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ESG-Related Initiatives for Becoming a GGSC - Forging Firm Relationships with Stakeholders

(1) Self-reform aimed at creating a better world and group of companies

The Ajinomoto Group and the movement toward resolving global issues

After the establishment of its FY2011 - 2013 Medium-Term Management Plan, we declared its intention to become a Genuine Global Specialty Company (GGSC) in pursuit of its ideal group image ("Specialty" was added beginning with the FY2014 - 2016 Medium-Term Management Plan). Here, the word "Genuine" means achievement of the following in order to achieve sustainable growth:

- Contribute to future progress for humanity and the earth
- Possess our own industry-leading technologies
- Assemble a group of globally capable and diversified talent
- Achieve the business and profit scale of a global company
- Meet global efficiency standards to generate profit

With globalization advancing on all fronts ever since the beginning of the 21st century, the entire world, including corporations, has synchronized its efforts to resolve and overcome the issues of global environmental preservation, poverty, discrimination, and more.

- January 1999 Secretary-General Kofi Atta Annan of the United Nations advocated for the United Nations Global Compact at the World Economic Forum at Davos (nine principles divided among the three categories of human rights, labor, and the environment)
- July 2000 United Nations Global Compact launched ("anti-corruption" added for a total of 10 principles and four categories)
- September 2000 United Nations adopted Millennium Development Goals (MDGs) (Eight goals¹ for resolving problems that developing countries face)
- September 2015 Adopted Sustainable Development Goals (SDGs) for 2030 as a follow-up goal to the MDGs (17 goals and 169 targets established in an attempt to resolve issues not only in developing countries, but in countries and regions all over the world)

The history of the Ajinomoto Group is filled with responses and solutions to a number of challenges, which includes the

desire of our founder to improve the health of the nation's people, the early expansion overseas, the postwar safety issues surrounding MSG, the Kawasaki Plant strike, the energy-saving measures taken after the oil shock, and the global environmental issues and racketeering incidents of the 1990s². It is with these events in mind that we officially joined the United Nations Global Compact in July 2009. In addition, with regard to SDGs, we selected goals that were intimately related to our businesses, and we are advancing specific initiatives, such as those in Table III-3.

Table III-3: SDG initiatives

Major items	Included items	Primary initiatives	Related SDGs
Health and well-being	Assurance of product safety	• Enhancing communication to share the benefits of umami and MSG	2 3 17
	Contribution to health and nutritional issues	• Offering tasty food and amino acid products as well as menus that nourish health and well-being • Developing nutritional standards that our products should meet	
	Rapid response to consumer lifestyle changes	• Advanced marketing efforts through the leveraging of big data and consumer data • Building strategies to deal with small-size markets (due to urbanization, etc.) • Properly delivering products, services and information to customers • Expanding products and services to meet the need for convenience, such as smart cooking	
Food resources	Sustainable materials sourcing	• Identifying important raw materials and engaging in responsible procurement (paper, palm oil, bonito, etc.)	2 6 7
	Reduction of food loss and waste	• Upgraded, optimal supply-chain management (SCM) that makes use of digital technology	
Global sustainability	Climate change adaptation and mitigation	• Disclosing information in line with the Task Force on Climate-related Financial Disclosures (TCFD) (scenario analysis, etc.)	12 13 14 15 17
	Contributing to a circular economy	• Promoting the 3Rs of containers and packaging (reduction of plastic waste, etc.) • Using biodegradable plastic/plant-derived raw materials/certified paper	
	Conservation of water resources	• Maintaining forests for water sources • Developing wastewater treatment technology	
Foundation for our business activities	Diverse talent	• Promoting PDCA cycle using the engagement survey • Reforming organizational culture to promote diversity • Training and promotion of female employees • Promoting health and productivity management	5 8
	Strong corporate governance	• Strengthening corporate governance system	
	Preparation for intense global competition	• Value chain restructuring (production system reorganization) • Promoting digital transformation • Rapidly commercializing research findings (R&D system reorganization)	

Excerpt from "Ajinomoto Group Integrated Report 2019."
Refer to p.36 to see which numbers correspond to which SDGs.

Note: Footnotes 1. and 2. are on the following page.

ESG initiatives: From CSR management to the Ajinomoto Group Way and AGP

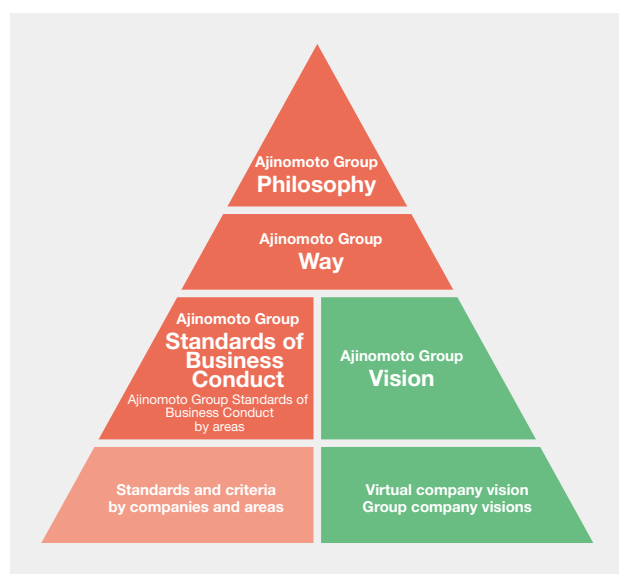
ESG investments originated with the Principles for Responsible Investment advocated by the United Nations in 2006 and have been a key concept for business management in the 2010s.

“ESG” is formed from the first letters of Environment, Social, and Governance (disclosure of information, independence of external directors, legal compliance, etc.); it is also referred to as non-financial information. It is recommended that investors consider companies’ ESG-related measures and systems when deciding their investments. Nowadays, the ESG perspective has come to have a direct impact on company ratings and investor evaluation criteria. From a company’s perspective, this is not merely a matter of how one’s image is perceived, but influences fundraising as well as survival and growth. Improvement in the evaluation of one’s company in the capital market requires adapting one’s actions.

We established the CSR Division in April 2005 and declared CSR management³ as one of three management policies in our FY2005 - 2007 Medium-Term Management Plan. We subsequently reviewed our management philosophy on the occasion of our 100th anniversary in 2009 and established the Ajinomoto Group Way. We also systematized our philosophy, vision, and standards of business conduct in the Ajinomoto Group Principles (AGP) (see Figure III-11).

Through this process, we considered the 21st century issues of human society to be resolved through our business and chose to focus our management on health and well-being, food resources, and global sustainability. We declared our commitment to taking action and making contributions through our businesses. These three issues were incorporated into our FY2011 - 2013 Medium-Term Management Plan as our Group Vision.

Figure III-11: Ajinomoto Group Principles (AGP)



Formulating the Ajinomoto Group Creating Shared Values

We also announced the Ajinomoto Group Creating Shared Values (ASV) alongside the FY2014 - 2016 Medium-Term Management Plan in February 2014. In other words, we reaffirmed the idea we have acted since our founding—that the creation of value which is shared with society and communities (social value) leads to improved economic value and growth—as the foundation of our management. Accordingly, we advanced initiatives that included the identification of the social value generated by departments across the Company and the establishment of numerical targets.

We began to hold internal ASV sessions featuring lectures and discussions about ASV in 2015, and we had all of our employees attend over the course of three years, which thoroughly instilled the mindset of generating economic and social value through our business activities. In addition to policies for the various SDGs mentioned on p.36, we provided products that contribute to balanced nutrition, lower salt intake, and maintaining the health of the elderly, and we put the “Eat Well, Live Well.” philosophy into action.

It was decided that expanding upon these efforts through ASV would facilitate our becoming a Genuine Global Company, which has consistently been our aspiration since our FY2011 - 2013 Medium-Term Management Plan.

From AGP to Our Philosophy

In 2016, we reorganized the Ajinomoto Group Principles (AGP) system and revised the Group Management Philosophy.

Prior to this, we made a change in 2012 (eliminating the virtual company vision, among other things) in accordance with the shift from the virtual company system to the business headquarters system (April 2010) and another change in accordance with the August 2014 revision to our Group Standards of Business Conduct (standardization across the entire Group and the addition of a new chapter on human rights). However, the 2016 reorganization marked a major adaptation of the AGP towards the global standard of “Mission, Vision, and Value” based on the previously described announcement about ASV, the United Nation’s adoption of SDGs, and other developments. In general, “Mission” refers to the societal duty a company is meant to accomplish and its reason for existing, “Vision” refers to its future ideal state, and “Value” refers to the values shared throughout the organization. Our ASV, which express seeking the co-creation of economic value and social

1. A) Eradication of extreme poverty and hunger, B) achieving the complete implementation of primary education, C) promoting gender equality and improving the status of women, D) reducing the infant mortality rate, E) improving the health of pregnant women, F) preventing the spread of HIV/AIDS, malaria, and other diseases G) ensuring environmental sustainability, H) promoting global partnerships for development
2. On the 100th anniversary of our founding (2009), we announced our commitment to resolving the 21st century issues of human society (health and well-being, food resources, and global sustainability) through our businesses. We referenced the MDGs during the formulation process as well.
3. We promoted initiatives through the five perspectives of food, health and medicine, food resources and the environment, personnel training, and partnerships, with the goal of becoming a “corporate citizen” respected around the world.

value through solutions for the issues of human society, were considered similar to the “Mission,” but the strong conviction of President & CEO Takaaki Nishii led to them being designated as the “Value.” Co-creation was positioned not as an obligation, but a natural course of action that we had pursued up until then and would continue pursuing in the future.

In other words:

Mission - Contributing to the world’s food and wellness,
and to better lives for the future

Vision - Becoming a genuine global food company
group with specialties guided by our leading-
edge bioscience and fine chemical technologies

And achieving these two goals entailed implementing:

ASV (Value) - Our steady commitment: With our
stakeholders and businesses, we help resolve society’s issues,
leading to the creation of economic value

The values and approach towards our jobs required to
pursue our mission and vision were defined in the Ajinomoto
Group Way, the mindset and actions we must abide by were
distilled in our Standards of Business Conduct (currently
the Ajinomoto Group Policy), and our overall system, which
includes the corporate message of “Eat Well, Live Well.,” was
established as Our Philosophy.

Conveying information about ESG policies and being selected as SRI recommended brands

We have put effort into environmental measures and disclosing
ESG-related information.

- 2000 Began publication of the Ajinomoto Group
Environmental Report
- 2005 Began publication of the CSR Report
- 2012 Began publication of the Sustainability Report,
which combines the CSR Report and Environmental
Report
- 2016 Began publication of the Integrated Report along
with the Sustainability Data Book (SDB, renamed
from the Sustainability Report)

In 2019, we received the Environmental Communication
Awards of Excellence for Sustainability Reports from
the Minister of Environment for our Integrated Report
and Sustainability Data Book (awarded by the Ministry
of the Environment Government of Japan and the Global
Environmental Forum).

The many initiatives centered around our ASV are in an
advanced position among Japanese food companies with regard
to ESG evaluations, and we have earned global recognition for
our inclusion in various Socially Responsible Investment (SRI)
indexes.

2004: FTSE4Good Global Index⁴

2010: MSCI ESG Leaders Indexes⁵

2014: DJSI (Dow Jones Sustainability World Index)⁶

However, the lack of clarity surrounding our top
management’s commitments and our activity targets and
policies related to the United Nation’s SDGs, as well as
various insufficiencies noted in our Access to Nutrition Index



Integrated Report



Sustainability Data Book



IR Data Book

(ATNI)⁷, which include the lack of clear goals and an auditing
mechanism, the fact that malnutrition initiatives are not at
the core of our business strategy, and the insufficiency of our
approach to the base of the economic pyramid (BOP) and
children, are all aspects that are considered to fall short of major
international food products companies, so specific initiatives
are desired going forward.

Taking part in the Global Compact and strengthening involvement in SDGs

We joined the United Nations Global Compact in July 2009.
After the United Nations adopted SDGs, we clarified 17 goals
and the relevancy of its businesses in its Sustainability Data
Book (see p.62) and other documents, taking into consideration
of SDGs in formulating the ASV and AGP as well and working
to instill them throughout the Group.

After Nishii assumed the position of President & CEO
in June 2015, the Group’s support for and participation in the
United Nations Global Compact as well as our contributions
to the achievement of SDGs were declared on the website, in
various reports, in interviews, and so on. Support for the Global
Compact was also mentioned in the fundamental principles of
the Ajinomoto Group Standards of Business Conduct, declaring
our involvement outside and throughout the Group.

In addition, the social issues that are meant to be addressed
through the Group’s businesses were linked with SDGs in
the FY2017 - 2019 Medium-Term Management Plan. It
systematically lays out the materiality, key issues, and items
that impact our ability to create value, opportunities and risks,
and the related initiatives, and it defines the path towards
sustainable growth through co-creation of social and economic
value (ASV).

4. One of the globally representative SRI indexes established by FTSE Russell, which
was created by England’s Financial Times Ltd. and the London Stock Exchange. It
influences the trends of investors who focus on ESG.

5. An index from the U.S.’s MSCI Inc. composed of companies that have earned high
SRI and ESG evaluations in various industries.

6. An SRI index jointly developed by the U.S.’s Dow Jones & Company, Inc. and
Swiss company RobecoSAM AG.

7. A rating that evaluates initiatives by 22 major global food and beverage
manufacturers to improve the nutritional state of consumers. Because it was
formulated with MDGs in mind, it has few items dealing with overnutrition in
advanced nations (see p.28).

(2) Environmental preservation initiatives

Installation of biomass boilers at MSG production facilities

One of our revolutionary initiatives for contributing to the reduction of the burden on the environment was the installation of biomass boilers at the Kamphaeng Phet factory managed by AJINOMOTO CO., (THAILAND) LTD. in March 2009.

For MSG production, in addition to using the ample blessings of nature from various regions, such as sugarcane and cassava, we created a “bio-cycle” system in which we reuses the nutrient-rich by-products formed during the amino acid production process as fertilizer to cultivate locally grown rice plants and fields where raw materials are grown.

The installation of biomass boilers in Thailand took this a step further, replacing conventional heavy oil boilers and using rice husks, produced in great quantities in the country that is one of the world’s leading rice-producing nations, as fuel instead of wasting them. The rice plants that produce the rice husks include plants grown with fertilizer created as a by-product of amino acid fermentation. Cultivation of rice plants with by-products generated during the production of *AJI-NO-MOTO*® and using the rice husks from those plants as factory fuel allows an “energy bio-cycle” to be achieved. The installation of these boilers also reduced the CO₂ emissions from the entire Group’s factories by 100,000 tons annually (approx. 5%).

Meanwhile, at the AJINOMOTO DO BRASIL INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA. Laranjal Paulista Plant in Brazil, one of our main fermentation sites, in order to use not only sugar cane, but its strained lees (bagasse) as an energy source as well, biomass boilers were installed in FY2012. In addition to raw sugar, sugar cane was purchased from contracted farmers to provide a portion of the raw materials (approx. 10% of the total). Externally purchased bagasse and wood chips were added to the bagasse generated from their own sugar cane juice extraction equipment to be used as fuel. Besides providing approx. 70% of the steam required by the entire factory, CO₂ emissions were significantly reduced, and using the ashes created by burning the bagasse as a soil conditioner enhanced both raw material



AJINOMOTO CO., (THAILAND) LTD.: Biomass boiler equipment at Kamphaeng Phet factory

procurement and the bio-cycle.

