

**Principle on Corporate Governance  
of  
Ajinomoto Co., Inc.**

~Toward Sustainable Growth through Value Creation with ASV~

**Ajinomoto Co., Inc.**

January 31, 2025

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※ The (CGC Rules X-Y) description of each item in this Principle indicates its correspondence with the Corporate Governance Code laid out by the Tokyo Stock Exchange (June 2021 Edition).

## Chapter 1: Introduction

The Ajinomoto Group has increased its economic value and has achieved growth by resolving social issues through its business and creating value shared with the society and communities consistently since its establishment. These kinds of initiatives have been named ASV (the Ajinomoto Group Creating Shared Value) and ASV is positioned at the core of our management policy (hereinafter, “ASV Management”). To realize “Contributing to the well-being of all human beings, our society and our planet with AminoScience®” as its Purpose, we will continue to endeavor to strengthen corporate governance by advancing ASV Management.

This principle enables stakeholders to easily understand the Ajinomoto Group’s continued efforts for strengthening its corporate governance in ASV Management, serves as a mainstay in cultivating dialogue and coordination, and is published after the Board of Directors’ resolution.

## Chapter 2: Basic Approach (CGC Rules 2-1, 2-2, 2-3 and 3-1)

The Ajinomoto Group positions corporate governance as one of the most important aspects of its management foundation for strengthening the ASV Management and achieving our “Vision for 2030”. Toward 2030, we accelerate the ASV Management for achieving “the extension of healthy life expectancy of one billion people” and “the reduction of our environmental impact by 50%” through initiatives of both resolving health and nutritional issues linked by food systems and promoting sustainability. Furthermore, in order to enhance the effectiveness of ASV Management, we select 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.” In order to ensure the sustainable enhancement of corporate value over the medium to long term, the Board of Directors, which consists of a variety of Directors, indicates a major direction by discussing and examining important management matters that greatly affect our corporate value, supports risk-taking in execution, and appropriately supervises execution by verifying the validity of execution processes and results. 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. Recently, in the changes in the external environment comprehensive risk management is important than ever. We honestly comply with the [Ajinomoto Group Policy](#) (hereinafter, “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.

## **Chapter 3: Relationship with Shareholders and Stakeholders**

### **1. General Meeting of Shareholders (CGC Rules 1-1 and 1-2)**

#### **(1) Positioning of the General Meeting of Shareholder**

The General Meeting of Shareholders, as the Company's highest decision-making body, is responsible for decision making with matters that materially affect the interests of shareholders, such as the distribution of surplus as stipulated by laws and in the Articles of Association, the selection and dismissal of Directors, and the changes in the Articles of Incorporation and reorganizations, etc. The Company has positioned the General Meeting of Shareholders as an opportunity for Directors to constructively interact with shareholders and strives to ensure sufficient time for necessary dialogue while giving easy-to-understand explanations to shareholders.

#### **(2) The Company's Initiatives**

At the General Meeting of Shareholders, the Company makes the following efforts so that shareholders can appropriately exercise their voting rights and other rights.

- 1) The date of the General Meeting of Shareholders is decided with consideration to avoid dates when many other companies hold their General Meeting of Shareholders, ensuring the necessary time for closing operations and for auditing, etc.
- 2) In principle, we will establish a physical venue for the General Meeting of Shareholders. However, the General Meeting of Shareholders of the Company may be held without specifying a venue (i.e., being held online) when the Board of Directors determines that, considering the interests of shareholders as well, it is not appropriate to hold the General Meeting of Shareholders with a specified venue in situations the spread of infectious disease or the occurrence of a natural disaster, etc.
- 3) The Convocation Notice of the Ordinary General Meeting of Shareholders is dispatched three weeks prior to the date of the Meeting and is disclosed on the Company's website and the Tokyo Stock Exchange's website prior to dispatch. In addition, we make an English translation for overseas institutional investors and disclose it on the Company's website and the Tokyo Stock Exchange's website.
- 4) An opportunity to exercise voting rights via the Internet is provided to shareholders so as to improve the environment for shareholders to exercise their voting rights.
- 5) The Company participates in the electronic voting platform to improve the environment for institutional investors to exercise their voting rights.

