The History of the Ajinomoto Group

Fiscal Years 2009 - 2019

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AJINOMOTO

Greetings

The Ajinomoto Group celebrated its 110th anniversary in 2019. This history has seen a mountain of difficulties and victories.

Twenty years ago, in 1999, our operating profits were 33 billion yen. In the years that followed, although bulk businesses such as animal nutrition grew, profits slumped due to intensifying competition, and we were unable to achieve stable growth. Then in 2009 we marked our 100-year anniversary.

During the period between 2009 and 2019—this “10-Year History”—we worked to shift our focus from an over-reliance on bulk business to one that contributes to the enrichment of people’s lives around the world. This illustrated our aim of becoming a Genuine Global Specialty Company (GGSC). We then launched strategies such as our “FIT & GROW with Specialty” and “Open New Sky (expansion into adjacent domains, Open & Linked innovation),” to achieve growth with a focus on our overseas consumer business.

However, it also became clear that there were challenges to overcome. These included global digitalization and changes in the macro environment, especially more intense competition for bulk materials and the rise of local companies. In addition, we faced the internal challenge of having a business structure that made it difficult to generate economic value because we had a strong managerial focus on scale. In order to resolve these issues, we believe that improvements to capital efficiency and steady organic growth in our key businesses are essential for the growth of the Group.

On the other hand, it was during this period that we established ASV (The Ajinomoto Group Creating Shared Value), which represents our unchanging commitment: with our stakeholders and businesses, we help resolve society’s issues, which leads to the creation of economic value. In the midst of the growing need for corporate social responsibility, we have been at the forefront, with global sustainability, food resources, and Health and Well-being as challenges facing society in the 21st century that we want to address. Today ASV contains the universal values at the heart of the Group.

To realize the ASV vision, we strengthened and enhanced corporate governance through dialogue and cooperation with external parties and implemented measures to develop human resources from a global perspective.

Our business profits are now 99.2 billion yen (FY2019), almost three times higher than in FY1999. We believe that our various initiatives in the 2010s and the experience gained from them are valuable assets for even further sustainable growth. I hope that all of our stakeholders will read this “10-Year History.”

We have established a “2020 to 2025 Medium-Term Management Plan and Vision for 2030.” Our Group Vision is to become a solution-providing Group for food and health issues that helps people worldwide lead healthier lives by unlocking the power of amino acids. As such, we will promote management based on our ASV vision and strive as one to help resolve social issues. We look forward to your continued support.

Takaaki Nishii
Representative Director,
President & Chief Executive Officer

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[To Our Readers ("10-Year History" Project Coordination Team)]

As the contents of this publication cover a wide range of subjects, we created the following table for those who wish to read about specific topics. Please use it as a guide.

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I

The First 100 Years of the Ajinomoto Group

1

A Chronicle of the Ajinomoto Group

May 20, 1909 was the day the umami seasoning *AJI-NO-MOTO®* first went on sale. At that time, Japan was expanding its power as a modern nation. The industrial revolution was underway in the nation, and Japan had prevailed in the Russo-Japanese War (1904-05). Since then, the Ajinomoto Group has grown its business, responding to changing lifestyles while contributing to the enrichment of food and improving quality of life through diversification and technology with a focus on amino acids. Here we provide an overview of the history of Ajinomoto Co., Inc. (the Company), including the events leading up to its launch.

In the beginning: The iodine business

The Ajinomoto Group's origins lie with Takiya, a grain and alcohol retailer. It was founded by Saburosuke Suzuki in 1866 just before the Meiji Restoration, on the Miura Peninsula in Kanagawa Prefecture. After Saburosuke died suddenly at the end of 1875, his wife Naka took over business operations. The eldest son, Saburosuke II, was an ambitious man. After marrying, he became involved in rice speculation but failed. As the family was having a hard time, they decided to rent two rooms at the back of their house to summer vacationers to help pay for their living expenses. One of their guests was an engineer from a pharmaceutical company. He advised Saburosuke II to produce iodine from seaweed, which inspired his new business. Through the efforts of Naka and Saburosuke II's wife Teru, they successfully produced it in 1888. In the spring of 1893, they built a new plant and established a new company, Suzuki Pharmaceutical Co. In 1895, the company began exporting iodine and, in an effort to utilize its by-products, began manufacturing saltpeter, the raw material for gunpowder, for which demand rose sharply during the Sino-Japanese (1894-95) and Russo-Japanese (1904-05) wars.