As of 2018, among the MSG production facilities that we developed throughout the world, biomass boilers had been installed in Thailand, Brazil, France, and Vietnam, and installation of combined electrothermal-generation equipment is underway.

Ajinomoto Frozen Foods Co., Inc.’s plan to completely remove fluorocarbon refrigerators

Ajinomoto Frozen Foods Co., Inc. declared its intent to eliminate fluorocarbons, a commitment to the goal of replacing the fluorocarbon-type refrigerants used to refrigerate products with natural refrigerants by 2020. This was another attempt to integrate the company’s businesses with its social contributions.

At seven of the company’s factories in Japan (Kanto, Chubu, Shikoku, Kyushu, Saitama, Osaka, and Chiba), fluorocarbons were included among the refrigerants used in refrigerators. Because fluorocarbons destroy the ozone layer and contribute to global warming, these were to be replaced with natural refrigerants.

Refrigeration equipment accounts for approximately 70% of energy consumption across all factories, so rather than simply replacing them, there was a need to consider energy conservation at the same time. Energy-saving refrigerators that use ammonia and carbon dioxide were installed. There were some demerits, such as the installation of water sprinklers for use in the event of a refrigerant leakage and the inability to maintain the machinery internally. This resulted in a significant burden, such as the return on investment being estimated at 20 years or longer, or 10 years even with the use of subsidies. Nevertheless, there was no hesitation in deciding on their installation for the sake of realizing ASV and the company philosophy, which is “We will contribute to the creation of happiness for people and society through our frozen food business.”

By April 2020, there remained five lines in the above-mentioned factories in Japan that used fluorocarbon-based refrigeration equipment, and fluorocarbon elimination efforts were completed in the U.S. However, there were some countries where the replacement was delayed due to various laws and incidents (for example, in China, an explosion once occurred at a factory that uses ammonia). Ajinomoto Frozen Foods Co., Inc. is making other efforts to reduce fossil fuels and CO₂ emissions, such as by using biomass trays (made of biomass plastics created from raw materials such as corn starch).

The “F-LINE” Project,” a joint logistics project involving six major food companies

The “F-LINE” (Food Logistics Intelligent Network)” project, which involved external cooperation on environmental measures, has achieved significant results. F-LINE® is a “food company logistics platform” agreed to by Ajinomoto Co., Inc., Kagome Co., Ltd., The Nisshin Oillio Group, Ltd., Nisshin Foods, Inc., and House Foods Group Inc. as well as Mizkan Holdings Co., Ltd. in February 2015. It was created in

response to deepening logistics issues, such as a chronic lack of drivers and other logistics employees, increases in fuel and transportation prices, and efforts at environmental conservation such as reductions in greenhouse gases. Afterwards, the six companies launched the F-LINE® Project (consisting of a management group⁸ and three working groups: joint shipping, main route transport, and logistics systems) based on the idea of “competition through products and cooperation on logistics” and advanced consideration of the matter.

The joint shipping team began by advancing a joint shipping plan for dry goods (products stored at room temperature), and it initiated delivery operations in April 2016 in Hokkaido districts. The six companies combined the four transportation hubs they had in the same area into two locations, and the newly formed F-LINE CORPORATION (Head office: Kitahiroshima City, Hokkaido) provided joint storage and shipping of the products. At the same time, the information systems of the six companies were consolidated and logistics information was centralized, and logistics tasks such as product inventory control and arrangement of delivery trucks were made more efficient. This increased the loading efficiency of individual trucks and lowered the number of deliveries, which cut down fuel costs and greenhouse gas emissions while also reducing the burden of receiving goods at delivery destinations. Joint distribution of room-temperature goods was started in the Kyushu area as well in January 2019, with Kyushu F-LINE Co., Inc. handling management of the new site, which is the largest in Japan with over 40,000m² of floor space and is equipped with cutting-edge automation and energy-saving equipment. During this period, initiatives for decreasing the burden on drivers and the environment as well as improving efficiency were begun, such as A) relay transportation using large trailers, B) relay transportation with alternating drivers, C) making long-distance shipment containers and distribution vehicles in-house, and D) transportation of fruits and vegetables between East-West gateways⁹.

In addition, with regard to the reconstruction of mid- to long-distance main route transportation, beginning in March 2016, the Ajinomoto Group and Mizkan Holdings Co., Ltd. began two-way railway transportation between eastern areas (Kanto) and western area (Kansai). The outbound route (from Kanto to Kansai) transports our products from our Kuki Distribution Center to the West Japan Distribution Center; the inbound route (from Kansai to Kanto) transports Mizkan Holdings Co., Ltd. products from Mizkan Holdings Co., Ltd. Kansai No. 2 Distribution Center to the Mizkan Holdings Co., Ltd. Kanto Distribution Center. This brought the modal shift percentage for the routes to approx. 50% total for both companies, and it reduced CO₂ emissions by about 25%.

In April 2019, the distribution businesses of AJINOMOTO LOGISTICS CORPORATION, Kagome Buturyu Service Co., Ltd., a portion of House Logistics Service Corporation, F-LINE CORPORATION (Hokkaido), and Kyushu F-LINE Co., Inc. combined to form the New F-LINE CORPORATION (Head office: Chuo-ku, Tokyo). The new company became a middle-



F-LINE CORPORATION launch ceremony

Figure III-12: F-LINE CORPORATION launch scheme (April 2019)

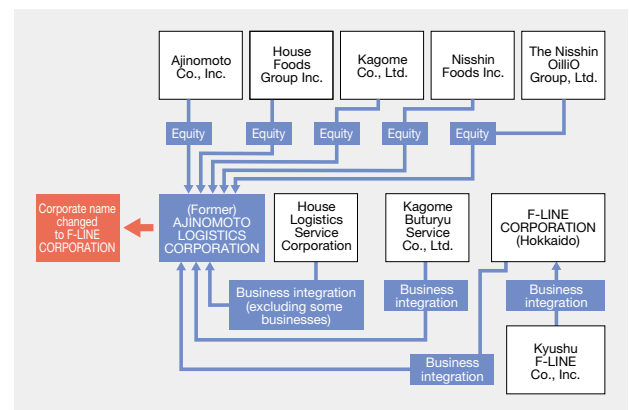
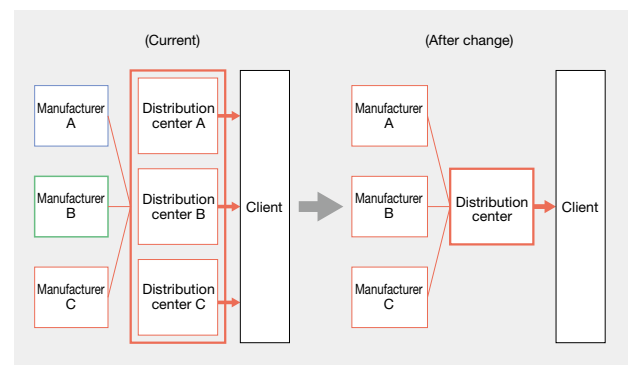


Figure III-13: Joint transportation concept



scale firm with capital funds of 2.48 billion yen (Ajinomoto Co., Inc.: 45%; House Foods Group Inc.: 26%; Kagome Co., Ltd.: 22%; Nisshin Foods Inc.: 4%; The Nisshin Oillio Group, Ltd.: 3%) and approx. 2,550 employees (as of April 2019), with approx. 600 trucks and sales of 98 billion yen. While joint transportation had been started in other industries as well,

8. An authorizing organization comprised of management members.

9. Round-trip transportation by a single truck between Tokyo and Osaka in which fruits and vegetables previously transported individually via multiple vehicles from eastern areas to Osaka and from western areas to Tokyo are gathered and reloaded in Tokyo and Osaka, respectively.

establishment of joint logistics company was an initiative that was significantly ahead of its time.

Joint research and development for on-site production of ammonia

Along with joint shipping through F-LINE CORPORATION, the implementation of the world's first on-site ammonia synthesis system is our initiative for contributing to reductions in both logistics costs and environmental impact. Tsubame BHB Co., Ltd. (Head office: Yokohama City, Kanagawa) was jointly established in April 2017 with the UMI No. 1 Investment Limited Partnership managed by Universal Materials Incubator Co., Ltd. (UMI; Head office: Chuo-ku, Tokyo), a fund company focused on the basic materials industry and chemical industry, and Professor Hideo Hosono, head of the Materials Research Center for Element Strategy at the Tokyo Institute of Technology. It is currently working to develop a small-scale ammonia production system. The advantage it offers is that it uses high-quality catalysts invented by a group led by Professor Hosono through the support of the Japan Science and Technology Agency (JST).

Ammonia is an important chemical compound that serves as a nitrogen source, and its gross annual global production amount exceeds 160 million tons, and 80% of this amount used as fertilizer ingredients, with the remaining 20% used for food products, medical products, and specialty chemicals. For ammonia production, the Haber-Bosch process (HB process) invented over 100 years ago is the primary method used, but over-concentration and mass production at large-scale plants that can withstand the high-temperature, high-pressure reactions of the HB process is inevitable. Also, in addition to the high capital investment, there is the disadvantage of high shipping costs piling up from the limited number of production sites.

To solve this issue, Professor Hosono and his collaborators utilized JST's strategic basic research program, to discover and invent a new catalyst that allows for highly efficient ammonia synthesis under low-temperature and low-pressure conditions. This makes production at small-scale plants possible and has brought us closer to achieving on-site production of ammonia, in which the necessary amount of ammonia is produced at the locations where it is needed.



Event marking the founding of Tsubame BHB Co., Ltd.

We use large amounts of ammonia as an auxiliary ingredient in the production of glutamic acid and many other amino acids, and we have implemented joint development related to practical applications with a focus on the new technology developed by Professor Hosono and his collaborators. If on-site production of ammonia can be achieved, we can improve cost competitiveness and reduce both the energy consumption due to shipping and the impact on the environment.

We plan to introduce practical applications of on-site production of ammonia at fermentation plants both in Japan and overseas around 2021. In the future, we hope to coordinate with a variety of partner companies and work to expand applications to agricultural fertilizers and so on so that we can contribute to society.

(3) A prosperous coexistence with society

Conclusion of naming rights contract for the National Training Center

In March 2003, we concluded a naming rights contract¹⁰ with Tokyo Stadium. It is the first contract with regards to a naming right for public facilities in Japan. This has led to the main stadium at the facility being named "*AJINOMOTO STADIUM*"¹¹, with the second field on the same site being called "*Aminovital Field*" (the neighboring west field has been called "*AGF Field*" since March 2019). The contract also established support for facility management costs, improvements to popularity among the young generations, and so on, which helped to create a new image for the **AJINOMOTO** Brand.

Based on these results, in May 2009, we acquired the naming rights to the National Training Center (Kita-ku, Tokyo), the nation's training facility for top athletes that was opened in January 2008, and named it the *Ajinomoto National Training Center* (nicknamed the *Ajinomoto TRESEN*¹²). We also acquired the naming rights to the nearby state-owned Nishigaoka Soccer Field in May 2012, naming it "Ajinomoto Field Nishigaoka."

The *Ajinomoto TRESEN* was constructed based on the Sports Basic Plan. It is managed and operated by the JAPAN SPORT COUNCIL (JSC) and primarily run by the Japanese Olympic Committee (JOC). It was designed based on three principles for improving competitive ability—training, nutrition, and rest—with the goal of improving the overall competitive strength of Japan's top athletes. It consists of the Indoor Training Center, Track and Field Training Area, and

10. A contract that allows a company to obtain the rights to add a brand name to a public facility in exchange for bearing the management costs of the facility, such as with sports facilities. It was first implemented in the U.S. around the latter half of the 1990s. Because the facility is public, the contracted company is asked to maintain the contract for a long period of time and committed to improving its image.

11. A Tokyo Metropolis's multi-purpose sports facility completed on the former site of airfield in Chofu City, Tokyo in 2001. It is used for various events and is the home ground for F.C.TOKYO and Tokyo Verdy of the J. League football league.

12. Management and operations are all handled by the JAPAN SPORT COUNCIL (JSC), which operates the Japan Institute of Sports Sciences (JISS).



National Training Center - West

National Training Center - East



SAKURA Dining

Indoor Tennis Courts, training areas separated by sports in accordance with International Sports Federation standards, as well as an “Athlete’s Village” equipped with a dining hall and lodging facilities. This allows for athletes to engage in concentrated and sustained enhancement activities all at a single location.

“SAKURA Dining (nicknamed the *Kachimeshi*[®] Dining Hall),” established within the center’s nutrition-managed dining hall, aims to help athletes attain the body condition they need by having them think about not what they will eat, but what they are eating it for.

In May 2017, we renewed our naming rights through the end of March 2025 and committed ourselves to supporting athletes long-term. Moreover, in December 2019, we obtained the naming rights to the “Indoor Training Center East,” which was newly opened as a joint facility for Olympic and Paralympic sports.

Support for the Japan’s Olympic and Paralympic delegations

We concluded a partner contract with JOC in February 2003 and began the “*VICTORY PROJECT*,” which enhances support for athletes, with JOC in June of the same year. At the time, because *amino VITAL*[®] was the only contract category covered, it served as an initiative for promoting the popularization of amino acids. Since the 2004 Summer Olympics in Athens, members of the *VICTORY PROJECT*[®] have been coming to sports sites and lending intensive support to all the teams representing Japan.

From 2009, seasonings, soups, sweeteners, and frozen foods were added to the contract categories.

In 2016, we concluded a Tokyo 2020 Olympic/Paralympic Games partnership contract¹³. We provide the *Kachimeshi*[®] nutrition program, which consists of foods and amino acids prepared with *HON-DASHI*[®], *amino VITAL*[®], and other products, to eight teams, including swimming, badminton, karate, and five-person soccer (blind football), in addition to individual athletes, including figure skater Yuzuru Hanyu, competitive swimmer Daiya Seto, table tennis player Mima Ito, badminton player Nozomi Okuhara, and Paralympic track-and-field athlete Tatsushi Yamamoto.

Support entails repetitions of cycles in which information and education are provided. The athletes get to personally experience *Kachimeshi*[®], apply it during their enhancement periods, and then utilize it during actual competitions. Plans are proposed to solve specific issues, each athlete is facing, to help them achieve their goals, and nutrition intake strategies are provided for actual competitions as well.

