

Eat Well, Live Well.



IR Day 2021

Regarding the Board of Directors

Kimie Iwata

Director/Member of the Board, Chair of the Board

September 29, 2021

Content for Today

1. Introduction
2. Significance of the change in the form of corporate organization from the perspective of Outside Directors
3. Diversity of the Board of Directors
4. How the Board of Directors will change
5. From Nominating Advisory Committee to Nomination Committee
6. In closing

1. Introduction

Self-introduction



- 1947 Born in Takamatsu, Kagawa, Japan
- 1971 Joined the Ministry of Labour (currently Ministry of Health, Labour and Welfare)
- 2001 Director-General of Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare
- 2004 Director, Corporate Officer, Shiseido Company, Limited
- 2008 Representative Director, Executive Vice President, Shiseido Company, Limited
- 2012 Outside Audit & Supervisory Board Member, Kirin Holdings Company, Limited
Director, Shiseido Company, Limited
Outside Director, Japan Airlines Co., Ltd.
- 2015 Audit and Inspection Commissioner, the Tokyo Metropolitan Government (current position)
- 2016 Outside Director, Kirin Holdings Company, Limited
- 2018 Outside Director, Sumitomo Corporation (current position)
- 2019 Outside Director, Resona Holdings, Inc. (current position)
Outside Director, Ajinomoto Co., Inc. (current position)
Chair, Nominating Advisory Committee; Member, Compensation Advisory Committee

Other current positions

- Public office (Chair, Kanagawa Prefecture Gender Equality Council)
- National University Corporation Management Council (The University of Tokyo, Niigata University)
- Social activities (CARE International Japan, etc.)

Ajinomoto Co., Inc.

Director/Member of the Board

(Outside Director)

Chair of the Board

Member of the Nomination Committee

and the Compensation Committee

Content for Today

1. Introduction
2. Significance of the change in the form of corporate organization from the perspective of Outside Directors
3. Diversity of the Board of Directors
4. How the Board of Directors will change
5. From Nominating Advisory Committee to Nomination Committee
6. In closing

2. The significance of the change in the form of corporate organization from the perspective of Outside Directors

- Further strengthening of supervisory functions of the Board of Directors
- Swift business execution
- Company with Three Committees = Governance design for ease of understanding

Board of Directors

Diversity = opinions of multiple stakeholders

Important management issues
Supervise and audit execution
of business



Delegate and supervise

CEO (Executive Committee)

One team = focus on speed

Execute business



Conduct close exchange of information between Board of Directors and CEO (Executive Committee) on ongoing basis