Suzuki Pharmaceutical Co. soon became one of the leading chemical companies in the Kanto region. However, the market was in turmoil due to a sharp decline in demand for its products after the war, and in 1907 the company had no choice but to merge with two of its competitors. Saburosuke II took the opportunity to embark on a new challenge, establishing Suzuki Pharmaceutical GSK. as a separate joint stock company with its Hayama and Zushi Plants. The inspiration for this came from a 1908 encounter with Dr. Kikunae Ikeda, a professor at Tokyo Imperial University. Dr. Ikeda had been researching the component in kelp that provides its umami flavor, which he identified as glutamine acid. Compounded with sodium, it became the seasoning Mono Sodium Glutamate (MSG). For searching a company to commercialize his research, Dr. Ikeda turned to Saburosuke II. They held a tasting that confirmed MSG's promise, and Saburosuke II accepted the offer. One of the motivations for Dr. Ikeda's research was to help improve nutrition among the Japanese public. Combined with the entrepreneurial spirit of Saburosuke II, *AJI-NO-MOTO®* and the Ajinomoto Group were launched, already practicing the founding aspiration of the Ajinomoto Group Creating Shared Value (ASV) and contributing to the resolution of social issues through the Group's business activities.


Dr. Kikunae Ikeda (1900)


Saburosuke Suzuki in his youth

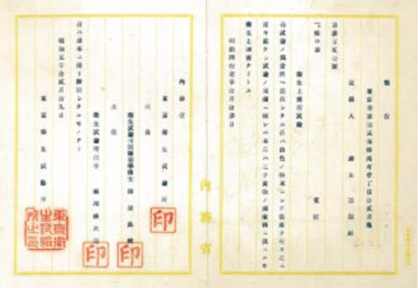
The launch of *AJI-NO-MOTO®* and struggles during the founding years

Saburosuke II's younger brother, the scholar Chuji Suzuki, was placed in charge of the establishment of a production method for the new seasoning. Saburosuke II's eldest son Saburo, later to become Saburosuke III, was in charge of sales and advertising. Saburosuke II managed the enterprise as a whole.

The name "Ajinomoto" was decided in November 1908, and with a trademark registered they were ready to launch. However, as production involved breaking down wheat with hydrochloric acid, corrosion of the vessels used in the process, became an issue. With no overseas precedents to learn from, the situation was so


A Domyoji pot

Domyoji pots
(Cooling crystallization of
hydrochloric acid)



Certificate declaring Ajinomoto “harmless”

dire that at one point Saburosuke II said they had “fallen into a predicament beyond their control that words could barely describe, the situation being almost too much to handle.” However, after great toil they discovered that Tokoname-yaki ceramic Domyoji pots could be used, which created a way forward.

AJI-NO-MOTO® was launched in May 1909 after the national laboratory confirmed its safety. The company set up an office in Kyobashi (Tokyo City, Tokyo Prefecture, now Chuo-ku, Tokyo). To make a name for itself, they installed a display window and electric lights, which were rare at the time. The company established a sales network by concluding special dealer contracts with major food and liquor wholesalers and establishing distributors in local major cities. However, the new seasoning was expensive; while a cup of soba noodles and broth at the time sold for 3 sen, a small 14-gram bottle of the product sold for 40 sen. As a result, sales were dismal. Saburosuke II sought to advertise in newspapers and market the product to kamaboko fish cake manufacturers while seeking sales channels in Taiwan, Korea, and China during Japan's colonial period. Even so, the company continued to struggle.

In 1912, Suzuki Pharmaceutical GSK. was renamed Suzuki Shoten GSK., and July of that year issued in the Taisho era. Suzuki Shoten GSK.'s iodine and saltpeter businesses were solid. The construction of the Kawasaki Plant took place between 1913 and 1914, made possible in part due to growth during World War I (1914-1918). Industrial development during the war encouraged urbanization and the adoption of electricity, and the economic boom opened the door to a mass consumer society. Against the backdrop of those developing Taisho Modern times, Saburosuke II championed more progressive management. He converted the organization to a corporation in 1917 and set up an office in New York.