### **2. Dialogue with Shareholders and Investors (CGC Rules 5-1)**

The Company developed the following procedures in order to promote constructive dialogue with shareholders and investors.

- 1) The Executive Officer in charge of IR has responsibility for overall dialogue with shareholders and investors. Directors and Executive Officers, the general manager of the Corporate Planning Dept., the general manager of the Global Finance Dept., the general manager of the IR Office, the general manager of the Global Communications Dept., the general manager of

the Legal & Compliance Dept., and the general manager of the Sustainability Development Dept. are spokespersons for dialogue.

- 2) Persons in charge of Corporate Planning Dept., Global Communications Dept., and IR Group hold, if necessary, an information liaison meeting for sharing future plans and the status of preparations of presentations, so that to ensure that matters requiring public disclosure are announced appropriately without delay.
- 3) As well as holding financial results briefings, “Purpose-Driven Management by Medium-Term ASV Initiatives” (Management Policy) briefings, business briefings, IR Days, and other briefings, facility tours for individual shareholders and IR seminars for investors are held in order to deepen their understanding of the Ajinomoto Group.
- 4) The IR Office holds dialogues with shareholders and investors. The opinions and concerns of shareholders and investors obtained throughout the dialogues are shared with top management and with persons in charge of Corporate Planning Dept. and Global Communications Dept. as monthly report by the IR Group.
- 5) Training is held for persons in charge of dialogue with shareholders and investors with regard to the management of insider information. Additionally, in cases where the Board of Directors and the Executive Committee deal with the insider information, Directors and members of the Executive Committee will be alerted each time. In cases where other officers and employees are involved in projects that correspond to the insider information, such officers and employees are asked in advance to submit a confidentiality agreement for each applicable case.

### **3. Capital Policy and Shareholder Return Policy (CGC Rules 1-3 and 5-2)**

Aiming to achieve the “Vision for 2030”, the Ajinomoto Group strives to improve ROIC (return on invested capital) by reforming its business structure, strengthen its ability to generate operating cash flow. Regarding cash allocation, the Ajinomoto Group will give first priority to the investment to enhance the organic growth of core businesses. In addition, the Ajinomoto Group will actively consider M&A investments to realize the inorganic growth of existing businesses, and the creation and expansion of businesses in growth areas.

Regarding interest-bearing debt, the Ajinomoto Group has a basic policy managing the net D/E ratio from 40% to 60% and is aiming for an optimal capital/liability structure that takes into account capital efficiency and capital costs.

Based on this policy, the Ajinomoto Group will continue to flexibly acquire treasury stocks and return profits to shareholders with a total return ratio of over 50% (against net income). Regarding dividends, the Ajinomoto Group has introduced a “progressive dividend policy” that increases or maintains dividends without decreasing them, and a “dividend based on normalized EPS” (Note), which is based on business profits that is less susceptible to the impact of non-steady profit fluctuations.

In addition, in order to diversify the sources of investment and to consider stock compensation for employees with the aim of sustainable improvement of corporate value, the Ajinomoto Group has

a policy to hold acquired treasury stocks up to about 1% of the total number of issued shares.

(Note) Dividends based on normalized EPS = (business profit x (1-the Ajinomoto Group standard tax rate of 27%)) / total number of issued shares x return coefficient of 35%

#### **4. Cross-Shareholdings (CGC Rules 1-4)**

##### **(1) Holding Policy and Reviews**

The Company does not hold cross-shareholdings in principle except for shares for which it is considered that transactions and partnerships etc., with a third company through holding its shares will enhance corporate value of the Ajinomoto Group (hereinafter, “Shareholdings for Business Strategies”). The Company decides whether the shares held by the Company are the Shareholdings for Business Strategies from the perspective of whether there are benefits by holding them (qualitative effect) and whether the sales of the Ajinomoto Group are commensurate with the required transaction amounts against WACC (Weighted Average Cost of Capital) etc. (quantitative effect). Every year, the Company reviews the propriety of holding shares through the Board of Directors and disclose the results of these reviews. The shares judged as not the Strategic Holding Shares will be sold at the appropriate time once the detailed plan for selling is determined.