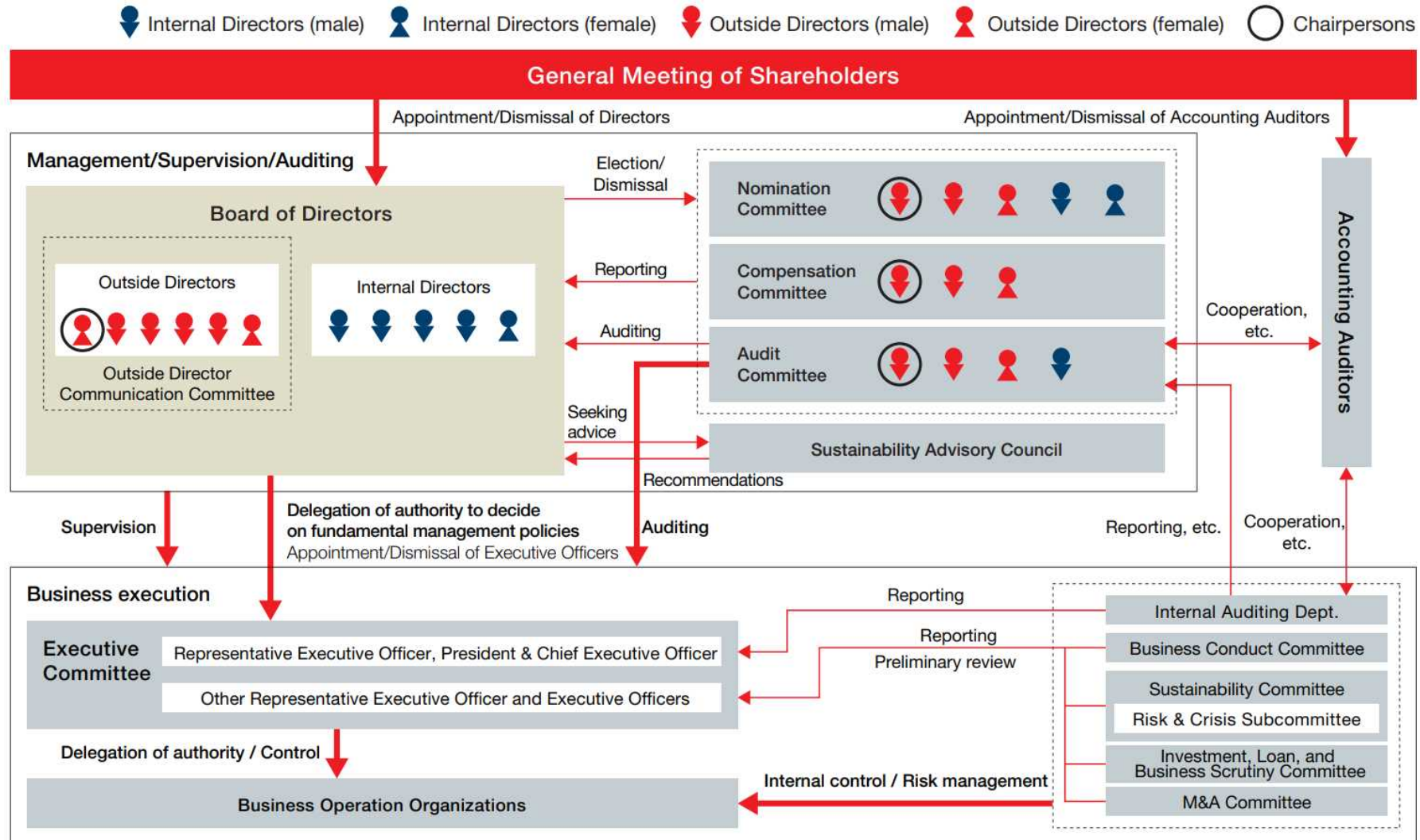
- Share management direction immediately through Board of Directors' deliberations.
- Take responsibility for the ability to earn, taking risks, and enhancing corporate value.

Propose and report

Transferred in part to executive side

2. The significance of the change in the form of corporate organization from the perspective of Outside Directors

- Outside Directors bear significant roles.
- Outside Directors' work performance, collaboration between Internal Directors and Outside Directors, and relationships of trust with the Board of Directors and with the executive side are all important.



Content for Today

1. Introduction
2. Significance of the change in the form of corporate organization from the perspective of Outside Directors
- 3. Diversity of the Board of Directors**
4. How the Board of Directors will change
5. From Nominating Advisory Committee to Nomination Committee
6. In closing

3. Diversity of the Board of Directors



Kimie Iwata

Government experience (labor administration)
Corporate management experience



Takashi Nawa

Professor of international corporate strategy
Management consulting



Joji Nakayama

Experience as president and chairman of a global healthcare company



Atsushi Toki

Lawyer
Specialized knowledge and a wealth of experience involving corporate law



Hideki Amano

Certified Public Accountant
Experience as Executive Senior Partner of an auditing firm



Mami Indo

Experience in securities companies and think tanks
Public office (Securities and Exchange Surveillance Commission)

Nomination Committee
Compensation Committee

Audit Committee

Why does diversity matter?

⇒ Prevention of loss of corporate value, contribution to enhancement of corporate value

What sort of diversity is needed?