Suzuki Shoten GSK. and *AJI-NO-MOTO*® operations were suspended at the Kawasaki Plant in 1920 due to the failure of Saburosuke II's stock investments. Further damages occurred due to rumors surrounding the “Ajinomoto Raw Material Snake Theory” (around 1920), the expiration of the *AJI-NO-MOTO*® patent, the Great Kanto Earthquake when the head office burned (1923), and a labor dispute at the Kawasaki Plant (1925). During that period only 1920 was in the red, but operating profits remained in the high 4 million yen range from 1926 and grew to about 5.4 million yen in 1931. During this period, Saburosuke II was commended by the Imperial Institute of Invention and Innovation in 1926, along with Sakichi Toyoda (who developed an automated loom), and Kokichi Mikimoto (who succeeded in pearl cultivation). *AJI-NO-MOTO*® became known as one of Japan's “Three Greatest Innovations.”

Business expansion and World War II

In March 1931, Saburosuke Suzuki II died and Chuji Suzuki became the company's second President. The Manchurian Incident occurred the same year. Due to the Finance Minister Takahashi Korekiyo's aggressive fiscal policy, the country experienced a brief period of prosperity until the Second Sino-Japanese War began in 1937. In this context, Chuji, who had mainly been in charge of technology and production since the company started, announced a “complete reform of manufacturing technology and the development of related products” and worked on the creation of acid-resistant technologies and the conversion of raw materials into defatted soybeans. The transition started in 1934. The company also processed and commercialized by-products, with the development and launch of the amino acid solution *AJIEKI* in 1934 and *ESUSAN Fertilizer* in 1936. Sales of *AJI-NO-MOTO*® also increased due to its price cut etc. and use of the product spread from urban to rural areas, eventually even being adopted by low-income consumers. Sales of *AJI-NO-MOTO*® soared, thanks to the organization of the Ajinomoto Association and the introduction of new marketing approaches like special sales with perks, as well as increased exports. In 1937, production peaked at 3,750 tons before the war, and the total profit of Ajinomoto Honpo S. Suzuki &Co., Ltd. (renamed in October 1932) reached 8.85 million yen in 1938. In addition, with a transition in raw materials and an increase in by-products, the company also established subsidiaries and affiliated companies in the fields of sake brewing, pharmaceuticals, the electrical industry, and edible oil manufacturing to ensure a stable supply of defatted soybeans, forming the small conglomerate that could be called a Group. In June 1932, an eight-story head office building was completed in Takara-cho, Kyobashi Ward, Tokyo (present-day Chuo-ku, Tokyo).

With the outbreak of the Second Sino-Japanese War in July 1937 and the National Mobilization Law in 1938, economic control over the country was increasingly tightened. With the formation of the Dai-Nippon Industrial Patriots Society in November 1940, the freedom of corporate activity was nearly brought to a halt. Ajinomoto Honpo S. Suzuki & Co., Ltd. had also been forced to reduce production and sales of *AJI-NO-MOTO*® since the outbreak of World War II in 1941 in favor of producing military supplies, and newspaper advertisements were discontinued. Starting in 1942, *AJI-NO-MOTO*® was produced as a by-product of the amino acid solution used as a substitute for soy sauce. During this period, Saburosuke Suzuki III was appointed President in August 1940. The company changed its name to Suzuki Shokuryo Kogyo Co. in December 1940 and again to Dai-Nippon Chemical Co. in May 1943. Sales of *AJI-NO-MOTO*® in Asia and the U.S. continued to stagnate or shrink, and by the end of the war the company was mostly producing items used in munitions like electrolysis, linings, alumina, etc.

First steps toward postwar reconstruction and modernizing management

By the end of the war in August 1945, Japan had lost more than three million lives, major cities had been devastated, and a quarter of national wealth had been lost. The nation then began its journey towards reconstruction.

