

Eat Well, Live Well.



IR Day 2021

Audit Committee

The Workings of Highly Effective Internal Control

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Member of the Audit Committee

September 29, 2021

Content for Today

1. Introduction
2. The Audit Committee's aim for a highly effective internal control system
3. Key monitoring points for internal control
4. In closing

1. Introduction

About me:



Career

- 1980 Registered as a Certified Public Accountant
- 1992 Representative Partner of Inoue Saito Eiwa Corporation (Presently KPMG AZSA LLC)
- 2011 Vice President (Audit management), KPMG AZSA LLC
- 2015 Executive Senior Partner, KPMG AZSA LLC
- 2016 position) Outside Director, TOPPAN FORMS CO., LTD. (Current position)
- 2017 Outside Audit and Supervisory Board Member, Kao Corporation (Current position)
- 2018 Audit and Supervisory Board Member (External), Ajinomoto Co., Inc.
- 2019 Outside Corporate Auditor, Seiko Holdings Corporation (Current position)
- 2021 Outside Director, Ajinomoto Co., Inc. (Current position)

Current board memberships and other positions

- Outside Director, TOPPAN FORMS CO., LTD.
- Outside Audit and Supervisory Board Member, Kao Corporation
- Outside Corporate Auditor, Seiko Holdings Corporation

Ajinomoto Co., Inc.
Director (Outside Director)
Audit Committee Member

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2. The Audit Committee's aim for a highly effective internal control system

(1) Features of the Audit Committee

- Inherits the functions of the Audit & Supervisory Board which were strengthened after the compliance incident in the 1990s
 - Since 2003, three out of five Audit & Supervisory Board members have been external members.
 - ⇒ The Audit Committee also maintains 3 external members
 - Full-time secretariat staff members supported Audit & Supervisory Board activities
 - ⇒ Full-time Audit Committee staff
- Four out of 11 directors are members of the Audit Committee

2. The Audit Committee's aim for a highly effective internal control system

(2) Cooperation with the Internal Auditing Department

- Double reporting by the Internal Auditing Department
 - Normally, the Internal Auditing Department reports both to the Audit Committee and the executive side.
 - In times of emergency, reporting to the Audit Committee will be prioritized.
- Audit Committee members help with evaluating and selecting the head of the Internal Auditing Department

2. The Audit Committee's aim for a highly effective internal control system

(3) Hybrid auditing

- Conduct monitoring audits focusing on areas of risk
- Audit Committee members themselves conduct audits in the field and on site (including remote audits)

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3. Key monitoring points for internal control

(1) Governance by way of GGP

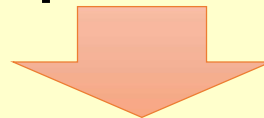
GGP: Global Governance Policy

Stipulates governance hierarchy in the group, the role of each hierarchy, and decision-making procedures

Key Points for the Company:

- **High percentage of overseas business (about 60%)**
Rolled out widely in South America, Africa, and the Middle East, requiring local adaptability

- **Many acquired companies**



Authority transferred to local organizations with monitoring based on risk-focused reporting
(Percentage of locally hired overseas executives at about 40%)

3. Key monitoring points for internal control

(2) Specific performance management and reporting for each business segment

- ROIC used as base index.
- Expand to ROIC tree according to business particulars to monitor all individual metrics.

(3) Daily and monthly monitoring

- Global Finance Department demonstrates its FP&A functions to get to grips with the business.
- Identify problem businesses and bases, monitor at Executive Committee using dashboard, and report to Board of Directors.
- Take measures before foreign exchange and financial risks become apparent by constantly watching the political and economic situation in developing countries.

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4. In closing

(1) Readiness as a member of the Audit Committee

- Understand the business environment well, paying close attention to where the risks are.
- Communicate in a straightforward manner.

(2) Audit perspective

- If there is a problem, pay attention to the processes that went before and peripheral work.
- Numbers never lie.

(3) What I consider important

- Am I valuing Ajinomoto's corporate culture while at the same time taking on challenges swiftly and resolutely without being content with the current situation?

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