3	9	4	13	2	6	8	5	5	10
Social manners, ethics	10	29	22	97	119	8	54	62	20	158	178
Proper job performance	8	45	19	2	21	16	5	21	30	12	42
Other	6	4	8	107	115	9	213	222	15	701	716
Total	93	170	127	251	378	93	377	470	152	1,240	1,392

* Figures for overseas subsidiaries have been calculated since FY2021

Compliance

Preventing corruption

Approach

AGP requires employees to maintain sound and healthy relationships with politicians, government officials, and the like in Japan and overseas. AGP also states that giving favors to such public officials in the form of gifts, entertainment, money, or other bribery in any manner is prohibited. The Group Shared Policy on Bribery Prevention includes the following rules, which require officers and employees of group companies to comply with this policy and the related bribery prohibition laws of each country and region.

- Prohibit facilitation payments to public officials, etc.
- Investigate and evaluate the appropriateness of using a third party for outsourcing or other work involving public officials
- Maintain accounting books and records for all company transactions in reasonable detail
- Confirm the appropriate treatment of expenses related to public officials, etc.
- Monitor compliance and conduct under this policy via audits

> [Group Shared Policy on Bribery Prevention](#)

Education for employees

Performance

Major education and training programs conducted during fiscal 2023 were as follows.

- E-learning for Group employees described above in Japan to study the entirety of AGP throughout the year (including bribery issues).

Transparent and fair business practices

Approach

AGP requires that officers and employees fully understand and comply with laws and regulations concerning competition in all countries and regions in which we operate. In this way, the Ajinomoto Group strive to ensure fair and transparent business transactions. We have also established Guidelines for Antitrust Laws (Japan), Guidelines for Antitrust Laws in the United States, and Guidelines for Competition Laws in Europe. We ask that our business partners understand the purposes behind the Group Shared Policy on Procurement, the Group Shared Policy for Suppliers, and other related guidelines. We also ask business partners to refrain from behavior that hinders fair, transparent and open competition.

- > [Group Shared Policy on Procurement](#)
- > [Guidelines for Group Shared Policy for Suppliers](#)

Appropriate competitive behavior

Global tax strategy

Approach, Policy, and Structure

As part of our tax strategy, the Ajinomoto Group established the Group Shared Policy on Global Tax ("Group Policy"). We aim to fulfill our social and economic responsibilities by complying with tax regulations, making proper tax payments, returning a portion of our profits, and contributing to local community development. Additionally, we manage tax risks prudently to ensure business continuity and strong growth.

As part of these efforts, we take measures to ensure proper tax payments. We refuse to engage in tax avoidance by utilizing profit transfers through organizations lacking business objectives or real business operations, or low-tax countries (so-called tax havens). At the same time, we take rigorous action to limit additional taxes caused by missed or delayed payments. Additionally, we take measures to reduce risks by ensuring proper profit allocation under the transfer pricing tax system. We also leverage the benefits of each country's tax system to the greatest extent possible during M&A and organizational restructuring, stabilizing the Group's effective tax rate.

Excessive tax-shielding and the sole pursuit of economic value can lead to a perception in society that a company does not pay taxes properly and does not create social value. By returning a portion of the profits created through our businesses to local communities through tax payments, we are mindful of the symbiotic cycle in our Group initiatives, leading to the generation of social value.

The Executive Officer in Charge of Finance at Ajinomoto Co., Inc. is responsible for developing and maintaining a governance system of tax compliance and tax risk management for the Group, and reports the status of governance based on this Group Policy to the Board of Directors.

Compliance

We post the Group Policy on our website to communicate the Group's tax strategy clearly.

[> Group Shared Policy on Global Tax](#)

Corporate taxes paid (consolidated basis)

(million yen)

FY2018	FY2019	FY2020	FY2021	FY2022
29,156	21,654	23,909	25,248 ^[1]	32,477

[1] We corrected the previous data due to an error.