In the case of competitive swimmer Daiya Seto, his goal was attaining representative rights for the 400m individual medley at the 2016 Summer Olympics in Rio de Janeiro and earning the gold medal, and he was severely restricting his food intake in order to obtain a light frame with little resistance. As a result, he didn’t have enough energy during practice, and his condition deteriorated. In February 2016, a member of the *VICTORY PROJECT*[®] whom Seto consulted about this issue made plans to improve the nutritional makeup, amount, and timing of meals and supplementary meals. This led to an immediate improvement in Seto’s condition, helping him recover his form, and he earned representative rights at the qualifying trial in April, earning a bronze medal in a splendid display at the 2016 Summer Olympics in Rio de Janeiro in August. Afterwards, our *VICTORY PROJECT*[®] further enhanced its support of Japan’s competitive swimming representatives with a focus on Seto in preparation for the Tokyo 2020 Olympic Games. The formulation and implementation of an amino acids-centered nutrition strategy that incorporates cutting-edge nutrition science contributed to a reliable improvement in competitive ability. There are few examples of a company implementing such initiatives either in Japan or overseas, and we have attracted attention not only from Japanese consumers, but also the sports fields of various countries.

13. We are an official partner of the Tokyo 2020 Olympic and Paralympic Games and the JOC/JPC (cooking condiments, dehydrated soup, amino acid based granules, prepared frozen foods and coffee beans).

Figure III-14: *Kachimeshi*® concept explanatory materials for athletes

Kachimeshi® Concept

Menu items are chosen based on **what one is eating for** rather than what one eats. *Kachimeshi*® is a practical nutrition support program to help athletes win.



Meals and supplementary meals are recommended to eat with timing and purpose in mind.

Kachimeshi® Technique 1

The “Five Rings Strategy” for Food Fundamentals



The “Five Rings” refer to the five dishes one sees on the table.

Eating a balanced meal using the “Five Rings” is the fundamental paradigm for meals.

Kachimeshi® Technique 2

Stoking the Appetite: The “Soup Strategy”



Soups are vital! Beginning your meal with a soup with a lot of umami can prepare your stomach to start digestion.

How umami works: Useful for digestion and protects the stomach and intestines

Utilizing umami

Kachimeshi® Technique 3

The Password for Athlete’s Food: “MAGONIWAYASASHII”



Food should be **enjoyable**, make you **happy**, and be shared with **everyone**.

Introducing *Kachimeshi*® to consumers

Based on the results from providing *Kachimeshi*® to these kinds of top athletes, we began an initiative for consumers as well in 2013.

First, in July of the year, we published the recipe book entitled “The Food Program for Japan Olympic Athletes: Bolstering the Next Generation through *Kachimeshi*® Recipes” (Shogakukan Inc.). And in 2016, “Let’s Make *Kachimeshi*®!” was newly added to the integrated site “**AJINOMOTO PARK**,” which made the following content available:

- As the basics for making *Kachimeshi*® for the family: A) ensure you get enough protein to build a healthy body, B) get plenty of vegetables to maintain your body’s condition, and C) eat soup, which is easy to make and allows everyone to get the required ingredients and nutrients
- Features that include tips for simple ways to prepare *Kachimeshi*®, recommended menus and nutrients depending on your goals, and *Kachimeshi*® meals eaten by top athletes

The section on goal-based nutrition provided recipes supervised by certified nutritionists based on different objectives, including content aimed at students involved in school sports on how to get their



Kachimeshi® promotions in stores

body in shape to win in sports, and content focused on students studying for entrance examinations (health management, pre-exam preparation). It also incorporated videos and other contents.

To encourage the spread of this information, we ran two types of online advertisements in February 2018 with a focus on websites with many mother viewers. By engaging in trial and error, which involved efforts such as utilizing popular sports athletes, we increased our view counts. We promoted our relationship with top athletes by making full use of social media sites such as Twitter, sending out messages of support to coincide with matches, and other efforts, achieving a 60% awareness rate among the mothers of junior high and high school students in 2019. Moreover, we also tried to hold a “soup recipe contest” and other participation-type events, and we plan to strengthen our PR aimed at children.



Kachimeshi® brochure aimed at consumers



In-store promotions that were implemented through coordination between branch offices and retailers throughout the country have also played a significant role in raising awareness of *Kachimeshi*[®]. Our efforts to develop these measures into proposals for solutions to the nutritional issues, each municipality is facing, led to the number of participating stores effectively rising to 60,000 in FY2019, a major expansion.

We are working to raise awareness in a variety of ways, including a *Kachimeshi*[®] classroom for elementary and junior high school students, a *Kachimeshi*[®] study session in collaboration with sports associations, awareness-raising activities that include briefings at nationwide nutritionist seminars, getting major restaurant chains to offer *Kachimeshi*[®] menu items by appealing to the food service industry, and providing *Kachimeshi*[®] menu items at dining halls for employees and students.

Spreading *Kachimeshi*[®] from Japan to the world

Additionally, in 2018, the members of the *VICTORY PROJECT*[®] gradually began to implement the following kinds of activities to spread *Kachimeshi*[®] around the world.

Thailand: Supporting the women's national volleyball team

Indonesia: Supporting the competitive swimming representative (1 athlete)

Singapore: Supporting the national competitive swimming team

The Philippines: Supporting the karate representative (1 athlete) and pole vault representative (1 athlete)

Malaysia: Supporting the students at the oldest national sports school in the nation

Brazil: Concluded a contract with the nation's Olympic and Paralympic Committees to support its representatives

Through these efforts, *Kachimeshi*[®] have begun to spread to athletes around the world.

The Ghana nutrition improvement project

The Ghana nutrition improvement project, which began in 2009 as the Ajinomoto Group's 100-year anniversary project, intends to put into practice our function as a social business while applying the enormous amount of knowledge about food products and amino acids that we have accumulated since our founding towards solving the serious issue of malnutrition in developing countries. We aim to contribute to improving children's nutrition by developing nutritional food products and manufacturing and selling them through local companies.

As of 2016, nearly 10% of the world's workers subsist on their daily earnings of less than \$1.90 per person (International Poverty Line) to live with their families (estimated 783 million people total), and they are primarily located in South Asia and Sub-Saharan Africa (December 2018, United Nations). In these countries, the stunted development and high death rate facing infants is particularly severe. The key to addressing these issues is believed to be the nutrition obtained within the three-

year period from conception to the child's second birthday, or the first 1,000 days of life. If development is stunted during this period, it is said to be difficult to make up for it afterwards.

In Ghana, as a result of poor nutrition beginning six months after birth, when infants start to be fed with baby food, approx. 30% of two-year-olds show stunted height, delayed intellectual development, and other issues. We attempted to overcome this situation by spreading nutritional food products that can be added to KOKO (a gruel made from fermented corn), a traditional Ghanaian baby food that lacks protein and micronutrients, thus addressing the lack of nutrition during the weaning period of six months to 24 months after birth.

According to recommended nutritional requirements from WHO and other sources, the grain-based KOKO baby food lacks energy, protein, and micronutrients. To address this, we developed "*KOKO Plus*[®]," a nutritional food product that contains amino acids and is added during the KOKO preparation process to supplement missing nutrients. We obtained permission from the Ghanaian government to conduct a nutritional effect confirmation test and manufacture *KOKO Plus*[®], and we conducted trials in multiple villages. This showed that *KOKO Plus*[®] was most effective for preventing stunted height, and it was also shown to be effective for preventing anemia.

The distribution model test was implemented for a year using a combination of the two activities below:

- A) Sales through networks of saleswomen in northern rural areas through cooperation with CARE¹⁴, an international NGO
- B) Generating demand through social marketing in the southern regions and selling through normal retail outlets

Through these activities, we learned that utilizing saleswomen in northern areas was greatly effective in raising receptivity to *KOKO Plus*[®], and that providing nutritional education at places such as public health centers and utilizing local radio were effective for social marketing in the southern areas. As for the project's future developments, we have been considering coordination with the NGO World Vision and the JOICFP¹⁵, as well as public institutions such as the Japan International Cooperation Agency (JICA), the U.S. Agency for International Development (USAID), and the World Bank.



KOKO Plus[®]

14. An abbreviation of Cooperative for Assistance and Relief Everywhere.

15. Japanese Organization for International Cooperation in Family Planning. It is a public interest incorporated foundation founded in 1968 in response to a demand for the experience and know-how related to family planning and maternal and child health in postwar Japan to be shared with developing countries. It engages in international cooperation activities that protect the lives and health of women and expectant mothers around the world.

In this way, the project is making radical expansions in its partnerships, and it was transferred to THE AJINOMOTO FOUNDATION (TAF) when it was founded in August 2016 (recognized as a public interest incorporated foundation in April 2017; see p.72), where it continues to be implemented.

Promoting a project to establish a nutrition-related system in Vietnam

In August 2012, as a part of our initiatives for training nutritionists in Vietnam, we concluded a memorandum of understanding with Hanoi Medical University and the country's National Institute of Nutrition related to the establishment of endowed courses with the purpose of training leaders in nutrition education. There were no nutrition departments at universities in Vietnam at the time, and nutritionist certification had not yet been established. To address this, our Institute for Innovation began the Vietnam Nutrition-system Establishment Project (VINEP) in collaboration with Vietnam's National Institute of Nutrition in 2009. For two years beginning in 2010, we began initiatives aimed at establishing the education system through cooperation with Teiji Nakamura, chairman of The Japan Dietetic Association (and Dean of Kanagawa University of Human Services), and Professor Shigeru Yamamoto of Jumonji University.

The endowed courses began in October 2012, and we also received approval to establish Vietnam's first four-year nutrition science baccalaureate degree program at Hanoi Medical University in November. 47 students enrolled for the first term in September 2013, with graduates making their debuts as nutritionists starting in 2017. During this time, we offered training for instructors and students in Japan, and supported training both locally and in Japan for relevant individuals for the establishment of a nutritionist job code in Vietnam (October 2015).

This project was transferred from Ajinomoto Co., Inc. to TAF in April 2017.

Vietnam school meal project

We expanded its operations to Vietnam with the founding of B&W Vietnam Co., Ltd. in February 1991 (renamed AJINOMOTO VIETNAM CO., LTD. in 1994). In 2006, as a part of the AIN Program (see p.72), we supported a project to improve children's nutrition in the northern mountainous region of Vietnam run by Save the Children Japan, which deepened our involvement.

There were no laws or nutritional guidelines for school meals in Vietnam, and elementary school lunches were left up to the schools. For this reason, there were a variety of nutrition-related issues, such as children primarily in rural communities not receiving the necessary nutrition while the number of obese and overweight children in cities increased.

To work on a fundamental solution to these conditions, AJINOMOTO VIETNAM CO., LTD. approached the Department of Education and Training and health centers in Ho Chi Minh City and began a project with the following goals:

- Improve lunches prepared at all elementary schools within five years
- Support healthy growth with menus that provide nutritional balance
- Support hygiene management during the cooking process and training for kitchen staff to provide lunches that are safe and can be trusted
- Support food education that provides accurate information to children and guardians about meals and nutrition

For the project, the members of the company's public communications team started by observing practices at Japanese schools, such as lunch menu creation, food preparation, kitchen staff training, and self-service by students on school lunch duty. Upon returning to their country, they worked with the Vietnam Ministry of Health's National Institute of Nutrition and decided specific goals for the nutritional content balance and portions tailored to the lower, middle, and upper school grades. They also promoted specific measures that included the development of menus consisting of main dishes, side dishes, staple foods, soups, and desserts, following up on progress at schools and responding to concerns, giving three-minute lessons on food prior to lunch, and the installation of example kitchens at model schools.

These efforts resulted in a significant increase in awareness of the importance of lunch at government agencies, and activities expanded to the hub cities of Da Nang, Hai Phong, and Hanoi in addition to Ho Chi Minh. In addition, AJINOMOTO VIETNAM CO., LTD. continuously provides scholarships that cover annual school fees.

In January 2017, it was decided that menu creation software developed by AJINOMOTO VIETNAM CO., LTD. would be introduced at all elementary schools in Vietnam with cooking facilities (3,880 schools). The reference menu incorporates items that use AJINOMOTO VIETNAM CO., LTD. products, and it was hoped this would contribute to sales increase.

In FY2017, AJINOMOTO VIETNAM CO., LTD. launched a Kindergarten Meal Project and established nutrition goals aimed at kindergarteners. In addition, the menu creation software was updated for consumer use and shared with the guardians of elementary school children in FY2018. In FY2020, the company has provided an environment on its website that allows households to use the software, and it has encouraged use with a system that allows for one-click purchases.

This series of initiatives has been picked up by a number of media outlets, which has led to an increase in corporate brand value. AJINOMOTO VIETNAM CO., LTD. is confronting social issues head-on and has established its ASV (see p.63) themes for Vietnam as A) improving the state of citizens' nutrition for healthy living, B) developing food resources in the agricultural field, and C) raising awareness among employees about energy conservation and resource conservation.

The founding of THE AJINOMOTO FOUNDATION (TAF)

We established THE AJINOMOTO FOUNDATION (TAF: Kyobashi, Chuo-ku, Tokyo) in August 2016 with the goal of contributing to improved nutrition through food. In April 2017, TAF was certified as a public interest incorporated foundation, and the food-based social action programs and business activities to address social issues that had been managed by us were transferred to the foundation.

The improvement of nutrition is considered a key issue among the SDGs promoted by the United Nations (global targets for sustainable development) as well, but it is difficult for individual company to resolve social issues on their own, so coordination with the international and local communities, which includes national and regional governments and non-profit organizations, is vital. Ever since the founding, we have created shared value based on the philosophy of “Eat Well, Live Well.,” but it decided that having TAF take over its activities would be more appropriate in terms of facilitating the deepening of cooperation with NPOs, governments, and other entities on improving nutrition in low-income countries and providing restoration efforts in disaster areas.

TAF promotes the following four core projects in an effort to contribute to global society:

- A) Projects for improving nutrition in low-income countries - The Ghana nutrition improvement project
- B) Projects that support food and nutrition (Ajinomoto Foundation International Program for Nutrition: AIN Program): Soliciting projects publicly that aim to improve food and nutrition and, after screening and inspecting the offered projects, assisting Japan's and overseas NGOs, NPOs, educational institutions, and other entities. The preceding organization, Ajinomoto International Cooperation Network for Nutrition and Health (AIN), was established in 1999 as a committee providing support for international cooperation activities in the areas of food, nutrition, and health within our social contribution activities, and it consists primarily of external experts in nutrition and international cooperation.



AIN Program

- C) Project to establish nutrition-related systems in low-income countries: This project was transferred from (former) our Institute for Innovation. Based on its achievements thus far (establishing university courses for training nutritionists and establishing an official job code), it has cooperated with the Vietnam National Institute of Nutrition to support the establishment of rules for evaluating nutritionists' work (Nutrition Standards). It is also planning initiatives to expand the number of universities offering the course (from two to ten) and establish a Nutrition Education Center to serve as the core of nutrition education.
- D) Disaster area restoration activities - Health and nutrition seminar project: Until its termination in March 2020, the “Fureai Red Apron Project” began in October 2011 to help with the Great East Japan Earthquake reconstruction effort and provided over 4,000 opportunities for people to cook, eat, and speak together. It currently provides recipes to organizations who wish to implement initiatives and conducts safety and hygiene training for their staff.