Dai-Nippon Chemical Co. was renamed Ajinomoto Co., Inc. in April 1946 under the decisive leadership of Saburosuke Suzuki III, and resumed production of *AJI-NO-MOTO*® in May of that year. There was a strong underlying belief that *AJI-NO-MOTO*® had to be provided to the public during that post-war period of poverty. Meanwhile, Saburosuke III had to face the General Headquarter of the Allied Forces' policy of dissolving large industrial groups. In addition to changing the company name, to minimize disruptions the Suzuki family retired from management and released their shares. Suzuki III also resigned as President in May 1947 and the company was listed on the stock market in May 1949.

Our fourth President, Toyonobu Domen

Toyonobu Domen became President of the Company in May 1948. He had moved to the U.S. at a young age, and with his international experience ran the New York office of the Company before the war and dealt with GHQ in English afterwards. The production of the insecticide DDT, which kept the Company afloat immediately after the war, was also due to Domen's American network. Under Domen, the Company took a series of measures to transform itself into a modern company. These included the introduction of a council system for meetings, open recruitment of employees rather than the network of connections that had prevailed until that point, the institution of overseas inspection tours, and the development of international offices. These consisted of the re-opened Los Angeles Office in 1951 and New York Office in 1953, along with the establishment of new offices in Sao Paulo, Paris, Bangkok, Singapore and Hong Kong in 1954.

During this period, the Company got its system back on track, with efforts such as resuming advertising in newspapers and retail store visits to promote sales and establishing offices in major cities. From August 1950, the Company was once again able to sell freely. In March 1955, the confiscated Ajinomoto Building was returned, marking the end of the Company's postwar reconstruction.

Expansion during the high-growth period, part 1: Product development and changes in manufacturing methods

With the special procurement demands of the Korean War (1950-53) as an impetus, the Japanese economy experienced three major periods of economic growth: the Jinmu Boom (31 months), the Iwato Boom (42 months), and the Izanagi Boom (57 months) that followed the 1964 Tokyo Olympics. On the heels of this "miracle" of reconstruction and rapid growth, in 1968 Japan became the second largest capitalist country in the world after the U.S.. During this period, domestic consumption of MSG also continued to grow rapidly, reaching 76,000 tons (calculated as production minus export volume) or 744.5 grams per capita in 1968.

In the midst of this rapid growth period, the Company solved its business challenges while boosting its business through an expansion of the sales volume of *AJI-NO-MOTO*® under Domen's leadership. This was due to a change in manufacturing methods.

The extraction method relies on breaking down agricultural products such as soybeans with strong acids. This method has problems such as the instability of the price and quality of raw materials and the deterioration of equipment due to acids. The need to develop a new manufacturing method was urgent. In 1956, we established the Central Research Laboratory and started to develop two new types of manufacturing methods: a fermentation method that uses microorganisms and a synthesic method that relies on chemical synthesis. The fermentation method was earlier developed by Kyowa Hakko Kogyo Co., Ltd. We developed our own technology and completed the change to the updated manufacturing process at the Kawasaki Plant in 1965. Production with synthesis method began at the Tokai Plant in 1961, and the year after it opened.

Competition intensified at this time when other companies launched compounded seasonings. They added inosinic acid (the umami component of dried bonito flakes) and guanylic acid (the umami component of shiitake mushrooms) to MSG. After falling behind with its mainstay product, the Company attempted to regain its footing in 1962 with the launch of Umami Dashi *Hi-Me*®. By 1966 it had become the leading brand. In 1960 we launched *Aji-Shio*®, refined salt coated with MSG, which was a big hit. Even so, MSG's market share gradually declined. It had been 80% in 1955 for both consumer and commercial use products in domestic and export markets. By 1968, the domestic market share had fallen to 51%, and especially the commercial (industry and food service) market share dropped below 40%.

Expansion during the high-growth period, part 2: Diversification

Amid intensifying competition for its mainstay products, the Company made the foray into consommé and ramen soup through its acquisition of Nippon Shokuhin Kogyou Co., Ltd. In light of the popularity of instant products, Knorr Foods Co., Ltd. was established in March 1963 in partnership with the U.S.'s Corn Products International (CPC)[1]. Through the customization and marketing of *Knorr® Soup* in Japan, we were able to introduce modern American marketing methods from CPC. In 1968, the Company launched its mayonnaise and diversified into food products, including edible oils.