##### **(2) Exercise of Voting Rights**

The Company exercises the voting rights of cross-shareholdings so as to contributing to improving long-term corporate value. The Company votes against instances where shareholder value is significantly impaired due to organizational restructuring or other factors, or cases where serious concerns arise with regard to corporate governance for reasons like social scandals.

##### **(3) Cross-Holding Shareholders**

The Company does not imply a reduction in transactions and does not prevent sales, etc., if a third company holding the Company's shares as a cross-shareholding expresses an intention to sell its shares, etc.

#### **5. Application of IFRS**

The Company uses IFRS (International Financial Reporting Standards) as its financial reporting standard but defines AGAP-I (Ajinomoto Group Accounting Policy with IFRS base) and applies it to the entire Ajinomoto Group, and at the same time works to improve the efficiency of business operations and governance by establishing the “[Group Shared Policy on Accounting](#)” as the policy regarding accounting.

#### **6. Related Party Transactions (CGC Rules 1-7)**

When a Company Director and Executive Officer who serves concurrently as the president, etc., of another company or organization, etc., (excluding wholly-owned subsidiaries) is the counterparty in a transaction with the Company and other similar instances, the transaction with regard to competition or conflict of interest involving the Director and Executive Officer shall be

approved by the Board of Directors by presenting the details of such transactions. Additionally, the Company carries out transaction with major shareholders in accordance with [“Fair and Transparent Transactions”](#) and the [“Group Shared Policy on Procurement”](#) as defined in the AGP.

## **7. Disclosure of Information (CGC Rules 3-1)**

### **(1) Disclosure of Financial Information, Management strategy and ESG Information, etc.**

The Company discloses financial information such as financial status and business performance, management strategies, management issues, ESG, and risk management information in accordance with laws and regulations. Furthermore, we proactively provide information so that all stakeholders, including shareholders and investors can understand the path towards increased corporate value through ASV with the aim of realizing our “Vision for 2030”.

### **(2) Prompt and Fair Disclosure**

The Company discloses information in a prompt and fair manner, in accordance with the Financial Instruments and Exchange Law, other laws and regulations, and the rules for timely disclosure stipulated by the Financial Instruments Exchange which lists our securities. In addition, based on the Company's timely disclosure rules, the Company also deems information that may affect the investment decisions of investors, even if such information is not applicable to timely disclosure rules, as important company information, and the Company makes efforts to disclose this information in a timely and fair manner.

### **(3) Disclosure Method**

The Company discloses important Company information in timely disclosure information transmission systems (TDnet), etc., provided by the Tokyo Stock Exchange, etc., and in press releases, and ensures that such information is communicated to shareholders and investors via the Company's website and email distribution.

## **Chapter 4: Board of Directors, Committees and Executive Committee, etc.**

### **1. Board of Directors**

#### **(1) Role of the Board of Directors (CGC Rules 4-1, 4-2 and 4-5)**

The Board of Directors, as the highest decision-making body for management, indicates a major direction by discussing and examining important management matters that greatly affect corporate value, supports risk-taking in execution, and supervises appropriate executions that reflect the opinions of stakeholders by verifying the validity of execution processes and results..

Additionally, through the ASV Management, the Company works with stakeholders and others to resolve social issues, contributes to the realization of a sustainable society, and takes responsibility for sustainable enhancement of corporate value.

#### **(2) Composition and Diversity of the Board of Directors (CGC Rules 4-6, 4-7, 4-8 and 4-11)**

The Company has the basic policy, considering the number of members, the percentage of Internal Directors and Independent Outside Directors, the percentage of persons who

concurrently serve as Directors and Executive Officers, individual experiences, abilities, insights, internationality, gender, race, ethnicity, nationality, country of origin or cultural background, 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 Member of the Audit Committee (Standing).

In addition, 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 Independent Outside Directors shall occupy a majority, and the chairperson of the Board of Directors shall be the Independent Outside Director.

**(3) Important Management Matters**

In order to ensure the sustainable enhancement of corporate value over the medium to long term, the Board of Directors (1) defines the long-term vision for the Ajinomoto Group, (2) discusses how to achieve medium- to long-term growth and create future value, and how the Ajinomoto Group should proceed to achieve this, and (3) strengthens the foundation of corporate activities that serve as the basis for challenges in realizing growth and creating value. To this end, the Board of Directors has established the following seven important management matters for deliberation.