* We post tax payment data by major country separately on our corporate website.

[> Tax Data](#)

Correction of noncompliance acts

If we discover a violation of the law or the AGP, we first consider the seriousness of the violation. Based on each Group company's employment rules, the Awards and Disciplinary Committee and other review bodies will discuss the matter. If necessary, we will impose pay cuts, terminate pay raises, or take other disciplinary actions. We will also take corrective measures and re-emphasize compliance awareness among employees to prevent future violations.

In fiscal 2023, we identified the following violations and took corrective action.

Number of violations

	FY2023
Corruption or bribery	6
Customer private data breach	0
Conflict of interest	1
Money laundering or insider trading	0

Information security and personal information management

Basic Policy for Information Security

Approach

The Ajinomoto Group exercises great care in handling customer information and confidential corporate information. We formulated and established the Group Shared Policy on Information Security and related group-wide regulations, standards, and guidelines, as well as the IT environment necessary to support these policies.

> [Group Shared Policy on Information Security](#)

Information security management framework

Framework

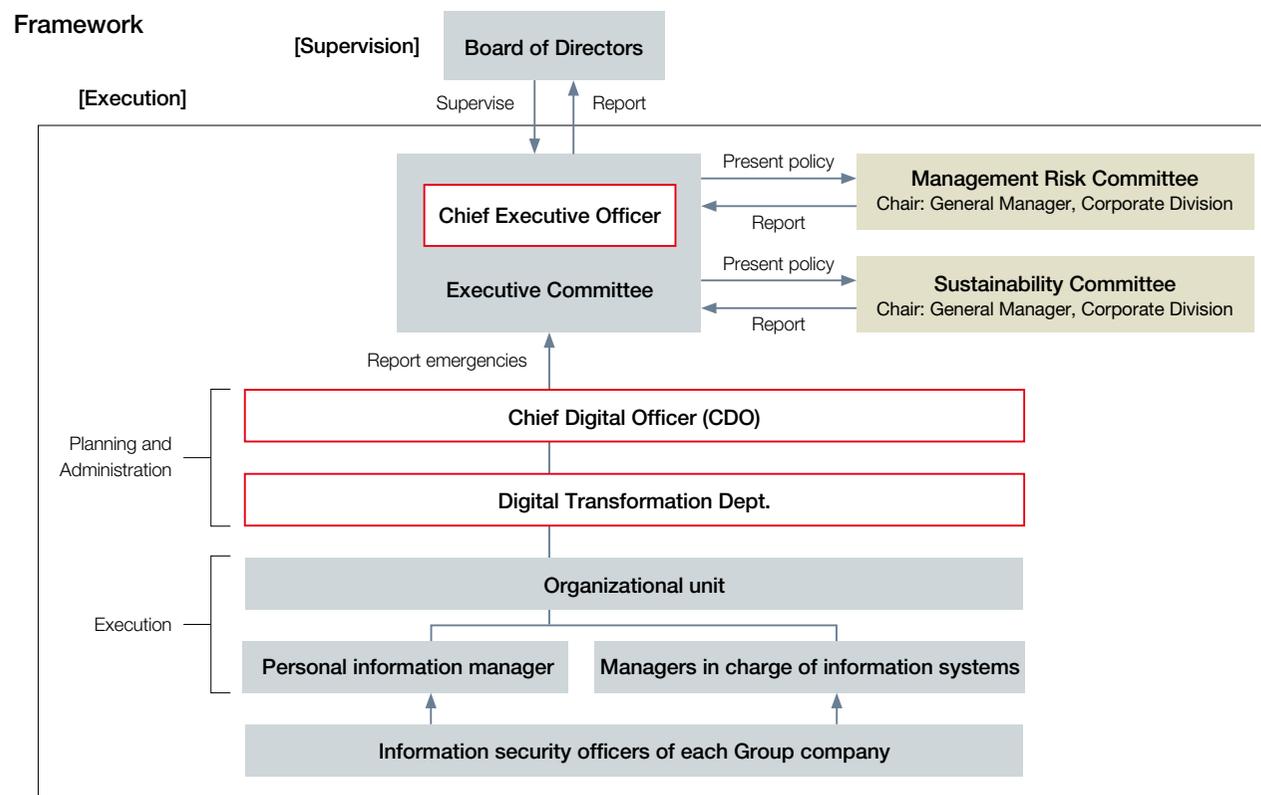
The Ajinomoto Group regards information security as serious business risk. Our Board of Directors and the Chief Digital Officer (CDO; executive officer responsible for information security) are involved in the process of establishing and evaluating information security strategies. The Board of Directors oversees the information security strategy. The Management Risk Committee, chaired by a director and executive officer serving concurrently as the general manager of the Corporate Division, defines IT security, including external cyberattacks, as a high-priority business risk. The committee discusses strategies and measures to strengthen information security.