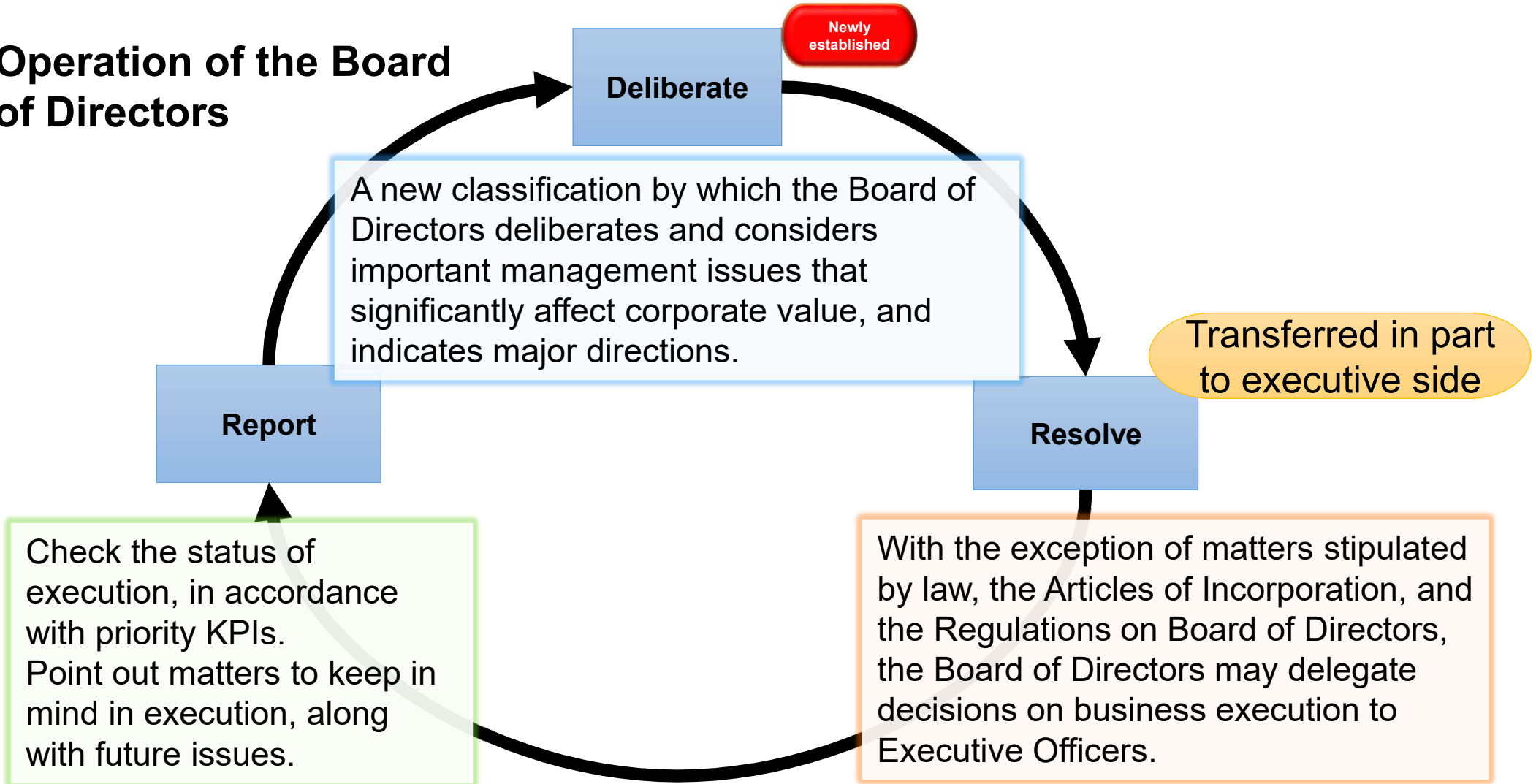
⇒ We want to pursue the best, based on the management issues and management strategies of the time.