Framework	Seven Important Management Matters
Defining our vision	<ul style="list-style-type: none"> <li>• Analysis of Future External Environment and Long-term Vision</li> </ul>
Achieving medium- to long-term growth and creating future value	<ul style="list-style-type: none"> <li>• Portfolio and Resource Allocation, and Intangible Assets</li> <li>• Financial and Capital Policy</li> <li>• Sustainability</li> <li>• Organizational Execution Capabilities (Speed up &amp; Scale up)</li> <li>• Stakeholder Engagement</li> </ul>
Strengthening the foundation of corporate activities	<ul style="list-style-type: none"> <li>• Governance</li> </ul>

**2. Nomination Committee (CGC Rules 4-10)**

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 consists of three or more members, with a majority of Independent Outside Directors. Members of the Nomination Committee are selected from among the Directors

by resolution of the Board of Directors.

The Nomination Committee shall, in principle, include three or more Independent Outside Directors, and the Chairperson of the Nomination Committee shall also be selected by resolution of the Board of Directors from among the Independent Outside Directors who are Members of the Nomination Committee. The Nomination Committee's resolutions or deliberations are appropriately reported to the Board of Directors by the Members of Nomination Committee selected by the Nomination Committee.

### **3. Compensation Committee (CGC Rules 4-10)**

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 consists of three or more members, with a majority of Independent Outside Directors. Members of the Compensation Committee are selected from among the Directors by resolution of the Board of Directors.

The Compensation Committee shall, in principle, include three or more Independent Outside Directors, and the Chairperson of the Compensation Committee shall also be selected by resolution of the Board of Directors from among the Independent Outside Directors who are Members of the Compensation Committee. The Compensation Committee's resolutions or deliberations are appropriately reported to the Board of Directors by the Members of Compensation Committee selected by the Compensation Committee.

### **4. Audit Committee (CGC Rules 4-10)**

#### **(1) Role and Composition of the 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 consists of three or more members, with a majority of Independent Outside Directors. Members of the Audit Committee are selected from among the Directors by resolution of the Board of Directors.

The Audit Committee shall, in principle, include three or more Independent Outside Directors, and at least one Director with substantial knowledge of finance and accounting. The Chairperson of the Audit Committee shall also be selected by resolution of the Board of Directors from among the Independent Outside Directors who are Members of the Audit Committee. The Audit Committee's resolutions or deliberations are appropriately reported to the Board of Directors by the Members of Audit Committee selected by the Audit Committee.

#### **(2) Operation and Activities of the Audit Committee**

The Audit Committee shall, in accordance with laws and regulations, the Articles of Incorporation, and the Regulations on the Audit Committee, make resolutions and consultations on important matters related to audits, such as audit policy, plan, division of duties, and making

audit reports of the Audit Committee, and, as necessary, receive reports from each Member of the Audit Committee, Director, Executive Officer or employee.

The Audit Committee communicates with management, including Representative Executive Officers in order to fulfill its roles and responsibilities. The Audit Committee, through the Members of Audit Committee selected by the Audit Committee or the Internal Auditing Dept., which is the Internal Auditing Dept., seeks to report on matters related to the execution of business by the Company and group companies, and investigates the status of operations and assets. In addition, the Audit Committee, through the collaboration with the Group Audit & Supervisory Board Member's (Standing) Meeting, which is composed of Audit & Supervisory Board Members of Group companies in Japan, and Audit & Supervisory Board Members of Group companies, etc., audits of group company management.

**(3) Cooperation with Internal Auditing Dept. and Audit Committee staff**

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. Through these, by properly collaboration the Audit Committee and Internal Auditing Dept., enhancing the effectiveness of audit duties by the Audit Committee.

Internal Auditing Dept. conducts reports (double reports) to both the Representative Executive Officer & President and the Audit Committee in order to realize effective and efficient internal control and auditing. However, in order to ensure the independence of audits and maintain an effective and efficient audit system, the latter shall be prioritized in the event that the instructions of the Representative Executive Officer & President conflict with each other in the direction of the Audit Committee. The extent and scope, etc. of the Audit Committee's involvement in personnel rights of the Internal Auditing Dept. will be appropriately involved in consideration of the independence of the audit.