(4) Strengthening corporate governance and promoting the information disclosure

Governance system enhancement and an open management system

Corporate governance increased attention in the early 2000s against the backdrop of the advance of globalization, consecutive internal and external corporate scandals, the increase in group management via holding company systems, and the rapid rise in information leaks, harassment, and other issues. It is recognized as an important factor in the thorough implementation of management policy to prevent corrupt practices, and to improve competitiveness and profitability to increase long-term corporate value. Japan's Stewardship Code was established by the Financial Services Agency in February 2014, and the Corporate Governance Code was published by the Financial Services Agency and the Tokyo Stock Exchange, Inc. in March 2015 and subsequently applied to stock listed companies in June the same year.

We have also worked to strengthen corporate governance to achieve sustainable growth through the creation of unique value via our ASV initiatives (see p.63). Under the system, the Board of Directors oversees business execution from the perspective of shareholders and society based on audits by Audit & Supervisory Board and other entities. As indicated in Fig. III-15 and Table III-4, the Board of Directors, the committees that report to the Board of Directors, and other entities have implemented measures to strengthen governance.

Actively promoting dialogue with stakeholders

The advance of globalization in corporate management starting in the 2000s has propagated the concept of stakeholders (parties with a stake in corporate management, including consumers, business partners, employees, shareholders, creditors, suppliers,

Figure III-15: Corporate Governance System

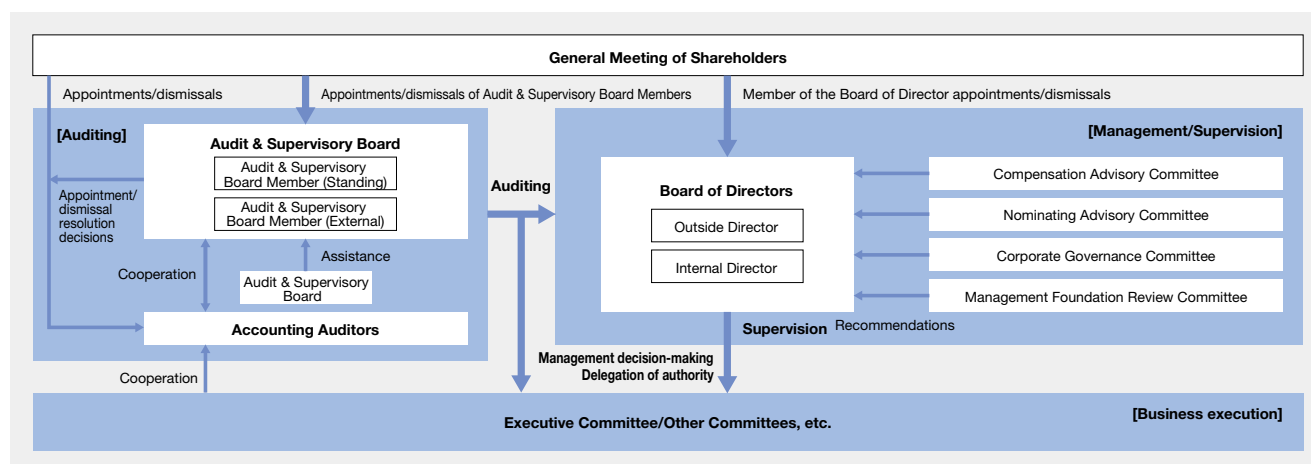


Table III-4: History of Corporate Governance Enhancement

System		2009	2011	2015	2017	2019	Key points
Board of Directors	Response		Female outside director appointed	External added	Decrease in members	Non-executive members comprise majority	We promoted the creation of an open management framework, such as by appointing more female members and external members to increase their ratio. The increase in the number of non-executive directors resulted in increased separation from business execution.
	Number of external/total	2/15	3/14	3/14	3/9	3/9	
Compensation/Nominating Advisory Committee				Specification of provisions			Members of both committees are chosen from Members of the Board of Directors and Corporate Executive Officers, and Outside Directors comprise the majority. It was described that the committee chairs should be chosen from among the Outside Directors.
Corporate Governance Committee					Newly established		Established to maintain and improve sound management and corporate governance. It is set forth that committee members are chosen from Members of the Board of Directors and Corporate Auditors, with the majority of external members and the committee chair being chosen from external members.
Management Foundation Review Committee					Newly established		Established to formulate the strategic direction of the Group management and reinforce the management foundation across the Group. It consists of three Representative Directors and one non-executive Internal Director, with the President serving as chairperson.

*We maintain a system whereby three of the five members of the Audit & Supervisory Board are external members for the duration of the period.

communities, and administrative bodies) widely throughout society. Japanese companies responded to customers, employees, society, and other stakeholders to a certain degree, such as through their “customers first” principles, bottom-up organizational management and labor-management cooperation, and working for the benefit of everyone. However, being responsive towards shareholders was often undervalued. In addition, employees were being asked to change as well in response to transformations in the organizational environment required to keep up with global developments and rapid decision-making.

At Ajinomoto Co., Inc., Masatoshi Ito paid attention to this issue after becoming President & CEO. He established a “CEO Headline” to convey his own thoughts and attitudes to employees, and he actively collected information through discussion with young researchers. He also increased direct engagement based on taking the initiative to share information with stakeholders in and outside of Japan and investors rather than simply disclosing it, and ESG briefings and other events were held to actively explain policy and strategy (see p.13).

The current President & CEO Takaaki Nishii, not only followed suit, but held events such as the World Umami Forum (see p.80) to enhance information sharing and dialogue with



An small meeting between the President & CEO and analysts

regard umami seasonings and MSG, which are central to the Company’s businesses and competitiveness, and advance efforts to eliminate misunderstandings and bias.

Publishing the Integrated Report

We used to share information with its stakeholders, which includes shareholders and investors, through its “Shareholder Report,” which focuses on financial and business affairs, and its “Sustainability Report,” which focuses on non-financial activities such as ESG. However, as ESG investments

underwent a rapid expansion, the importance of non-financial information grew, and there grew a demand for a report that integrated financial and non-financial information and covered all aspects of management.

To address this, we published a “Financial Report” in 2015 that included our ASV philosophy in addition to financial information. Beginning in 2016, we started to publish an “Integrated Report” that combines our company’s unique philosophy of value creation and details about our activities in story form. This was a part of an effort to enhance our long-term corporate brand value. We consider the Integrated Report to be the primary communication material, with the “Sustainability Data Book,” IR Data Book (from 2017), Financial Statement, and Corporate Governance Report serving as secondary communication materials. We disclose an extensive amount of information, including through our website.

Introduction of IFRS

We began applying the International Financial Reporting Standards (IFRS), beginning with the consolidated financial statements in its FY2016 Financial Statement.

The IFRS are accounting standards established by the International Accounting Standards Board, and they were withdrawn once after the Financial Services Agency had announced their adoption in April 2011. However, the Ajinomoto Group, which aspires to become a GGSC (see p.62), decided that global accounting standards are essential from the standpoint of A) comparing company financial information internally and externally and B) improving communication with overseas stakeholders. Thus, ever since the Group decided to introduce them in September 2011, it has worked to advance their thorough implementation regardless of surrounding circumstances.

Implementation took place in three phases, with the

response to lease-related items signaling completion:

Step 1: FY2013 (the recording method of sole agent sales and related to retirement benefits)

Step 2: FY2014 (sales promotion costs, depreciation of tangible fixed assets, standardization of administrative accounting across the Group, standardization of operation of intangible assets across the Group, standardization of range of consolidation and accounting term)

Step 3: FY2016 (handling of debts and impairment losses, definitions and settings for goodwill and operating and business profits)

Our Group companies are working quickly on implementation, with the objective of sharing appropriate information with Japan and overseas shareholders and investors as a GGSC.

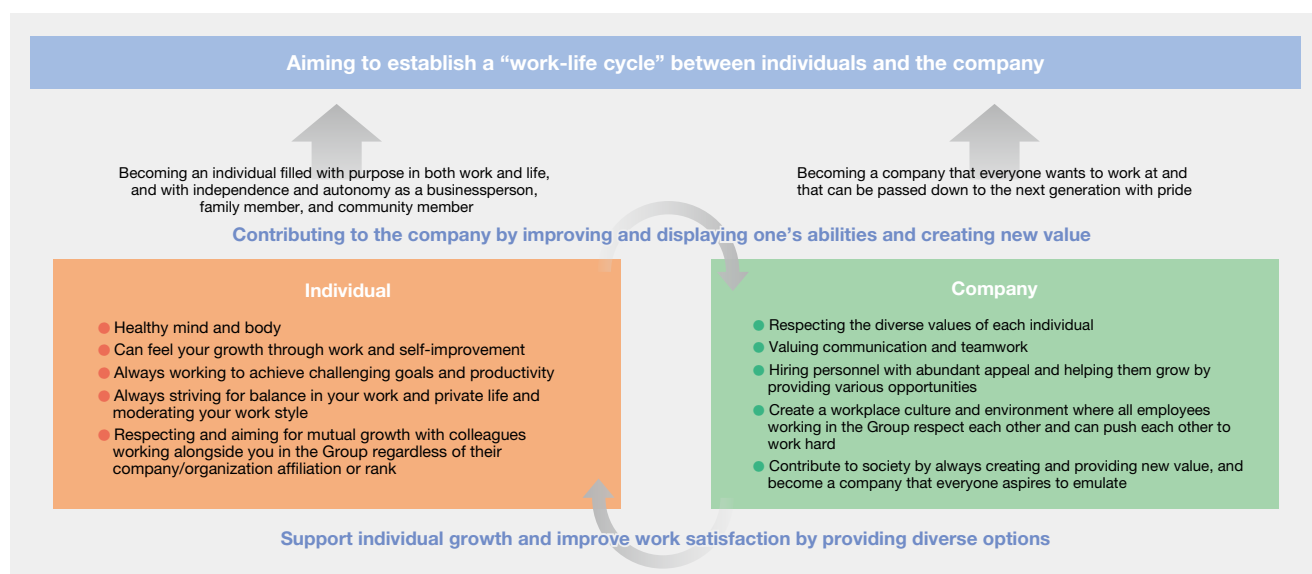
(5) Personnel training, job assignments, and utilization WLB vision formulation and work-style innovation

In our pursuit to become a GGSC, it is also important that the pledge to “Value People,” as declared in the Ajinomoto Group Way, is applied to employees. The Company has valued people in a number of ways throughout its over 100-year history, and this is made clear in the message passed down within the Human Resources Dept., “Never stop believing in people’s potential and make sure to utilize them.”

In addition, as one of the leading companies in the food industry, if we were to provide a comfortable work environment for a variety of personnel, and break away from the male-centric Japanese work tradition of long working hours, it would have an impact on the Group companies, the food industry, and all of society. This also creates and provides social value for changing business society, and links with ASV.

Based on this mindset, we formulated the “the Ajinomoto

Figure III-16: The Ajinomoto Group work-life balance vision



Group Work-life Balance (WLB) Vision” in 2008 (see Figure III-16) and have promoted initiatives to make it a reality.

To achieve the five aspects of an ideal Ajinomoto Co., Inc. employee starting in FY2012, we began initiatives focused on the workplace and launched “Work@A: Ajinomoto-style Work-style Innovation” in FY2013. In FY2014, we implemented specific initiatives that included A) considering and creating a mechanism for telecommuting, etc., B) promoting independent workplace initiatives such as workshops for facilitating mutual understanding, and C) awareness-raising activities for promoting good examples of workplaces across the organization. In FY2015, we continued by tying these efforts in with diversity and health and productivity management, and we created a system and culture that allows for personnel with a variety of time and other restrictions to take an active role.

2009: Introduced re-employment system

2010: Extended the usage period for Child Care Short Time Shift (up until end of third grade of elementary school); made 15 days of childcare leave into paid leave

2011: Assignment of first female corporate executive officer, general managers in business departments, and Member of the Board; changed head office closing hour from 10 p.m. to 9 p.m.

2012: Began initiatives to improve WLB with workplaces taking the lead (programs formulated by each department)

2014: Introduced super flextime (flextime system without setting core time), paid time off by the hour, telecommuting (working from home, etc.)

2015: Formulated a “Diversity & WLB Concept,” launched the “Ajinomoto Women’s Council,” provided free morning meals at the head office cafeteria, changed head office closing hour from 9 p.m. to 8 p.m.

Systematic development of support for independent career design by employees

In the FY2014 - 2016 Medium-Term Management Plan, development of a “solid and large class of global human resources” was set forth as one aspect of establishing a management foundation with an eye towards a GGSC. The goals set were as follows:

- A) Form a group of approx. 200 future management personnel (by FY2016)
- B) Select, hire, and train global management personnel and local specialists to establish a diverse management base
- C) Raise ratio of locally hired overseas executives to 50% and ratio of female managers to 20%

Achieving these goals requires personnel management that can forge win-win relationships by linking individual autonomous growth with corporate growth. Employees should take stock of what they’ve learned from their experiences since entering the Company, make efforts to think about their qualifications and career plan and improve their knowledge and skills. The Company should make position requirements clear, identify

and appoint appropriate personnel, and formulate and execute a training plan. This system and change in mindset will also allow the early promotion of talented personnel through mutual efforts and communication.

The Human Resources Dept. Career Support Group launched in July 2012 has actively supported the development of independent careers for self-fulfillment in anticipation of the advance of globalization and the increase in senior employees and decrease in young employees 10 years in the future. Its main duties are to provide mechanisms and learning opportunities, ensure effective operation, and offer specific support. Consultations, training plans, and so on were carried out while abiding by the following principles when performing duties: A) respecting the individual, B) being supportive, and C) respecting privacy.

The public recruitment system, career development interviews with superiors, and other programs were systematized as well, and a “self-carrier development support system for managers” was begun (April 2014) in anticipation of those who seek a second career after retirement. We made systematic preparations to support autonomous career selection and the maintenance of motivation, such as middle-age career training for interested 42- and 43-year-olds, upper-middle-age career training for those between 52 and 57 years old, follow-up interviews and individual consultations, and life planning seminars (applicants can attend with their spouses). This allows participants to choose from A) re-employment, B) shifting careers to other organizations, C) making their own plan (early retirement), and D) temporary staffing in anticipation of retirement age, charting their own path while receiving support from the Company.

Training for this kind of independent career design was conducted for all age groups by FY2016.

- Career design creation lectures for new employees
- Career path training for young women held jointly by food product manufacturers
- Career path training for those in their 30s
- Career path coaching training for female managers
- Middle-age career path training for managers and non-managers
- Career path training for upper-middle-age individuals

The training places more emphasis on linking individual growth and corporate growth and forging win-win relationships the younger participants are. The goal of the “career path coaching training for female managers” is to increase the number of female employees who want to become a manager and create a base for utilizing and assigning jobs to women. We also published the “Career Design Handbook” in September 2015 and used it as a guidebook to prepare for enrichment of the annual career development interviews.

Other initiatives included enhancing career counseling by training internal counselors, and in 2014, 12 members of the Human Resources Dept. Career Support Group successfully passed the CDA (Career Development Advisor) certification exam. We also worked to enhance practical skills through the

implementation of training to improve career counseling skills.

For this series of initiatives, we won the grand prize at the 5th Japan HR Challenge Awards (hosted by the Japan HR Challenge Awards Executive Committee) in April 2016.