Content for Today

1. Introduction
2. Significance of the change in the form of corporate organization from the perspective of Outside Directors
3. Diversity of the Board of Directors
- 4. How the Board of Directors will change**
5. From Nominating Advisory Committee to Nomination Committee
6. In closing

4. How the Board of Directors will change

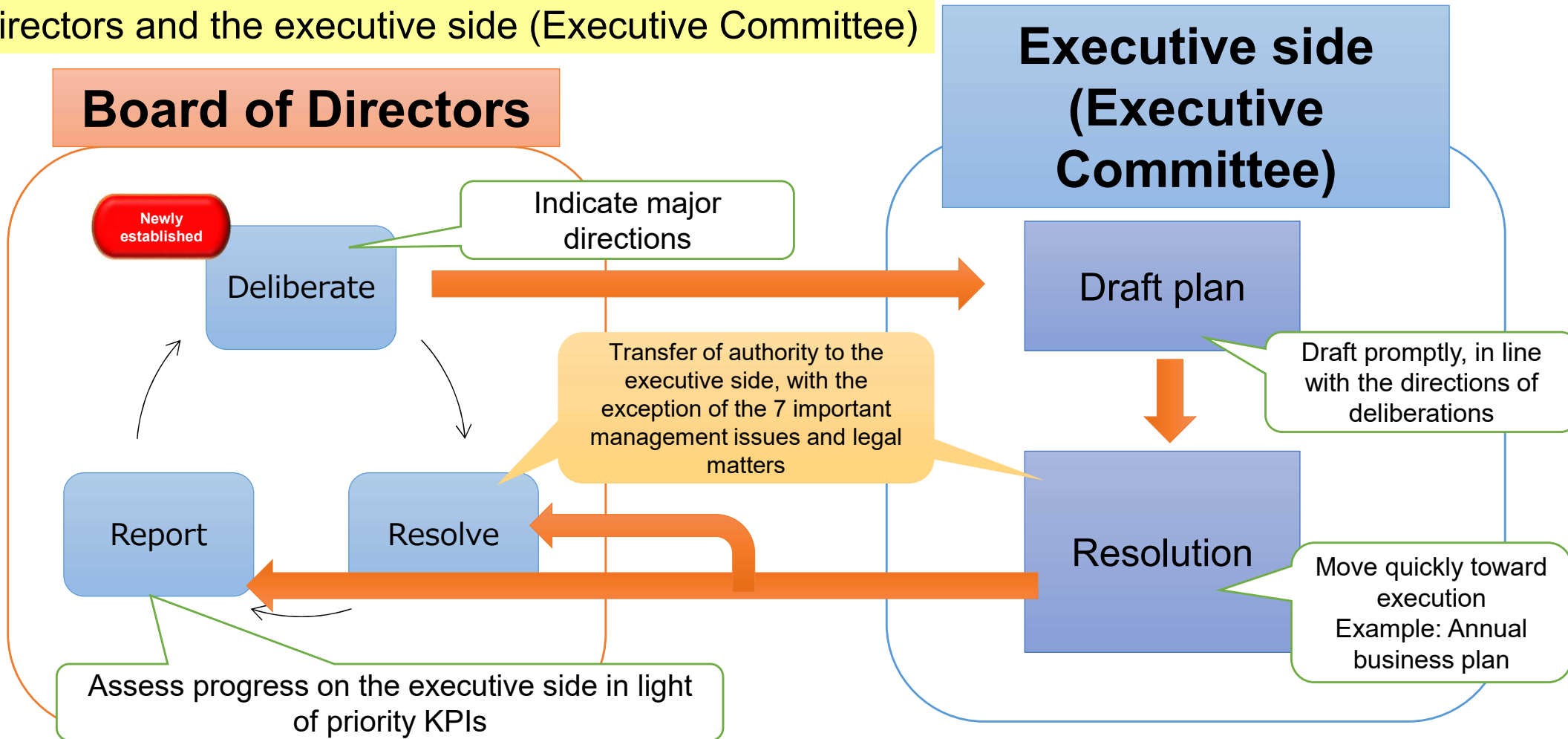
Operation of the Board of Directors



Create yearly schedule of agenda items for the 7 important management issues, and operate in a continuous cycle

4. How the Board of Directors will change

Example of the relationship between the Board of Directors and the executive side (Executive Committee)



While fulfilling the supervisory functions imposed on it, the Board of Directors expects the executive side to conduct swift business execution.