**(4) Appointment and cooperation of the Accounting Auditor**

The Audit Committee properly evaluates, through the reporting from the management and execution departments, daily communication with the Accounting Auditor, and hearing the audit plan and audit result report, etc., the Accounting Auditor, with the independence and expertise of the Accounting Auditor and the appropriateness and validity of audit activities by the Accounting Auditor as evaluation items. The Audit Committee appropriately determines the contents of proposals concerning the Accounting Auditor submitted to the general meeting of shareholders and dismisses, etc.

Auditing by an Accounting Auditor is carried out by Certified Public Accountant Business Execution Employee, Certified Public Accountant, and other auxilia.

The Company recognizes that the Accounting Auditor plays an important role in ensuring the reliability and transparency of shareholders' management by auditing financial documents, etc., cooperate appropriately to ensure appropriate audits.

## **5. Outside Director Communication Committee**

The Company established an Outside Director Communication Committee with the aim of

enhancing the effectiveness of the Board of Directors through the exchange of information among the Independent Outside Directors and through the mutual complementation of specializations.

## **6. Support System for Board of Directors and Committees, etc. (CGC Rules 4-13)**

In order to ensure the efficient and effective management of the Board of Directors and various committees, the Secretariats consisting of the Internal Auditing Dept., Corporate Planning Dept., Legal & Compliance Dept., Secretarial Dept., and Human Resources Dept., etc., supports surveys, preparation of materials, and schedule coordination. In addition, the Secretariats cooperate with each other so as to promote timely and appropriate information sharing.

The General Manager of Internal Auditing Dept. has established a system for daily and flexible close cooperation with the Audit Committee, and provides the Audit Committee with information that contributes to management audits in a timely manner.

## **7. Evaluation of Effectiveness of the Board of Directors (CGC Rules 4-11)**

The objective of the Company's Board of Directors is to indicate a major direction by discussing and examining important management matters that greatly affect corporate value, to support risk-taking in execution, and to supervise business execution through verifying the appropriateness of the execution process and results.

In light of this objective of the Board of Directors, the Board of Directors adopts methods it considers to be the most optimal for the evaluation of its own effectiveness from various analytical and evaluation methods, and conducts analyses and evaluations of its own effectiveness.

In addition, based on the results of the evaluation of effectiveness, the Board of Directors discusses the issues, and sets and conducts initiatives for improvement against those issues that are identified.

Through these efforts, the Company further improves the effectiveness of the Board of Directors and further enhances corporate governance.

## **8. Executive Committee**

The Executive Committee will realize prompt and appropriate business execution with a team centered on the Chief Executive Officer 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 is made so that the agenda of the Board of Directors can be set systematically and effectively.

Members of the Executive Committee are consisted of the Representative Executive Officer & President and the other Executive Officers appointed by the Representative Executive Officer &

President, and approved by the Board of Directors.

## **Chapter 5: Board of Directors and Executive Committee**

### **1. Selection and Dismissal (CGC Rules 3-1 and 4-1)**

#### **(1) Procedures for the Selection of Directors**

The Company's Directors are nominated by the Nomination Committee and are selected by a resolution of the General Meeting of Shareholders.

#### **(2) Capability Requirements for Director Candidates**

In selecting candidates for Directors, including Independent Outside Directors, in order to achieve highly effective management through active discussions by Directors, we select candidates based on their respective abilities and insights, such as corporate management, sustainability, digital, finance and accounting, human resources, legal and compliance, in consideration of the diversity of Directors.

#### **(3) Reelection and Dismissal of Directors**

When reappointing Directors, the Nomination Committee conducts substantive discussions from the viewpoint of whether is playing the role required of Directors in the Board of Directors, and determines whether or not Directors should be reappointed.

In addition, when considering proposals for dismissal of Directors, the Nomination Committee makes a comprehensive decision based on investigations by third-party committees as necessary.

#### **(4) Successor Plans (CGC Rules 4-1)**

The Nomination Committee determines the human resources requirements of the Chief Executive Officer, who is the Representative Executive Officer & President, selects multiple candidates based on the human resources requirements, deliberates on evaluations, and determines the candidates for the next Chief Executive Officer.