Creating a new platform for talent

For the Ajinomoto Group to continue to protect its tradition of “Value People” while aiming to become a GGSC, it was important to appropriately utilize the diverse array of talent in our overseas businesses, which comprise over two-thirds of employees and the majority of our sales.

It was thus imperative to make major posts and key talent visible to create a global talent platform to allocate the right personnel to the right place. Besides clarification of the job descriptions, job requirements, and personnel requirements that are necessary to advance our business strategies, the platform must be a transparent and fair mechanism for sharing information about various talent and enabling their discovery, training, and job assignments.

The creation and management of this platform was the primary responsibility of the Global Human Resources Management Dept. (now Global Human Resources Dept.) established in April 2016. Creating a new platform for talent primarily involves:

- A) Shifting from “preparing the right positions for the talent” to “finding the right person for the position”
- B) A shift towards agility-focused strategic planning and promotion from build-up business style that ensures diverse talent for the creation of innovation and by making leadership requirements clear

The creation and execution of a work blueprint to usher in the transformation that will achieve A) and B) (overall picture/schedule for reform work) became essential. The schedule proceeded according to the following outline:

FY2016: Position management (job grade system [see p.77], formulating job descriptions, identifying GKP [Global Key Positions]), talent management (talent finding, hiring and promotion)

FY2017: Organizational reform (Promotion of ASV and implementation of employee engagement survey, global policy for organization creation)

FY2018: Performance management (evaluation criteria, feedback cycle, global remuneration policy), personnel management

Among these, for position management and talent management, a Group-wide personnel management system was implemented in April 2016. In addition, through the creation of the organization, the number and rank of the subordinates led by managers were decided, and a policy of conducting management and training in an appropriate manner and aiming for mobility and rapid decision-making was established.

Advancing diversity through job assignments for women and other efforts

As previously described, in the FY2014 - 2016 Medium-Term

Management Plan, developing a “solid and large class of global human resources” was set forth as one aspect of establishing a management foundation with an eye towards becoming a GGSC. The goals set were to A) Form a group of future management personnel, B) utilize global management personnel and local specialists to establish a diverse management base, and C) raise the ratio of locally hired overseas executives to 50% and female managers to 20%.

A global management system and other initiatives were created to utilize overseas talent. In addition, to facilitate job assignments for women, we set a goal of becoming a company in Japan with the most women actively participating in the workplace. Starting in FY2015, we launched the “Ajinomoto Women’s Council” as a framework for the promotion of this effort, with members consisting of HR personnel from various departments, personnel from business departments, and labor union members. The organization issued a proposal to members of management in regard to a course of action for identifying and resolving issues based on the actual thoughts and circumstances of those in workplaces, and it urged an expansion of the system and reform of the HR system. A seminar for supporting work-life balance was held, and a nursing room was installed at the head office in the Kyobashi area, among other initiatives.

However, we were unable to achieve the specific numerical targets for the C) diversity initiative, so in the FY2017 - 2019 Medium-Term Management Plan, we continued to pursue our goals with the addition of encouraging mid-career hiring of personnel with professional expertise. Given that unrecognized biases in particular create barriers to achieving diversity, we implemented unconscious bias training starting in March 2018, with President & CEO Nishii himself taking the lead in working to advance the promotion of women in manager career paths. There was also an active push to appoint more female executives, and we joined the “30% Club”¹⁶ Japan” launched in



Announcement of the FY2019 Nadeshiko Brands and Semi-Nadeshiko Brands held on March 22, 2019

16. A non-profit campaign that began in England in 2010. It aims to improve the ratio of women in important decision-making bodies at companies (including boards of directors).

May 2019 to demonstrate our commitment to achieving 30% (see the table on p.41 to read about its progress).

Job grade system for managers

As the first step of preparing the global talent platform, the Managers' Job Grade (JG) was established and implemented to provide a base for "finding the right person for the position."

We introduced a job grade system in 2010 with global management in mind, as nearly uniform requirements with global key talent. The four grades that were initially implemented were:

GEM: Business department general managers, HR/finance department general managers, top management of the Group companies in Japan and overseas

JG1: Head office assistant business department general managers, executives/business department general managers at the Group companies in Japan and overseas

JG2: Head office section chiefs, general managers at the Group companies in Japan and overseas

JG3: Head office senior staff, section chiefs at the Group companies in Japan and overseas

Employees of the Group companies were also assigned a grade depending on the size of their company, their role, and the importance of their responsibilities. The future management personnel described in the FY2014 - 2016 and FY2017 - 2019 Medium-Term Management Plans are chosen from among these personnel, and they are narrowed down through training and assessments. There are currently six grades (GEM + JG1-5).

Concurrently with this system, a database with information on key personnel was shared with management and HR personnel at our main overseas Group companies. By the end of FY2018, the key positions at our main Group companies in Japan and overseas were identified, the job requirements were clarified, and the foundation for "finding the right person for the position" around the world is being built.

Launch of the Ajinomoto Group Academy

Along with the introduction of the Job Grade (JG) System, education and training for outstanding talent was conducted for each grade beginning in 2011.

The first session of the Global & Group Leadership Seminar (GGLS) for those in the JG1 grade was held from February to July 2011. There were about 25 spots, and it was attended by assistant department general managers from the head office as well as executives and general managers at the Group companies in Japan and overseas. The session involves sharing the Ajinomoto Group Way, dialogue with the Group executives, case studies of global companies, action learning about the Group's global issues, and presentations in front of members of the talent committee. Management sensibilities are cultivated over the course of three days of lectures, an interim report session, and two days of presentations. The lectures are conducted in English (with simultaneous Japanese interpretation) for the most part.

The Ajinomoto Global Future Leader Seminar (AGFLS) held in September is a training session for executive candidates aimed at those in the JG2 grade. Participants distill their vision into a strategy and learn how to exercise influence that can propel the organization in the future. While there are 25 spots, 30 individuals from 16 countries (six Japanese) attended the first session. For those in JG2 and JG3 in Japan, the Ajinomoto Group Leader Seminar (AGLS) is available as well.

In addition to the aforementioned, for those in the JG3 grade, there is also the Ajinomoto Regional Leader Seminar (ARLS) for young leaders at each regional office, and there is the Ajinomoto Global Future Leader Seminar Jr. for non-managers. We thus established a system for fostering leadership step by step.

Furthermore, for officers and GEM (Group Executive Managers: department general managers and top-level personnel at the Group companies in Japan and overseas), we conduct executive training 13 times a year, which allows us to constantly promote improvement of capabilities among our

Table III-5: The Ajinomoto Group Academy main programs (April 2018 onward)

Name of training	Purpose	Target and number of participants	Frequency and training period	Contents
Global Leaders Seminar (GLS)	Discern future trends from a broad perspective and strengthen leadership based on the Ajinomoto Group Vision	Target: Ajinomoto Co., Inc. assistant general manager and Group company executives/general managers Participants: Around 25	Once a year, eight days	Obtain the latest knowledge, internal case studies, panel discussions with the Group management, the Group proposals for management through action learning
Future Leaders Seminar (FLS)	Establish one's ideal state as a leader, strengthen leadership to advance future businesses	Target: Senior managers and managers, Participants: Around 25	Once a year, 10 days	Obtain the latest knowledge, internal case studies, deepen self-recognition through coaching sessions
Leadership & Literacy Seminar (LLS)	Deepen one's self-recognition as a leader and improve the foundation (perspective, basic business knowledge) for one's future	Target: Team leaders or newly promoted managers, Participants: Around 20	Once a year, 10 days	Reflecting on leadership, career design, deepening comprehension of ASV through lectures by internal and external instructors, business literacy

top personnel through constant checkups and training sessions. Starting in April 2018, we launched the Ajinomoto Group Academy as a systematic training program for next-generation management talent that will spearhead global growth, as well as the next-generation of highly skilled specialists and candidates for department leadership roles (see Table III-5).

For the next-generation management talent, we are working to deepen the aforementioned training at each JG level, with a focus on insight into the future, reflecting on and strengthening leadership, establishing business literacy, and implementing the Ajinomoto Group Vision in order to enhance global leadership. Starting in FY2019, we implemented a program to enhance the expertise of our next-generation highly skilled specialists and candidates for department leadership based on the needs of each department and the Group company.

Promoting health and productivity management: Protecting employees' physical and mental health

The biggest reason Ajinomoto Co., Inc. evolved its initiatives for physical and mental health and was able to be named a brand that promotes health and productivity management every year since FY2017 is that it has assiduously built up a foundation for industrial health activities. Our unique initiatives based on compliance, safety, and health were nearly completed by FY2015.

A) Interviewing everyone individually to provide personalized health guidance based on the results of health exams, stress checks, and so on, while respecting each person's value and lifestyle

B) The mental health recovery program, a measure that supports those returning to the workplace

These are the two main pillars of our initiatives.

In FY2015, a system for selecting brands that promote Health and Productivity Management (jointly selected every year by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange) was established, and we began full-scale initiatives for physical and mental health from a management standpoint. In FY2018, under the supervision of those responsible for the promotion of health throughout the entire Ajinomoto Group, the Group companies designated individuals in charge of promoting health as well, and decided to advance health-related measures based on their own circumstances in each country. Our mission to support the maintenance and promotion of its employees' health to maximize its ability to contribute to global food and health and better lifestyles in the future was declared in the Ajinomoto Group Health and Well-Being Initiatives. Additionally, our style of health and productivity management aims to have those working in the Ajinomoto Group naturally become healthy, and it promotes the creation of an environment where employees can form self-care habits that include balanced meals, moderate exercise, and good sleep.

A "non-smoking company" declaration was issued as a common policy among the Group companies in Japan, with the goal of eliminating smoking during office hours by FY2022.

In addition, we deepened its self-care infrastructure in FY 2018 by:

- Implementing a comprehensive health management system that allows for the centralized control of information from the nationwide wellness promotion center
- Introducing a health advice application ("Karada Kawaru Navi")
- Creating the "My Health" website for individuals that aggregates health-related information. Starting an "Appropriate Carbohydrates Intake Seminar" and "Women's Health Seminar" across all offices to enhance one's self-care support

In FY2019, we started "My Health Lunch," a company-wide healthy menu at the cafeteria that offers delicious options with health benefits.

(6) Reforming the organization and awareness to achieve proper operation as a global organization

Establishing the Ajinomoto SEA Regional Headquarters Co., Ltd.

In our FY2014 - 2016 Medium-Term Management Plan, we designated the five countries with a strong foundation for the overseas food product business (Thailand, Indonesia, the Philippines, Vietnam, Brazil) as the "Five Stars," and Africa, Europe, North America, and the Middle East as "Rising Stars." For the former, we set a goal of increasing sales by two to three times by FY2020. In addition, it was planned that sales from the overseas food product business to exceed those from the Japan food product business in FY2016. To make this a reality, it would be essential to strengthen local systems and appropriate management of companies that entered the Group through M&A.

One specific plan was to establish a regional headquarters in Bangkok, Thailand and use this as a focal point for expansion of the seasonings and packaged food product business in the Southeast Asian and South Asian markets. ASEAN (the Association of Southeast Asian Nations) is a regional cooperative organization that consists of 10 nations, and as of 2014 it represented a population of over 600 million people. The size of the economy is about half that of Japan, but the Philippines and Vietnam, which belong to the "NEXT11" (see the footnote on p.49), and ASEAN is being regarded as an area with significant potential for future growth. Among our overseas affiliates, AJINOMOTO CO., (THAILAND) LTD. has long maintained its top share in the flavor seasonings market, making its large presence felt by ever-growing sales of *Ros Dee*[®] and its sales base, as well as the success of top brand *Birdy*[®], which for a time boasted a 70% share of the canned coffee market. It was natural to conceive of using Thailand as a launching pad to make headway into the markets of the surrounding countries. To execute this strategy, we established the Ajinomoto SEA Regional Headquarters Co., Ltd. in Bangkok, the capital of Thailand, in January 2015. It had paid-in capital of 715 million baht (fully owned by Ajinomoto Co., Inc.) and 25 employees.

The company went on to handle funding for subsidiaries and joint ventures established in Pakistan, Myanmar, and other countries, and it also became the base for implementation of the Global Governance Policy (GGP), which will be described hereafter. It served as the governing headquarters (head office functions) of the region and came to play a vital role in training management personnel, among other functions.

Spreading awareness of the Ajinomoto Group Way

On the occasion of its 100th anniversary in 2009, we reviewed its management philosophy and other documents that provide its administrative underpinnings, and systemized its vision in the Ajinomoto Group Principles (AGP).

At this time, the Ajinomoto Way advocated by former president Kunio Egashira in 1997 was documented clearly as the Ajinomoto Group Way, which set out the shared value among employees and basic approach and stance in taking on our work, then was considered a pillar supporting the Group's management principles. The Ajinomoto Group Way is the essence of the enterprising spirit and corporate culture passed down over a 100-year period, and it consists of A) the creation of new value (Create), B) a pioneer spirit (Pioneer), C) social contribution (Contribute), and D) value people (Respect).

In July of the same year, participation in the United Nations Global Compact was incorporated into the Ajinomoto Group Standards of Business Conduct, and the guiding principles for the Group companies and employees were completed by the compliance and implementation of the AGP and the 4 categories/10 principles of the Global Compact authorized around the world: human rights, labor, environment, and preventing corruption.

Thoroughly instilling this system, and the Ajinomoto Group Way in particular, throughout our globally expanding organization was an essential part of strengthening global governance. Beginning in FY2011, we held the "Ajinomoto Group Way Sessions" in an effort to bolster awareness, and by FY2015, all of approx. 33,000 Group employees around the world had participated.

The ASV Awards

ASV, in addition to being a public declaration that we consider balancing social and economic values to be a fundamental part of our management, is also a Group-wide policy, and it is important to ensure that it takes root throughout the Group. Though we continued to expand our product lineup with the intention of balancing these two values ever since our founding, as a company, we were of course executing measures to stand up to our competitors and other forces as well, so it became essential for us to always be conscious of ASV even in these kinds of situations.

For this reason, in addition to ASV sessions (see p.63) and other efforts, starting in FY2016, we converted the company-wide award system into the "ASV Awards," celebrating innovative and creative initiatives that embody the essence of ASV. We reported the grand prize, conferred to particularly

superb initiatives, in our Integrated Report.

The ASV Awards are selected by the award committee consisting primarily of department general managers based not only on short-term economic value, but also future potential social and economic values.

The following initiatives have received the grand prize thus far.

FY2016: Initiatives to improve nutrition in Vietnam

FY2017: Supporting customer QOL improvements by providing *Amino Aile*® along with information on exercise and nutrition

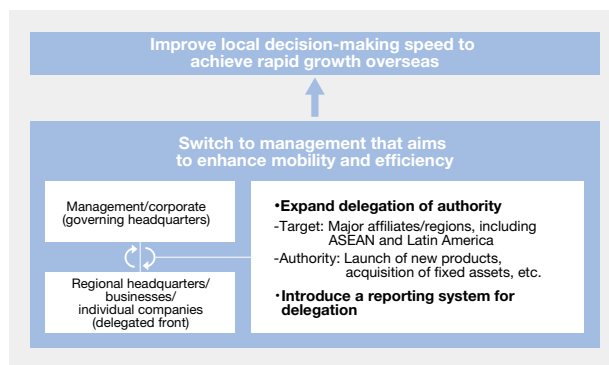
FY2018: Promoting the value that *Cook Do*® provides through its support of vegetable intake and family harmony using a commercial celebrating the 40th anniversary of its launch, achieving the highest sales to date

Formulation of GGP

After assuming his post, President & CEO Takaaki Nishii held up the "Three Linked Areas of Reform: Personnel, Organization, and Rules" and continued laying the foundation for becoming a GGSC (see p.62). The Global Governance Policy (GGP) introduced in April 2016 ushered in dramatic growth in our overseas businesses and provided the rules of execution to reform our organizational management (see Figure III-17).