Diversification had been driven by technology and sales capabilities, the latter of which was helped by a powerful sales network and branding in addition to advanced approaches to marketing. Domen served as the first Chairman of the Japan Marketing Association and contributed not only to the Company but also helped establish and raise the profile of marketing in Japan.

Knorr® Soup

Ajinomoto KK Mayonnaise

Expansion during the high-growth period, part 3: Internationalization

Domen's genius was in pursuing international expansion in parallel with diversification.

Domen visited the U.S. three times after the war between 1949 and 1952 and succeeded in selling MSG to major food companies and other parties. His third trip included Europe as well. He also worked on changing the mindset of the entire management team. "Directors in charge of overseas business traveled to Southeast Asia and the U.S. numerous times for inspection tours. Nine trips to overseas markets were made in total in the roughly four years from 1949 to 1952. They were all on Domen's instructions, with an eye towards the Company's internationalization." From "Toyonobu Domen, A Manager Who Challenged the Times: Another Jiro Shirasu (Economics Edition)," by Tomohide Tsuji.

To help develop markets in Southeast Asia, our employees visited markets and small shops in the provinces and gave them free packages of our products to encourage further use. We were also able to build a successful system for delivery and payment collection by local employees. The Company worked to cultivate the European market by setting up a local plant in Italy and strengthening exports from Japan. As a result, sales in FY1969 exceeded 100 billion yen. Domen was invited to participate in the 13th World Congress of the Academy of International Business held in New York City in September 1963 (sponsored by the International Council for Scientific Management). He gave a speech on the theme of "Social Responsibility and the Managers of Tomorrow," demonstrating how far his international vision had come.

Saburosuke Suzuki, our third President, and Toyonobu Domen (left)

Domen retired from the Company in November 1965. The Company funeral was held for him when he passed away in March 1981.

"In a special issue of the Company's corporate newsletter entitled 'Honoring the Late Senior Advisor to the Board Domen,' Bunzo Watanabe[2] wrote a piece describing the essence of Domen's management style.

Domen's motto was 'In the spirit of fair play.' Common in the American sports world, including football and Major League baseball, it was known throughout the Company as its most concise catchphrase.

It also summarized Domen's management philosophy as follows:

'We cannot be satisfied with our business simply if the Company prospers, favors its shareholders and treats its employees well. Given the public nature of our business, we need to reach the level of a Public Service. This means contributing to society, not just by streamlining production and providing people with better quality products at lower prices, but by improving society itself through our business activities, even if only a little. I hope we'll always work towards this ideal.'

He's referring to the social responsibility—today known as CSR—that companies are obliged to abide by. Watanabe was surprised yet respectful of the fact that Domen already had this kind of vision in his management philosophy, which was decades ahead of its time, and laid out the full story, in the mid-1950s when the Japanese economy was about to enter a growth period after its postwar recovery.

Toyonobu Domen now rests with his ancestors in Hiroshima, where he was from." (See previous citation)

Safety measures and full-scale international expansion

The Company developed steadily until October 1969, when it encountered a situation that had the potential to shake the business to its foundations: MSG was suspected of being unsafe.

Dr. Olney of the U.S. conducted experiments in which MSG was administered to newborn mice, which resulted in brain damage. Based on these results, the president's specialist on nutrition and health recommended that MSG not be used in baby food. The Japan Chemical Seasoning Industry Association (now Umami Manufactureres Association of Japan) argued that Olney's experiment relied on usage far removed from the norm. However, there was widespread talk of "Chinese restaurant

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[1] At the time CPC had soup-maker Knorr in Germany and mayonnaise maker Best Foods in the U.S. under its umbrella.

[2] The President of the Company at the time

syndrome," an unfounded claim that only resulted from massive overuse. These issues had an enormous effect on the Company. In response, the Company conducted a series of studies to prove the safety of MSG under the leadership of two Presidents, Kyoji Suzuki (1965-73) and Bunzo Watanabe (1973-81). Based on this data, in 1980 the U.S.'s Food and Drug Administration (FDA) concluded that MSG was "Safe at the current levels of use." In 1987 the Joint FAO/WHO Expert Committee on Food Additives (JECFA) stated that "MSG is not harmful to human health, so there is no need to specify a maximum recommended daily intake." This put an end to the problem.