4. How the Board of Directors will change

7 important management issues under ASV management

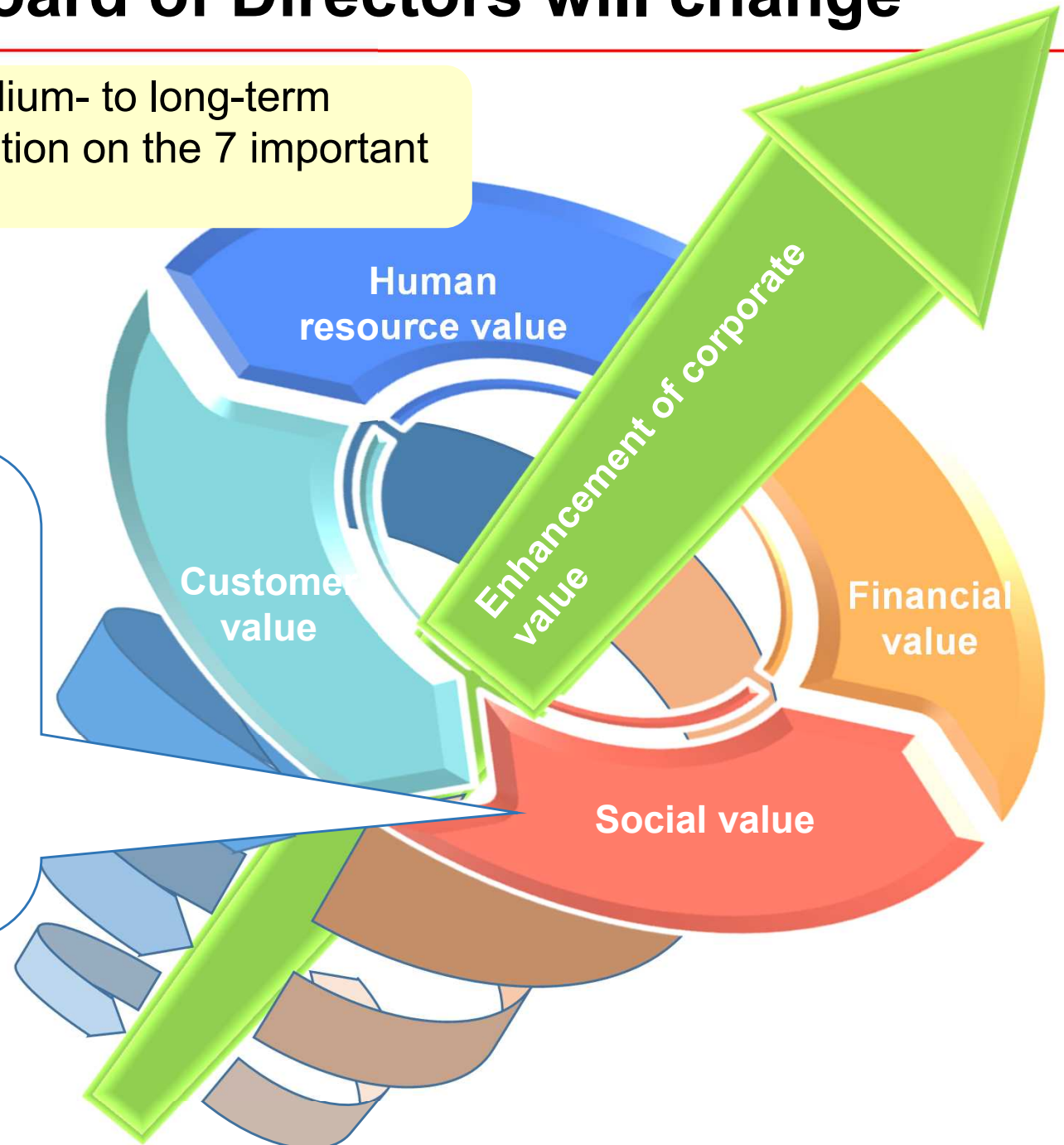
- (1) Corporate value** (the ASV value creation cycle starting from intangible assets)
- (2) Capital policy, balance sheet optimization, shareholder return**
- (3) Decision-making process, governance system design, establishment, policy, operation**
- (4) Medium-Term Management Plan and other management plans**
- (5) Restructuring of the business portfolio, including withdrawal from business**
- (6) Large-scale M&A**
- (7) Large-scale investment**