Further, each organization within Ajinomoto Co., Inc. and Group companies have established frameworks to respond to information security incidents or emergencies appropriately, providing reports that reach up through the organization to the CEO.

In conjunction with the reorganization of group-wide business continuity planning (BCP), we established a structure and procedures for information systems that encompass major vendors. We conduct regular drills (about

once a year) to prepare for large-scale natural disasters and cyber attacks.

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Information Security and Personal Information Management

■ Rigorous management of personal information

To manage customer data and other personal information securely, the Ajinomoto Group defines clear rules and informs relevant individuals of said rules. In this way, we practice organizational business management. Ajinomoto Co., Inc. has established Personal Information Management Guidelines as a subset of the Information Security Regulations. These guidelines specify rules and procedures for handling personal information securely.

Before outsourcing operations that involve handling personal information, we perform an assessment of the relevant contractor's processes and systems to ensure information security is at the same level as our own internal systems. In addition, we appoint a person to be responsible for personal information under the head of each organizational unit when collecting personal information in connection with campaigns, surveys, etc. Further, we established a system for the more rigorous management of personal information by clarifying who is responsible for and in charge of managing personal information from the collection of said information to storage and disposal. We also clarify who may access and use the personal information collected.

In Japan, the Ajinomoto Group introduced a system to detect the leakage of confidential information and other fraudulent behavior on standard-use devices automatically at major Group companies. We continue to manage this system on a consistent basis.

In fiscal 2023, the Group experienced no substantiated complaints received concerning breaches of customer privacy, identified leaks, thefts, or losses of customer data.

> [Privacy Policy](#)

Information security initiatives

Framework / Performance

As the use of cloud computing expands in business, the threat of cyberattacks increases year by year. This threat demands comprehensive response measures based on early detection and early recovery, as well as the establishment of strong defenses.

The Ajinomoto Group is implementing a plan to transition to a Zero Trust Architecture. This plan reflects an attitude that threats exist everywhere in the sphere of our activities, and that every element must be confirmed individually, rather than simply trusting each to function. In April 2024, Ajinomoto Group companies in Japan and overseas became subject to the Zero Trust Security Guidelines. We also implemented cloud proxies (cloud authentication systems) in fiscal 2023 at Ajinomoto Co, Inc., 29 Group companies in Japan, and two Group companies overseas. We intend to continue to extend these measures to Group companies in Japan and overseas, while responding appropriately to changes in the environment and advancements in technology.

> [DX in the Ajinomoto Group \(Japanese only\)](#)

■ Information security training

Ajinomoto Co., Inc. conducts regular information security training for directors and employees. In fiscal 2023, we conducted an information security comprehension test and targeted email attack training. A total of 3,920 participants took the information security comprehension test via e-learning, representing a participation rate of 91%. As in previous years, we conducted targeted e-mail attack response training twice during the year.

■ Information security inspections

In addition, we engage an external entity to perform regular vulnerability assessments on data centers in Japan and security diagnostics for Group company websites worldwide as another ongoing measure against cyber vulnerabilities.