The GGP explicitly defines the head office functions as the governing headquarters and local functions as the delegated front, and they can run on their own. It aimed to increase the mobility and efficiency of local operations while strengthening the Group governance. Specifically, the GGP indicates the governance policies to which corporations that are applying it must adhere and clarify both the delegation of responsibility and authority to our main Japan's and overseas affiliates as well as the obligation to process GGP proposals (corresponds to the former Ringi [approval system] Regulations and Affiliated Companies Supervisory Regulations). AJINOMOTO CO., (THAILAND) LTD. and AJINOMOTO DO BRASIL INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA. adopted it on a trial basis starting in FY2015. After a one-year verification period, it was fully adopted by the Group

Figure III-17: Global Governance Policy



companies including Ajinomoto Windsor, Inc., Ajinomoto Frozen Foods Co., Inc., and Ajinomoto General Foods Co., Ltd. In the same fiscal year, the “Global Policy Matrix” and policies and procedures were established, which outlined policies to be obeyed related to the Standards of Business Conduct, legal matters, tax matters, trade, purchasing, general affairs, accounting, funding, human resources, and other areas.

In order to create the platform for our governing headquarters by reorganizing the corporate functions of our head office and clarifying its role (planning and supervision) from the perspective of the Group global management, we established the “Global Corporate” in April 2016, which was renamed the Global Corporate Division in April 2018, creating a system to further promote the unification of our global strategy.

Implementing an Ajinomoto Group Engagement Survey

The slogan “Value people” is the DNA of the Ajinomoto Group, and this was displayed in the Ajinomoto Group Engagement Survey that was implemented in October 2017. This survey measures engagement in terms of the sense of commitment and devotion that employees have towards the company and the depth of their involvement in the company (which approx. job satisfaction), which is useful for the improvement of work styles and the working environment. We had originally been conducting an engagement survey since 2010, but it was only aimed at overseas managers, while domestic employees underwent an “organizational culture evaluation.” The latter examined the state of the company and organization, and this was replaced by an employee-centered engagement survey targeted at all employees around the world. As globalization advanced, it was important to understand the approx. 35,000 employees across Ajinomoto Co., Inc. and its 100+ Group companies, with their different cultures and customs, through the level of their job satisfaction, and thereby increase the sense of unity.

The first survey consisted of 60 questions that added the ASV concepts of “Enabled” (highly productive work environments) and “Energized” (the realization of potential through the provision of opportunities and a healthy mind and body) to the three “engagement” components of thinking, feeling, and acting to gain an idea of sustainability. Eighty seven percent of employees across the entire Group responded, and the percentage of employees feeling highly engaged in their work was 79% (a score that indicates sustainable engagement), and 76% said that they felt healthy in both mind and body. We intended to further improve the working environment through sustainable implementation.

In FY2019, the final year of the FY2017 - 2019 Medium-Term Management Plan, we conducted a second survey that included an evaluation of the effect of improvement measures per organization based on the results of the first survey. The response rate (93%) reflected the deepening understanding of and expectations for the employee engagement survey, and the sustainable engagement score improved to the mid-term plan

target of 80%.

Beginning in FY2020, we will increase the frequency of the survey from every other year to every year, and each fiscal year we evaluate the level of achievements and results of the measures implemented by both the entire Group and each department with regard to the key issues of the employee engagement score (sustainable engagement) and personnel and organization management reform. Based on these results, the employees come to think of ASV as one’s own initiative, which fosters an organizational culture in which employees take the initiative to contribute to our development and growth to an even greater extent.

(7) New initiatives for conveying corporate value

Holding the World Umami Forum (WUF)

The World Umami Forum held in New York City on September 20th and 21st, 2018, marked the 110th anniversary of Dr. Kikunae Ikeda’s discovery of umami. This initiative disseminated correct information on monosodium glutamate (MSG), and this initiative was our first step towards clearing away many years of concern in order to debunk misconceptions among consumers throughout the world.

Prominent influencers in the food community, including dietitians, chefs, journalists, and academics from various countries throughout the world were invited. They made appeals to the over 200 people in attendance, positioning MSG as the ingredient with the purest form of umami, reviewing its history, clearing up misunderstandings about its safety, and discussing benefits, such as improving the taste of low-sodium foods.

Lectures: Fundamentals of deliciousness/History of umami and its journey across the globe/What is glutamate?/Chinese restaurant syndrome - Why do Americans fear MSG but love umami?/Taste and Aroma - The how and why behind the sensation

Panel exhibit: The history of MSG in the U.S.

Taste test corner: What kind of taste is umami?

Culinary demonstration: Umami around the world

Panel discussion: Debunking the Myths and Mysteries behind MSG

Umami cooking competition

In a survey administered to participants, nearly 100% said that they were satisfied with the forum and had learned new information, and over 80% said they had been convinced by presentations on topics that included the benefits of MSG, such as improving the taste of low-sodium foods, verification of the safety of MSG, misperceptions about MSG from unreliable and debunked studies, and MSG’s promotion of satiety and control of appetite.

This forum was conceived by President & CEO Nishii as part of our responsibility as a global company to spread awareness of umami, which had thus far been promoted through associations and groups, and to clear away misconceptions and biases related to MSG. In addition, the fact that the planning



Holding the World Umami Forum (WUF)

and execution was led on the U.S. side was revolutionary, and it was an extremely significant event for appealing to partners and key opinion leaders in emerging countries where we are expanding our business.

Introducing a global brand logo to aggregate our corporate value

In October 2017, we introduced a shared Group-wide brand logo, the Ajinomoto Group Global Brand Logo (AGB).

As a result of its concerted push to expand abroad since its founding, we expanded its business to encompass 30 countries and regions (including Japan) and 121 Group companies (46 in Japan [including Ajinomoto Co., Inc.] and 75 overseas) as of April 2017. However, among the main countries, there are countries where our brand recognition is relatively low compared to competing global food companies. In addition, our Japan's and overseas group companies increased in number due to active pursuit of M&A from 2009 onward, and our business spheres expanded as well. Considering the need to accurately convey the pursuit of both social and economic values based on ASV, the need for a unified brand that ties the entire Ajinomoto Group together grew stronger.

Based on this background, we developed an easy-to-understand logo design that could transcend language barriers and get consumers throughout the world, including Japan, to recognize it as the symbol of the Ajinomoto Group.

"Ajinomoto" literally means Essence of Taste, which refers to the Essence of Umami. Combining the infinity symbol ∞ with the "A" of the AGB conveys our infinite ambitions to pursue, master and popularize this taste ("Aji"), to drive the evolution of and develop the value of Amino acids using leading-edge bioscience and fine chemical technologies, and to promote global sustainability. The line that flows from the "A" into the "j" represents a person, which suggests people gathering (Join) and enjoying (Joy) cooking, eating and comfortable life styles enriched by taste ("Aji") and Amino acids. The line that extends from the bottom of the "j" to the upper-right represents the future

growth and development of the Ajinomoto Group.

The AGB started out being used on Ajinomoto Co., Inc. press releases and the website, and since November 2017, it has expanded around the world and is now part of standard use, appearing on the Group company business cards, stationery, and more. In addition, since January 2018, we have striven to maximize the AGB's exposure, not only on our product packaging, but also in company advertisements, television commercials, promotions, online, and other communication activities that serve as points of contact with our consumers. It is also a symbol to which we aggregate and accumulate created through ASV, and it represents our goal of growing into a Group that is all the more trusted by consumers around the world.

Along with the establishment of our AGB, we created the "Ajinomoto Group Messaging System" and systematized the elements that use words to form the essence of the Ajinomoto Group brand in an effort to standardize our Group messaging and create a unified and strong brand around the world. This system establishes the following elements that convey the ideals that our Group strives to achieve:

Elevator pitch (a short statement one can read and

understand during a short elevator ride)

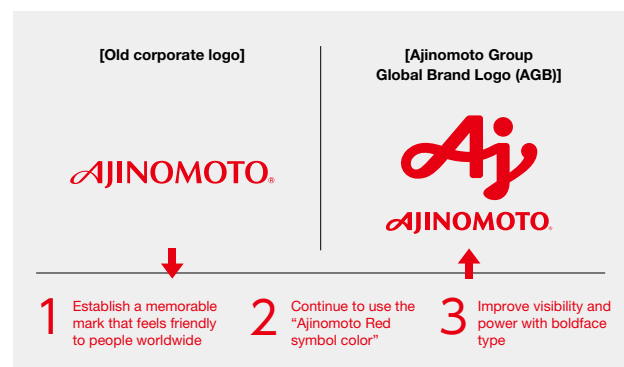
Boilerplate (a standardized text that can be used repeatedly)

Brand story (representative topics that tell the story of our brand)

The brand story explains the Group's mission and desire is to realize greater wellness for people all around the world, the Dr. Kikunae Ikeda's discovery of glutamate and his words; "to create good, affordable seasonings and turn simple but nutritious fare into delicacies."

Thus, the AGB and messaging system made it possible to convey information to the whole world in a coordinated manner and show our past as well as its future aspirations more vividly. In the corporate brand survey "C-BIS" that was conducted in May 2019, the AGB recognition rate among consumers who are familiar with our products (based on the 12 primary countries) was approx. 85%, which indicates firm awareness.

Figure III-18: Former logo and AGB



Our corporate character, AjiPanda®

AjiPanda®, Ajinomoto Co., Inc.'s beloved corporate character, was launched in May 2005 as part of our *AJI-NO-MOTO*® 100-year-anniversary campaign along with the 75g (now 70g) AjiPanda® bottle. We chose a panda as our corporate character because it is an animal that has a friendly image and is widely loved by people around the world, including young people and mothers. It's also easy to immediately recognize as a panda even with the simple design in which the black part is replaced with our corporate color red.



AjiPanda®

Afterward, campaigns using the bottle were periodically conducted, and the miniature cellphone strap that was offered as a gift when the campaign was run in 2010 proved very popular, winning first place in the "2011 Japan Package Design Award - Souvenir/Promotion Package Category." It was released in 2011 as a commercial product. In May 2015, at AJINOMOTO GROUP Umami Science Square, which was opened in our Kawasaki Plant for its 100-year anniversary, an AjiPanda® goods shop was opened on the 1st floor, and a workshop where visitors can make their own "My AjiPanda® bottle" was opened on the 2nd floor. In the square an AjiPanda® washcloth and apron are used during the *Cook Do*® cooking experience. The character had solidified its position as the corporate character for all of Ajinomoto Co., Inc.¹⁷

In addition, starting in December 2019, AjiPanda® has played the role of global ambassador for the Ajinomoto Group.

(8) New financial and IR initiatives as a global company Actively investing and raising funds for growth

Based on our FY2014 - 2016 Medium-Term Management Plan, we made a significant shift towards an approach appropriate for a global company in terms of financial affairs and Investor Relations (IR).

On the financial side, we invested heavily to spur growth and concentrated efforts on improving our ROE (return on equity).

Until around 2008 or 2009, we were an organization that disliked borrowing and was effectively managed without any debt. However, as the number of international shareholders increased due to globalization, there grew a demand for growth-based investments even if this required moderate borrowing. In Europe and the U.S., there is a strong belief that companies are considered the property of shareholders, and in addition to the importance of enhancing growth to raise the stock price, borrowing also helps to reduce companies' tax burden. Moreover, simply improving internal reserves somewhat delays M&A and other efforts, and it makes it difficult to respond promptly to changes in the environment.

For this reason, in our FY2011 - 2013 Medium-Term

Management Plan and FY2014 - 2016 Medium-Term Management Plan, we disclose specific measures for our financial strategy, including cash flow, investments aimed at growth, fund procurement, and shareholder returns. In particular, in terms of raising funds, we secured funding through interest-bearing debt as necessary while keeping our D/E ratio (debt-equity ratio) at around 30 - 50%. At the same time, we set ROE as our most important indicator, and we also retired repurchased shares as a return for our shareholders and took other measures to improve our profitability and the efficiency of fund operations. The ROE level of global companies is 10 - 15%, and Japanese companies generally have about half of this rate¹⁸, but we set a target of 10% or higher in its FY2017 - 2019 Medium-Term Management Plan.

Further, to prevent a re-occurrence of the foreign exchange loss (approx. 10 billion yen) at our subsidiary in Brazil, which was the main reason we were in the red in FY2008, we established exchange contract rules instead of leaving it to our subsidiaries to handle.

Improving our financial structure and training personnel

In our FY2017 - 2019 Medium-Term Management Plan, in addition to ROE, we set an ROA (return on assets) target for each business, and besides improving this metric, we advanced improvements to our cash conversion cycle (the number of days from purchase to sale until cash is collected). In terms of investments, we manage capital expenditures, R&D, and M&A as a set and give priority allocation to our growth areas. For fund procurement, we are benchmarking our D/E ratio under 50% if we deem it necessary based on a detailed analysis of risks, future prospects, and business opportunities.

With respect to shareholder returns, we aim for 30% payout ratio (dividends ÷ net income) and a total return ratio ((dividends + share buybacks) ÷ net income) of 50% or higher, and in FY2018 we implemented a share buyback of up to 40 billion yen.

In addition, with our overseas businesses accounting for over 50% of both sales and business profits, finance personnel with expertise in international tax and accounting, a commitment to compliance with rules based on BEPS (Base Erosion and Profit Shifting),¹⁹ and who are conscious of efficiency have become essential. So in April 2018, we separated the Global Finance Dept. from the Finance & Accounting Dept. and have been working to secure and train talent.

17. Internal usage guidelines were established, and employees were encouraged to make active use of it. We have also created a website for consumers and provided information so that visitors can get to know AjiPanda®'s personality and mission, as well as learn about the Company through the corporate character.

18. While the returns from Japanese companies are low, there is also little fluctuation in profit, so they can be considered as low-risk, low-return.

19. Corporate tax evasion that exploits differences and inconsistencies in the tax systems of different countries. It is such a serious problem that an international countermeasure organization has been formed.

Enhancing IR activities

Our global IR activities began in 2005, and they have been enhanced further since Masatoshi Ito became President & CEO based on a belief in the importance of dialogue and the willing disclosure of internal information.

Various information, including non-financial information, is transmitted online in real-time on the corporate website, and other information that can be disclosed, such as management strategy (message from President & CEO, medium-term management plans, etc.) and stock information (share price, dividends, shareholder incentives, etc.) are shared in a prompt and concise manner. Information that we think shareholders may be interested in is also shared in printed form, such as the IR Data Book, Integrated Report, Sustainability Data Book, and Intellectual Property Report. We instituted a system that shares this information as-is worldwide on our global website (English version).