4. How the Board of Directors will change

Connect to enhancement of medium- to long-term corporate value through deliberation on the 7 important management issues

While receiving reports from the Sustainability Advisory Council, the Board will deliberate the direction of sustainability management within (1) Corporate Value in the 7 important management issues



Content for Today

1. Introduction
2. Significance of the change in the form of corporate organization from the perspective of Outside Directors
3. Diversity of the Board of Directors
4. How the Board of Directors will change
- 5. From Nominating Advisory Committee to Nomination Committee**
6. In closing

5. From Nominating Advisory Committee to Nomination Committee

What changed with the Nomination Committee?

Nominating Advisory Committee	Nomination Committee
Advisory body	Resolution body
Targets of nomination: Directors (also Corporate Executive Officers)	Targets of nomination: Directors (also Executive Officers)
Approval of human resources proposals	Involvement from initial stage of Director selection
Evaluation at time of new appointment	Annual evaluation
Evaluation based on internal information	Also considers external information



Fairness and objectivity in evaluation and nomination are enhanced

Evaluation and nomination of the CEO is particularly important in displaying supervisory functions as a monitoring board.

5. From Nominating Advisory Committee to Nomination Committee

CEO succession plan

Acting party

The Nomination Committee performs development and nomination of CEO successors.

Process

(1) Development and evaluation of candidates

Targets are executive officers, etc. (not excluding human resources outside the Company)

Development is the responsibility of the executive side; evaluation is the responsibility of the Nomination Committee

Performed on the basis of "Requirements for Human Resources to be Officers"

(2) Selection of new CEO

Performed on the basis of "Requirements for Human Resources to be CEO"

(3) Evaluation of current CEO

Annual evaluation using internal and external information

(4) Decision on resignation of current CEO



5. From Nominating Advisory Committee to Nomination Committee

Examples of evaluation

	Internal Directors (new appointments)	CEO (current)
Content of evaluations	<ul style="list-style-type: none"> Requirements for human resources to be Directors Achievements in areas of responsibility Employee engagement in areas of responsibility 	<ul style="list-style-type: none"> Requirements for human resources to be CEO Company-wide performance Company-wide employee engagement Evaluation by investors and customers
Information for evaluation	<ul style="list-style-type: none"> Internal qualitative/quantitative information (performance, engagement surveys, etc.) Evaluation by the CEO Evaluation by outside human resource evaluation bodies Interview by the Nomination Committee 	<ul style="list-style-type: none"> CEO's general policy speech for the new fiscal year CEO's self-evaluation of the previous fiscal year Internal qualitative/quantitative information External qualitative/quantitative evaluation Interview by the Nomination Committee

Content for Today

1. Introduction
2. Significance of the change in the form of corporate organization from the perspective of Outside Directors
3. Diversity of the Board of Directors
4. How the Board of Directors will change
5. From Nominating Advisory Committee to Nomination Committee
- 6. In closing**

6. In closing

Roles of the Board of Directors

- Demonstrate supervisory functions and steadily enhance corporate value over the medium- to long-term
- (1) Composition of Members, and (2) What to discuss and how, are important

Stance of the Chair of the Board of Directors

- Engage in setting appropriate agendas
- Create venue for free and substantial deliberations
- Share internal information, including risk-related information
- Maintain disciplined relationship of trust with the executive side (particularly the CEO)
- Have dialogue with investors

Eat Well, Live Well.