Further, Ajinomoto Co., Inc. conducts annual information security inspections at all work sites. These inspections focus on the basic elements of proper information handling, including the management of IT equipment, confidential information, and personal information. We also conduct annual reviews concerning the use and management of external cloud services.

Proper utilization and management of intellectual property

Basic policy for intellectual property

Approach

The Ajinomoto Group recognizes that the technologies, ideas, designs, and other expertise created through business activities as significant intellectual property (IP) for the enhancement of corporate value. We pursue an intellectual property strategy with involving business and R&D departments and we contribute to business expansion and creation by actively utilizing intellectual property in our businesses. We established the Group Shared Policy on Intellectual Property on the protection and utilization of intellectual property. Under this policy, we engage in the following initiatives to further our competitive advantage and business growth by strengthening our intellectual property strategy, including the establishment of a global intellectual property portfolio.

1. Acquire intellectual properties strategically and efficiently, including the expertise behind the technologies that form the core of our businesses
2. Incorporate external technologies and engage in cooperation, including open innovation
3. Utilize and enforce the patents to the Group's proprietary technologies through licensing, litigation, and other means
4. Protect products and enhance brand value based on the trademark system
5. Minimize the risk of infringement by respecting third-party intellectual property rights and conducting thorough assessments
6. Provide survey and analytical data to the Group's business and R&D departments
7. Cultivate human resources capable of IP-related tasks and utilize both internal and external networks

To prevent the risk of damage, leak, or loss of our intellectual property value, the Ajinomoto Group takes a firm stance toward companies that infringe on our IP rights. We

protect these rights through warnings and filing infringement lawsuits, among other actions. The information planning department and intellectual property department plan and execute defensive measures to protect trade secrets. In collaboration with the internal auditing department, these departments carry out overall internal control related to trade secret management and protection for the Group.

> Group Shared Policy on Intellectual Property

Intellectual property management and utilization framework

Framework

Ajinomoto Co., Inc. supervises intellectual property (patents, designs, trademarks, etc.) for the entire Ajinomoto Group in line with Instructions Regarding Licensing and Administration of Intellectual Property. Affiliate company Intellectual Property Expert Co., Ltd. provides central services related to surveys and IP rights management. Outside Japan, we have resident staff in the United States, specialized staff in Russia, and key persons designated at Group companies in Southeast Asia and South America. Specialized staff overseas, key persons from each company, and Ajinomoto Co., Inc. work with patent and law firms in each country to acquire global intellectual property and use intellectual property to eliminate counterfeit products and misuse of brands. In other regions, Ajinomoto Co., Inc. works with domestic and overseas R&D centers to obtain patent rights.

As of March 31, 2024, the Ajinomoto Group owns 4,118 patents and 5,412 trademarks, and utilizes them across the globe under this structure.

Education for employees

Performance

The Ajinomoto Group provides ongoing intellectual property education for Group employees to raise awareness of intellectual property and improve practical skills. Major education and training programs conducted during fiscal 2023 were as follows.

- Group training by job title (training for new hires, beginner courses on intellectual property, newly promoted employees, newly appointed managers, etc.)
- Practical patent training (overview of fundamentals, methods for acquiring data on patent applications, case studies on IP strategy and analysis, etc.)
- Patent and literature search training (survey and analysis tools, patent searches by technical field, etc.)
- Practical legal and intellectual property training (trademark and design fundamentals, confidentiality agreement fundamentals, etc.)
- Practical IP contract training (joint R&D agreement fundamentals, Group IP utilization policies, etc.)

Initiatives to encourage invention

Ajinomoto Co., Inc. works to create technological assets and generate innovation through our Invention Reward System, which rewards employees for new inventions, and our Intellectual Property Awards, which recognize outstanding inventions and inventors. We continued to reward employees in fiscal 2023 for inventions that contributed to business according to their degree of contribution. We selected outstanding inventions and inventors from four growth areas to receive awards.