In addition, both of our two most recent President & CEOs, Masatoshi Ito and Takaaki Nishii, have actively engaged in direct dialogue with investors and encouraged their understanding of our business strategy and ASV, such as through financial results briefings, small meetings with the President & CEO (follow-up to the financial results briefings), medium-term management plan briefings, business briefings, and briefings on the topics in the Integrated Report (ESG briefings).

The small meetings held by the President & CEO that were begun in 2015 exclusively for buy-side analysts (institutional investors) were an expansion of the meetings targeted at sell-side analysts (securities firms) that had already been in place since 2010. The ESG briefing first held in March 2015 was also well-received, so it was made into a periodic event. In our fund procurement activities, we also began Debt IR focused on creditors in 2015 in order to execute our strategy of utilizing interest-bearing debt to finance for our growth.

As a result of these efforts, we won the Grand Prize for Excellence at the IR Award held by the Japan Investor Relations Association in 2015, and in 2016 we received an Award for Excellence in Corporate Disclosure by The Securities Analysts Association of Japan.

Since FY2017, we have developed and enhanced the activities directed at individual investors, who continue to grow in importance.



Award ceremony for the Grand Prize for Excellence at the IR Award (2015)

4

Overview of Main Businesses (FY2009 - 2019) - Towards “Specialty and Global”

(1) Food products business

Ten years in the food products industry and business

In 2009, the global economy was suffering a recession following the 2008 financial crisis (the Lehman Shock), but from that point onward, it recovered rather smoothly due to the rise of China and other emerging countries. During this period, informatization and globalization advanced and there was a huge movement towards consideration of issues such as the environment and human rights, as represented by the SDGs. Within this circumstance, Japan was facing the unprecedented situation of population decline and the aging of society. In addition to this, factors the 2011 Great East Japan Earthquake had an impact and deflation continued for a time. From 2013, the economy began to improve, driven by Abenomics (a set of economic and monetary policies implemented by the Prime Minister Shinzo Abe), but sluggish personal consumption continued, meaning that the Japan food products market remained roughly level. Beside a succession of headwinds, the food products industry saw a rise in raw material prices, an increase in one and two-person households, shifts towards individualized diets and easy-to-cook meals, and stronger health-consciousness. In response to these trends, there was movement towards the creation of added value and overseas expansion.

Under the leadership of President & CEO Masatoshi Ito (2009-2015), the Ajinomoto Group's food products business adopted key principles such as “Specialty” (providing value that is not found in other companies' products), “Open & Link” (actively using external resources through M&A, alliances, etc.), and “expansion into adjacent domains” (leveraging brands and technology to develop in adjacent business areas), with the aim of digging deeper into domestic markets and achievement

of rapid overseas business growth.

As a result, from FY2009 to FY2019, sales and profits changed as shown in Table III-6 below.

Sales in the Japan food products business decreased by a little over 10% due to factors that include the sale of Calpis Co., Ltd. in October 2012 and changes in accounting standards after the adoption of International Financial Reporting Standards (IFRS) in FY2016. However, profit grew by over 20%, showing a significant increase in profitability driven by measures such as the progress of structural reform and sales expansion through products in new business areas. Also, in the overseas food products business, although there was also a change in accounting standards, sales surpassed domestic sales in FY2013, and profit surpassed domestic profit in FY2014. As a result, we have been able to expand overall food products sales by over 200 billion yen and profit by over 30 billion yen.

Japan consumer food products business

Our food products business in Japan consists of products including umami seasonings such as *AJI-NO-MOTO*®, Japanese flavor seasonings such as *HON-DASHI*®, *Cook Do*® and other menu-specific, mayonnaise, cup soups developed under the Knorr brand, coffee products by Ajinomoto AGF, Inc., and various frozen foods by Ajinomoto Frozen Foods Co., Inc., etc.

For basic seasonings products such as *AJI-NO-MOTO*®, *HON-DASHI*®, *Ajinomoto KK Consommé*, *Marudori Gara Soup*, and *Pure Select*®, we maintained firm sales by constantly improving the products, as well as implementing measures that include proposals for new uses and healthy recipes through TV commercials and informative websites, and launching new products with reduced salt or reduced calories. Furthermore, in FY2012, we launched *Cook Do*® *Koumi Paste*® and *Cook Do*® *Kyo-no Ohzara*®, which added original new materials and technologies to our popular *Cook Do*® Chinese menu-specific seasoning brand. These products are good examples of expansion into adjacent domains in Chinese general seasonings and Japanese food seasonings and they made large contributions in terms of sales. In the same year, we launched *Nabe Cube*® which applied consommé technology for maintaining cube shapes and dissolving in liquid to Nabe (Japanese hotpot) seasonings.

For soups, we grew sales by developing new products and lifestyle proposals, such as the “*made with cold milk*” series that has stimulated in demand during summer since 2010, *Knorr*® *Soup DELI*® soups with plenty of ingredients launched in

Table III-6: Food products business results
(FY2009/FY2019)

(Billions of yen)

	FY2009		FY2019	
	Sales	Operating profit	Sales	Business profit
Japan	436	24.3	375.3	32.8
International Food Products	214.6	25.4	477.6	48.8
Total	650.6	49.7	852.9	81.7

Sources: IR Data Book 2020, INVESTOR'S GUIDE 2017

2011, and the Warm Breakfast series campaign started in 2016. For our *Cook Do*[®] menu-specific seasonings, we also managed to win the support of consumers by appealing to their lifestyle and food needs, such as eating together with family and getting a balanced intake of protein and vegetables. This greatly grew sales and we maintained a leading market share and drove market expansion for both menu-specific seasonings and cup soups.

In the sweeteners business, we are centered on the high intensity sweetener aspartame. During this period, in order to reinforce the structure of the business, we sold Ajinomoto Sweeteners Europe S.A.S. and introduced new manufacturing methods. We also grew the consumer business which boasts the *PAL SWEET*[®] brand.

In April 2015, we made Ajinomoto General Foods, Inc., which was responsible for our coffee business, into a fully owned subsidiary and in July 2017, the company was reborn under the name of Ajinomoto AGF, Inc. We achieved growth through the stick type coffee business, which cultivated new markets through instant coffee developed with technology, and convenience store counter coffee business. However, the liquid coffee business, which had been supporting by consumers for many years, began to face severe competition. In order to respond to the diversification of consumer preferences, we have actively been launching new products such as individual portion and premium products.



Blendy[®] Roasters & Stick Colombian Blend
Pack of seven



Blendy[®] Stick
Ice Café au Lait
Pack of seven

In frozen foods, we continued to grow steadily with *Gyoza* (Japanese-style dumplings), originally launched in 1972, maintaining its leading share of the gyoza market through ongoing improvements (enabling preparation without water or oil, etc.). Similarly, in the *Okazu* field (side dishes that are usually served alongside rice), while there was an increase in competition for one of our major products, volume packs of *Yawaraka Wakadori Karaage* (fried chicken), we saw steady demand for natural thawing products such as lunch box series, including *Ebi Yose Fry* (shrimp fry), which led to firm growth. The rice products field was another major focus and it saw good sales of *The ★[®] CHA-HAN*, which attracted male consumers, *Gudakusan Ebi Pilaf* (shrimp pilaf), and



Gyoza (Japanese-style dumplings)

Gomoku Chahan, which had been discontinued for a while but was brought back due to customer demand.

New products in each of these fields incorporated “deliciousness technologies” including ingredients that enhance *kokumi* and flavor, and ingredients that quickly tenderize raw materials.

J-OIL MILLS, INC. advanced activities with the aim of being an “Oishisa Design Company” that creates deliciousness which can move people with a focused pursuit of the various values possessed by edible oils (value for cooking, value for health, value for flavoring) and expansion of the possibilities of how edible oils can be used. It has maintained a top market share for olive oil, and it has stimulated the market even more by seeking health value through the sale of perilla and linseed oils. Also, in July 2018, it opened the “Oishisa Design Studio,” a multifunction presentation facility that will communicate new “Oishisa” (deliciousness) concepts to people inside and outside the company.



Karaage no hi no abura
(oil for fried chicken)



Olive Oil Extra Virgin

In regard to marketing, due to an emphasis on consumer’s viewpoint and advanced use of the internet, we got closer to consumers by adding digital communication to traditional mass advertising efforts, which included using social media and websites such as *Ajinomoto Park*, providing communications that focus on different life stages, implementing small-size marketing, promoting *Kachimeshi*[®] which provides athlete support foods to consumers, supporting dietary education that contributes to health promotion, and cooperating with government initiatives. We also unified advertising and PR messaging to further spread the AGB brand.

Also, on the R&D and production side, we began to concentrate together research and production locations that were scattered across Japan. The four companies responsible for our Japan food products business – Ajinomoto Co., Inc., Ajinomoto



Ajinomoto Park

Frozen Foods Co., Inc., Knorr Foods Co., Ltd., and Ajinomoto AGF, Inc. – will concentrate their R&D functions in Kawasaki in 2020. Also, in regard to food product production, in 2019 we integrated our food product manufacturing departments at the Kawasaki and Tokai plants with Knorr Foods Co., Ltd. and Ajinomoto Packaging Inc. to form Ajinomoto Food Manufacturing Co., Ltd., and by 2021 the manufacturing and packaging of seasonings and packaged foods in Japan will be concentrated into three locations – Kawasaki City in Kanagawa Prefecture, Shimada City in Shizuoka Prefecture, and Yokkaichi City in Mie Prefecture. Initiatives are underway to produce even greater efficiency and synergies than ever before.

Overseas food products business

The overseas food products business was positioned as a growth driver in the FY2011 - 2013 and FY2014 - 2016 Medium-Term Management Plans. In addition to previous efforts focused on cash sales in traditional markets, we strengthened initiatives to engage modern trade markets and markets for eating out, while also building firm sales foundations through flavor seasonings and menu-specific seasonings tailored to local food preferences, particularly in the Five Stars (Thailand, the Philippines, Indonesia, Vietnam, and Brazil). In the Rising Stars (Africa, Turkey and the Middle East, Pakistan, Myanmar, India, etc.), where future growth was expected, we strived to achieve rapid market cultivation with a focus on the acquisition of or alliances with major local food companies. We also launched consumer foods businesses centered on frozen foods in North America and Europe.

In the Five Stars, our basic strategy was to expand seasonings businesses rooted in each region and develop new categories adapted to changes in eating habits and society due to urbanization. To expand seasonings businesses, we focused on sales growth for menu-specific seasonings and liquid seasonings as new mainstay products to follow umami seasonings and flavor seasonings. We increased sales of *Ros Dee® Menu* in Thailand; *CRISPY FRY®* and *Sarsaya®* in the Philippines; *Sajiku®*, *SAORI®*, and *Mayumi®* in Indonesia; *Aji-Quick®* in Vietnam; and *Satis!®* in Brazil. We also advanced the cultivation of markets that included powdered beverages (through products such as *Birdy® 3in1* and *Birdy Maccha®* in Thailand and Vietnam, and *MID®* and *FIT®* in Brazil), and markets targeting food service and food manufacturing businesses.

We also responded to urbanization by striving to establish

new categories and realize new sales channels and sales opportunities. We launched frozen food products that catered to demand for easy-to-prepare foods (Gyoza, frozen bread, etc.), developed and introduced products for food service and convenience stores, and expanded region of sales of instant noodles (*Yum Yum®*, etc.). Through these initiatives, we continuously achieved annual sales growth of around 10% in the Five Stars, driving the growth of the Group.

Furthermore, we realized the growth of consumer businesses in the advanced regions North America and Europe through methods such as M&A. In the U.S., in 2014 we acquired Windsor Quality Holdings, LP (headquarters: Houston, Texas) for around 84 billion yen. In Europe, in 2013 we established a new plant in Poland through a joint venture with Jawo sp. z o.o., and in 2017 we acquired France-based Labeyrie Traiteur Surgelés S.A.S. (LTS, headquarters: Le Neubourg) for around 3.6 billion yen. Windsor Quality Holdings, LP boasted a top share of the market for frozen Asian foods in the U.S., while LTS focused on products such as desserts and aperitifs. By using both companies' sales networks to sell our frozen food products, which include *Gyoza* and fried rice, we tried to accelerate business growth.

We also put an emphasis on speed for the cultivation of the Rising Stars. In Africa, we worked to accelerate growth centered around WEST AFRICAN SEASONING COMPANY LIMITED (WASCO), which had been established in Nigeria in 1991, by establishing Ajinomoto Foods Egypt S.A.E. in 2011 and AJINOMOTO AFRIQUE DE L'OUEST S.A. in Cote d'Ivoire in 2013. Following this in 2016, we acquired a 33% share in Promasidor Holdings Limited, a major packaged food products manufacturer that had developed businesses in 36 African countries, and advanced a strategy by leveraging Promasidor's sales network. In Turkey, we established Ajinomoto Istanbul Food Sale Ltd. in 2011 and in 2013, we acquired a 50% share in Kükre A.Ş., a local manufacturer of premium brand food products, and made it into a subsidiary. From 2016 to 2017, we continued to steadily build a business foundation by acquiring Örgen Gıda Sanayi ve Ticaret A.Ş., thereby acquiring its bouillon, dry soup, menu-specific seasonings, and powdered dessert businesses and brands, and we made Kükre A.Ş. into a fully owned subsidiary. In 2018, Kükre A.Ş., Örgen Gıda Sanayi ve Ticaret A.Ş., and Ajinomoto Istanbul Food Sales Ltd. were amalgamated to form Ajinomoto Istanbul Food Industry and Trade Limited Company (headquarters: Istanbul) in order to expand business within Turkey and realize exports to the



Ros Dee® Menu



CRISPY FRY®



Sajiku®



Aji-Quick®



Birdy® 3in1

Middle East to expand the scale of business to a sales of around 10 billion yen as early as possible. During this period, in 2016 we also established a joint venture company with the Lakson Group in Pakistan and reopened a local subsidiary in Myanmar, creating a foundation for long-term, sustainable growth in both countries.

Strengthening BtoBtoC business targeting food service chains and packaged food product manufacturers in Japan and overseas

With regard to the development of our food products business over these 10 years, we also strengthened our commercial use business (BtoBtoC) targeting food service chains and packaged food product manufacturers, representing a significant deviation from our history, which focused on consumer markets. In addition to changes in eating habits in Japan and overseas, the Specialty policy led by President & CEO Masatoshi Ito (2009-2015) also effectively differentiated our products in the commercial market, where evaluations are made by discerning professionals.

In the market for the food service industry in Japan, sluggish consumption had resulted in a fairly consistent downward trend from its peak in 1997 to 2011, but from 2012 onward, it finally began to expand again due to a recovery in economic conditions and an increase in inbound demand. On the other hand, the markets for ready-made meals (premade side dishes, lunch boxes, bread products, etc.) and packaged food products (frozen and chilled precooked food products, processed livestock vegetable and marine products, desserts and sweets, noodles, beverages, etc.) had been expanding fairly consistently. The business environment continued to be generally favorable in overseas markets as well. This was boosted by further depth and cultivation in our overseas food businesses in the Five Stars and Rising Stars and the establishment of foundations in North American and Europe through M&A focused on frozen food business.