#### **(5) Procedures for the Selection of Executive Officers**

Candidates for Executive Officer and other Representative Executive Officers are selected by Representative Executive Officer & President or candidate of next Representative Executive Officer, and are elected or selected by resolution of the Board of Directors after reporting to the Nomination Committee.

#### **(6) Capability Requirements for Executive Officer Candidates, etc.**

In selecting candidates for Executive Officers including the Chief Executive Officer and other management, the Nomination Committee, in order to realize the "Vision for 2030", selects candidates based on the following requirements based on humanity such as experience, knowledge, expertise, qualities, values and personality of the candidate.

- 1) Ability to promote ASV management and drive corporate value enhancement
- 2) The power to drive transformation at a global level
- 3) The power to create markets
- 4) Ability to achieve sustainable growth

#### **(7) Reelection and Dismissal of Executive Officers**

When reappointing Executive Officers, the Representative Executive Officer & President

reviews the requirements for abilities centered on the ability to realize the “Vision for 2030”, as well as performance evaluations, etc., and determine whether or not to reappoint Executive Officers.

In addition, when considering the dismissal of Executive Officers, the Board of Directors makes comprehensive decisions based on, as necessary, deliberations by the Nomination Committee or investigations by third-party committees.

## **2. Compensation (CGC Rules 3-1 and 4-2)**

### **(1) Determination for compensation of Directors and Executive Officers (CGC Rules 3-1 and 4-2)**

Compensation for Directors and Executive Officers shall be determined after deliberation by the Compensation Committee based on the [“Policy for determining individual compensation for Directors and Executive Officers”](#) established by the Compensation Committee.

## **3. Training (CGC Rules 4-14)**

On a regular basis, in addition to inviting outside experts to exchange opinions between Directors and them, we resolve management issues shared through mandatory Director and Executive Officer trainings, where management themes are presented.

Each department of the Company explains the details, etc., of its business and duties and provides an opportunity, etc. to inspect its main business sites so that Independent Outside Directors gain a better understanding of the Ajinomoto Group.

## **4. Independence Standards (CGC Rules 4-9)**

The Company’s Independent Outside Directors must not fall under any of the following categories in order to be considered independent.

- 1) An individual or Executive Officer that undertakes major transactions with the Company.
- 2) A main business partner of the Company. or its Executive Officer
- 3) A consultant, accounting professional, or legal professional who receives large sums of monetary or other compensation from the Company in addition to the compensation received as an officer (if the entity receiving the said compensation is a corporation, association, or other organization, an individual that belongs to said organization)
- 4) An individual who corresponded to any of 1) through 3) in the past year
- 5) A family member within the second degree of an individual who corresponds to any of (a) through (b) below (excluding non-important individuals)
  - (a) An individual who corresponds to 1) through 4) above
  - (b) An Executive Officer of a subsidiary of the Company. (including non-Executive Officer Directors in cases where an Audit & Supervisory Board member (outside) is designated as an independent Director)
  - (c) An individual who corresponded to (b) or was a corporate Executive Officer of the Company. during the past year

(Notes) 1. “An individual that undertakes major transactions with the Company.” is defined as

- someone who received payments from the Company. during the most recent fiscal year that was either 2% of the individual's total annual consolidated net sales or 100 million yen, whichever is higher.
2. "A main business partner of the Company." is defined as someone who made payments to the Company. during the most recent fiscal year that was either 2% of the total annual consolidated net sales of the Company. or 100 million yen, whichever is higher.
  3. "Receives large sums of monetary or other compensation from the Company. in addition to the compensation received as an officer" refers to receiving from the Company. an amount or other compensation that was either 2% of the individual's net sales or gross income, excluding compensation as an officer, or 10 million yen, whichever is higher, during the most recent fiscal year.

## **Chapter 6: Sustainability and Risk Management (CGC Rules 2-3)**

### **1. Basic Approach**

The Board of Directors determines the materiality of sustainability, which is the guiding principle of ASV management. To this end, the Board of Directors will establish a system to recommend the company's sustainability (including ESG).

In addition, the Executive Committee selects and extracts "risks and opportunities at the company-wide management level", evaluates the degree of impact, defines responses as risk management, establishes each committee, and strengthens internal control and risk management.