Within this, products that include *Tencho* (savory seasonings) for industrial use and enzyme preparations that enhance texture and physical properties such as *ACTIVA*® were affected by food service trends in Japan to a certain extent, so we enhanced our product lineup and strengthened our relationships with major customers, and we increased overseas sales as well as in Japan. The market for ready-made meals in

particular was growing, so we deepened our engagement with major convenience store chains and realized many applications for our products including *Tencho* (savory seasonings), enzymes, and mayonnaise in mainstay convenience store products, such as oden broth and rice balls.

Based on these developments, in April 2018, we amalgamated our business that ready-made meal and food service and our *Tencho* (savory seasonings), enzymes, MSG, and nucleic acids business targeted packaged food product manufacturers to establish the Solution & Ingredients (S&I) Department. This department utilizes “deliciousness technologies” to actively grow our “integrated food solutions business” for packaged food manufacturers, food service and ready-made meal customers.

Using digital technology to create new businesses and making existing businesses more advanced

The advancement of digital technology has made it possible to obtain and utilize huge volumes of digital data related to consumer awareness and behavior. In light of this, we established the Consumer Data Analysis & Business Creation Department under the Food Products Division in April 2018. This department gathers and analyzes data related to every aspect of consumer awareness and behavior and increases resolution by getting closer to consumers. Using these data, the department promotes cross-sectional initiatives such as “creating new products, services, and businesses that go beyond the scope of existing businesses,” and “making existing businesses more advanced and efficient by promoting digitalization” on a Group-wide basis, and its initiatives are making a major contribution to strengthening the growth potential of the entire Group.

(2) AminoScience business

Amino acid-related business development

In FY2009, our amino acid-related businesses recorded sales of 193.5 billion yen, a year on year decrease of 6.2 billion yen, and a relatively low level of profit with an operating profit of 5.2 billion yen, a year on year increase of 0.2 billion yen. Out of the five fields of feed-use amino acids, amino acids for pharmaceuticals and foods, sweeteners, intermediate pharmaceuticals, and specialty chemicals, the only field performing strongly was specialty chemicals (which included personal care ingredients, *Jino*® brand amino acid cosmetics, and *Ajinomoto Build-up Film*® (ABF) interlayer insulating material for semiconductor packages). In the fields of feed-

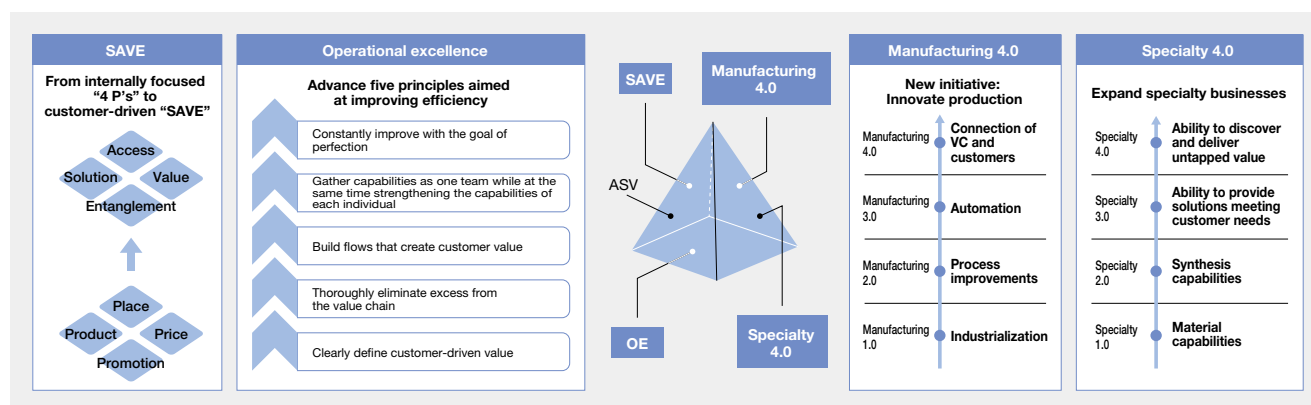


Table III-7: AminoScience business results (FY2009/FY2019)

(Billions of yen)			
FY2009		FY2019	
Sales	Operating profit	Sales	Business profit
193.5	5.2	231.6	19.5

Sources: IR Data Book 2020, INVESTOR'S GUIDE 2017

Figure III-19: AminoScience business strategy pyramid



use amino acids and sweeteners, which involved relatively high ratios of bulk business, factors such as price competition from manufacturers in the U.S., China, and South Korea and the appearance of new competing sweetener products made it particularly difficult for us to compete using our strengths of technological capabilities and marketing.

In the feed-use amino acids business, which had accounted for a large portion of sales and profits in the early 2000's, we were focusing on lysine, threonine, and tryptophan, but factors that included increasing competition led to wild fluctuations in the prices of these products. Therefore, in September 2011, we spun off the business to form Ajinomoto Animal Nutrition Group, Inc. (AANG) and based on the key principle of shifting to "specialty," we strengthened our competitiveness regarding lysine and threonine, which had become commodities, by advancing OEM procurement through an alliance with a Chinese manufacturers, and shifted focus to differentiated products such as *AjiPro*[®]-L.

Furthermore, our performance in the amino acids for pharmaceuticals and foods business had been seesawing up to FY2012, but from FY2013 it began trending towards rising sales and profits and provided a support in terms of revenue to our amino acids business, which was undergoing structural reform. In November 2017, we invested 7.2 billion yen to make the U.S.-based medical foods company Cambrooke Therapeutics, Inc. (headquarters: Massachusetts) a full subsidiary and fully entered to market for medical foods targeting patients with amino acid metabolism disorders.

In the sweeteners business, which is centered on aspartame, we advanced a shift from bulk business to consumer business with a focus on *PAL SWEET*[®] and other products in Japan and *Refresco MID*[®] powdered beverages, which are marketed in South America. As a result of this shift, in FY2015 we moved the sweeteners business to the Food Products Division.

In FY2009, the intermediate pharmaceuticals (custom manufacturing of pharmaceuticals) business was struggling due to factors such as exchange rate fluctuations and declines in sales. However, it began to recover from 2011 and in July that year, S.A. Ajinomoto OmniChem N.V. (Belgium), which plays a central role in the business, established a joint venture

company in India (and in August 2019 we announced our plan to take full ownership of this company (details on p.45)) as a low cost, high quality custom manufacturing location in order to strengthen business structure. In 2013, we also acquired Althea Technologies, Inc. (headquarters: San Diego) to strengthen applications in the biopharmaceuticals market, including in the growing field of antibody drugs, and from that point onwards we maintained a firm upward trend in revenues. In 2016, we reorganized our structure for the contract manufacturing of nucleic acid drugs from small volume multiproduct production to mass production through the acquisition of GeneDesign, Inc. and we integrated the operation of contract development & manufacturing organizations (CDMO) in four locations – Japan, the U.S., Europe, and India – as "Ajinomoto Bio-Pharma Services" to build a structure for providing global services.

Our full-scale website business began in 1997 through sales of *Jino*[®] cosmetics. In 2005, we leveraged the business model developed through our *Jino*[®] efforts to begin sales of supplements by mail-order, and we then grew this business through advertisements in various media, including newspapers, TV, and websites. In FY2017, we integrated the *Jino*[®] and our proprietary website for direct sales of supplements and from FY2018, we grew in this business area by expanding the products handled to include nutritional care and website exclusive high value food products (examples include seasonings and soups).

Our sports nutrition business, which is centered around the *amino VITAL*[®] series, aims to support conditioning when doing sports by developing unique amino acid compositions and deploying products based on the results of sports nutritional science research focused on sports physiology. We also entered the protein and jelly drink markets, through which we increased contributions to general consumers in a range of sporting scenarios. We have increased our customer base including foreign customers and have expanded the business to cover 10 countries. We have also been enhancing brand value by supporting Olympic and Paralympic athletes at the London, Rio de Janeiro, and Tokyo Games.

In the pharmaceutical peripherals field, in addition to engaging in the nucleic acid and antibody drugs businesses

Table III-8: Composition of the AminoScience Division

Category	Concept	Strengths	Relevant Businesses
Life support	We realize comfortable lifestyles for consumers and living with the society and the earth through specialty chemicals (electronics materials) business that contributes to the evolution of IoT and animal nutrition business which reduces environmental impact on land and water quality by adjusting the amino acid balance of animal feed.	<ul style="list-style-type: none"> • World-class knowledge of amino acids • Highly safe material development capabilities and synthesis evaluation technology • Global animal nutrition network 	<ul style="list-style-type: none"> • Ajinomoto Animal Nutrition Group Inc. • Specialty Chemicals Department's electronic materials business
Healthcare	We provide a variety of unique materials, active ingredients, and technologies to pharmaceutical, cosmetics, toiletries, and other companies around the world. We also support comfortable lifestyles and improving quality of life for consumers through the provision of fundamental foods and amino acid supplements that leverage our knowledge of amino acid functions and benefits and ability to discover new applications.	<ul style="list-style-type: none"> • R&D capabilities and production technology for amino acids and other areas • Ability to adapt to regulations • Service providing capabilities 	<ul style="list-style-type: none"> • Amino Acids Department • Specialty Chemicals Department's personal care ingredients business • Direct Marketing Department • Sports Nutrition Department • Pharmaceutical Custom Manufacturing Department (renamed as the Biopharma Service Department in April 2020) • AminoIndex Department

mentioned previously, we also created and developed new businesses in the disease risk evaluating service and pharmaceutical cell culture medium fields. In regard to disease risk evaluating services, in 2011 we launched *AminoIndex® Cancer Screening (AICS®)*, a service for analyzing amino acid concentrations in blood that can assess the possibility of whether a person has cancer. Subsequently, we added an *AminoIndex® LifeStyle Diseases Screening (AIDS®)* service, which assesses the risk of future strokes, heart attacks, and diabetes to deliver a combined package named *AminoIndex® Risk Screening (AIRS®)*. This service is being provided by almost 1,500 medical institutions across Japan (as of February 2020). The tests can assess the risk of various diseases from a single blood sample, and in addition to being offered as an optional test in medical checkups, it is also being used as an item in local government and corporate health checks. With this service, we are directly contributing to society through our accumulated research into amino acids.

In the specialty chemicals business, while a stagnation in PC demand and other factors since FY2011 have had an impact in the electronic materials field, increased demand for server and communications applications since FY2013 have driven growth. In the personal care ingredients field, recent concern for the global environment has led to sales growth, particularly for amino acid-based surfactants, and both fields have experienced continuous growth. On a different note, since FY2017, *Jino®* operations have been the responsibility of the direct marketing business.

As a result of these initiatives, in FY2019, the AminoScience business (which absorbed the sports nutrition, direct marketing, and AminoIndex businesses following the dissolution of the Wellness Business Division in April 2015), achieved sales of 95.3 billion yen and business profit of 7.1 billion yen in its life support business (animal nutrition and the electronic materials business in specialty chemicals), and sales of 136.3 billion yen and business profit of 12.3 billion yen in

its healthcare business (amino acids for pharmaceuticals and foods, pharmaceutical cell culture media, the personal care ingredients business in specialty chemicals, direct marketing [supplements and cosmetics, including *Jino®*], sports nutrition, pharmaceuticals custom manufacturing, and *AminoIndex®*). The sum of both fields produced total sales of 231.6 billion yen and business profit of 19.5 billion yen. This demonstrated slight sales growth of 20% compared to FY2009, but profit was almost four times higher, showing the profitability of moving away from bulk business.

Going forward, we plan to grow sustainably through measures such as the full-scale development of an antibody drug conjugate (ADC) custom manufacturing business and the strengthening of our nucleic acid drugs business in the healthcare field, and expansion into domains adjacent to the electronic materials business (servers, communications applications, etc.) in the life support field.

In both the food products and AminoScience business, we have successfully strengthened core businesses through a process of “selection and concentration,” pursued a high value adding strategy of pursuing specialty through a shift from bulk to retail, and cultivated overseas markets swiftly using external resources. During this period, we have created and spread both social value and economic value based on ASV and have made this the starting point of the development and expansion of all of our businesses and products.

Our new medium-term management plan started in FY2020. If we can successfully attain market growth through further emphasis of focus, pursuit of specialty, and digitalization, the goal of becoming a GGSC (see p.62) stipulated in the FY2011-2013, FY2014-2016, and FY2017-2019 plans will be within touching distance.

5

ASV Management at the Ajinomoto Group - 2020 - 2025 Medium-Term Management Plan and Vision for 2030

In February 2020, the Ajinomoto Group announced its Vision for 2030 and 2020 - 2025 Medium-Term Management Plan.

First of all, we declared in our vision for 2030 to become a “solution-providing group of companies for food and health issues” and our message to society is that we will “help people worldwide enhance healthier lives by unlocking the power of amino acids.” The enhancement of healthier lives has become a key issue in both emerging countries and advanced countries that have low birthrates and aging societies, and it is important that people improve their dietary habits from a young age. This is an area where the Group can play a significant role as we have accumulated expertise related to foods and amino acids.

Additionally, we made “resolving food and health issues” our new driver for growth alongside our previous focuses of “deliciousness” and “easy to prepare.” Our strategy is to make our products attracted among upper and middle-income customer segments in emerging countries that are predicted to experience rapid growth while increasing the products’ prices per unit. To advance this strategy, in addition to the reorganization of R&D structure carried out in April 2019 (integration of the Institute for Innovation into the Research Institute for Bioscience Products and Fine Chemicals and the Institute of Food Sciences and Technologies), in April 2020 we carried out organizational reforms to manage the operations of our three food businesses (sauce and seasonings, quick nourishment, and frozen foods) in both Japan and out of Japan under a unified structure. These organizational reforms aim to encourage collaboration between our food business and AminoScience business, and strengthen our ability to provide solutions in a way that transcends the business between Japan and overseas.

Furthermore, our new medium-term management plan covers a period of six years rather than three like previous plans, and we have divided it into Phase 1 (structural reform) from 2020 to 2022 and Phase 2 (regrowth) from 2023 to 2025. Broadly speaking, in Phase 1 we will complete the restructuring of non-core businesses while also strengthening a foundation (such as lineup of products and services, systems that engage governments and healthcare providers, and human resources, etc.) for “resolving food and health issues” in our core businesses, so that we can realize growth in Phase 2.

In order to concentrate all business resources on “resolving food and health issues,” we will raise value for consumers centered on health to enhance intangible assets (human

resources, customers) through personnel and organizational reforms. At the same time, we will enhance tangible assets (financial matters) with a focus on improved return on invested capital by A) thoroughly raising awareness of all Group employees about capital efficiency and sustainable earning power, B) implementing asset light measures (reductions of 200 billion yen by FY2025), and C) promoting digital transformation (DX) throughout the Group, including in areas such as supply chain management and marketing.

The Group will continue to build on the accumulated self-transformation efforts carried out in the 2010s so that we make further progress as a food company unlike any other in the world.