### **2. Council as a subordinate organization of the Board of Directors**

#### **(1) 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.

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 and examination of monitoring, such as initiatives related to sustainability and dialogue with stakeholders.

The Sustainability Advisory Council consists of three or more outside experts, and the election and dismissal of each member is by resolution of the Board of Directors.

The chairperson is selected by resolution of the Board of Directors from among the members of the council, and the contents and results of deliberations at the Sustainability Advisory Council are accordingly reported to the Board of Directors.

### **3. Committee as a subordinate organization of the Executive Committee**

#### **(1) Sustainability Committee**

In order to promote sustainability management, the Company has established the

Sustainability Committee as a subcommittee of the Management Committee.

In accordance with materiality, the Sustainability Committee formulates measures, proposes them to the Executive Committee, and manages progress.

In addition, the Sustainability Committee is in charge of matters related to environmental issues, human-right issues, etc. as risks and opportunities based on the materiality.

## **(2) Risk Management Committee**

The Company establishes the Risk Management Committee as a subordinate organization of the Executive Committee in order to implement countermeasures made through the assessment of the impact against the Ajinomoto Group by identifying risks at early stages, which interfere the achievement of the “Purpose-Driven Management by Medium-Term ASV Initiatives,” as well as in order to establish and implement measures for risk management.

This committee is in charge of matters related to significant risks the management should take initiatives, such as pandemics, geographical risks.

## **(3) Investment, Loan and Business Scrutiny Committee**

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

## **(4) M&A Committee**

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

## **4. Internal Controls (CGC Rules 4-3)**

The Company regards internal controls as an important task of corporate management, the Board of Directors passed the “[Basic Policy on the Internal Control System](#),” and the Company is striving to develop and enhance internal control systems. The operational status of internal control systems and their effectiveness are verified each year by the Internal Controls Effectiveness Verification Committee and the results of the verification are reported to the Board of Directors.

## **Chapter 7: Compliance (CGC Rules 4-3)**

### **1. Basic Approach**

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.

### **2. Business Conduct Committee**

The aim is to strengthen the Ajinomoto 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 disseminate AGP, determine and implement various measures to respond promptly and appropriately to crises, etc., disseminate information to raise compliance awareness, grasp trends and respond from the viewpoint of

compliance, and implement smooth and prompt responses and appropriate resolution.

The Business Conduct Committee compiles and reports on the content of deliberations and activities of the Business Conduct Committee to the Executive Committee and the Board of Directors each quarterly meeting.

### **3. Whistle-blowing System (CGC Rules 2-5)**

The Ajinomoto Group stipulates the “[Group Shared Policy on Whistle-blowing](#)” for the purpose of ensuring compliance management, maintains a system for internal reporting in order to prevent misconduct before it happens and facilitate early detection and correction, and established an internal/external hotline as an internal reporting desk. The General Manager of the Legal & Compliance Dept. instructs relevant parties to investigate the facts of internal reports and consultations that are received, formulates countermeasures such as corrective steps, carries out these measures after deliberation with the Business Conduct Committee as necessary, and reports the results to the Business Conduct Committee.

In addition, the Audit Committee Hotline is established as a dedicated point of contact for officers of Ajinomoto Group companies who are suspected of being involved in illegal acts, etc., and Member of the Audit Committee, including Independent Outside Directors, responds.

### **Chapter 8: Promotion of Diversity, Equity & Inclusion (CGC Rules 2-4)**

The Ajinomoto Group respects diversity of human resources’ attribute and sense of values, as well as strives to improve diversity and inclusion (hereinafter, “DE&I”) so that every person in the Ajinomoto Group can work more globally in their own ways beyond companies and borders.

In addition, as part of the DE&I promotion, promotes initiatives to foster an organizational culture that can be utilized for enriching career development and to lead to the creation of a workplace where employees and the Company can grow together by electing an Executive Officer in charge of Diversity and HR and establishing a DE&I promotion team, and by consistently holding awareness trainings, etc. to accept not only familiar gender diversity but also all kinds of diversity such as people with disabilities, sexual orientation and gender identities, nationalities and differences in customs depending on the place of birth.

End