In addition to MSG safety issues, the Company was faced with problems related to Japan's transition to stable growth. With the Nixon Shock of 1971 and the 1973 1st Oil Crisis, the growth due to exports and quantitative expansion reached a turning point. Japanese companies worked to conserve energy and downsize, with the economic growth rate falling to less than half of what it was during the high growth period. Yet the Company grew in the midst of these severe circumstances. It launched the new mainstay flavor seasoning *HON-DASHI*® in 1970, the Chinese-food seasoning *Chuka Aji*® in 1977, and the seasoning for Chinese dishes *Cook Do*® in 1978. The Company launched an instant coffee in partnership with the U.S.'s General Foods Corporation and established Ajinomoto General Foods Co., Ltd. in 1973. Ajinomoto Frozen Foods Co., Ltd. was established in 1970, and full-scale development of our frozen food business began in 1972. A business tie-up commenced with Danone S.A. in France in 1980. A License Agreement with Searle, G.D. Searle & Company was also signed in 1970 for the sweetener aspartame, which was later commercialized.

In overseas business, the Company established a system of direct sales in Asian countries with the launch of flavor seasonings tailored to local cuisine and the manufacturing and sale of ramen noodles in South America in retail businesses. The commercial use business shifted to local production in Peru and Indonesia, and we began a full-scale feed-use Lysine business with the opening of a production base in Europe along with other developments. Sales in FY1979 were about 350 billion yen, more than two and a half times higher than the 135 billion yen in FY1971, the year of the transition to stable growth. It was during this period that environmental conservation efforts at our plants began in earnest against a backdrop of the worsening domestic pollution problems.

Ajinomoto KK's *HON-DASHI*®
at the time of its launch

Cook Do® *Mabo Tofu* at
the time of its launch

Business expansion and restructuring during the bubble years and after the bubble's collapse

After the oil crisis, Japanese companies that radically reduced costs and developed cutting-edge technologies became dominant in the 1980s in the automotive, consumer electronics, semiconductor, and other industries. This also caused trade and economic friction, and the Plaza Accord in 1985 led to a recession caused by a strong yen. However, due to various policies like low-interest rates designed to encourage domestic demand, the economy began to recover in 1986, and the money that no longer needed to be raised from banks due to a strengthened corporate structure was invested in land and stocks. A major bubble economy then grew until stock prices plunged in 1990. Following the collapse of the bubble, Japan entered a prolonged recession and continued to stagnate with the rise of emerging economies and the end of the Cold War.

Having reaffirmed the safety of MSG, the Company planned to become a world-class company under the leadership of Presidents Katsuhiro Utada (from 1981) and Tadasu Toba (from 1989). The WE-21 Plan announced in 1989 set a target for sales of 1 trillion yen and 3 billion USD for exports and overseas businesses while promoting diversification of food products, fine chemicals and services, and expansion of our operations overseas. In the food products sector, the Company formed a business partnership with Calpis Food Industry, Co., Ltd., expanded into Vietnam and Nigeria, developed its frozen food business in South Korea and Taiwan, and launched a full-scale sweetener business. In the fine chemicals sector, the Company expanded into electronics. In the service sector, our businesses entered fields as diverse as healthcare, vegetables, seedlings, packaging, restaurants, and golf courses. However, many of these efforts had little synergy with our core business, and coupled with the collapse of the bubble economy, many had to be shuttered or restructured. The following is a list of

Maxim® coffee at the
time of its launch

Ajinomoto KK's frozen foods at the
time of its launch

The consumer sweetener *PAL SWEET*®

ELENTAL®

new businesses and products that bore fruit.

- A sweetener business featuring the low-calorie sweetener aspartame (adopted by Diet Coke in 1983, launched as *PAL SWEET*® for Japanese consumers in 1984)
- *ELENTAL*®, an elemental diet (1981)
- Our pharmaceutical business was solidified with launches like *LIVACT*® (1996), a branched-chain amino acid drug for liver diseases
- A frozen bread dough business established by Ajinomoto Frozen Bakery Co., Ltd. (1993)
- Expansion of our specialty chemicals business into materials for electronic parts and launch of the cosmetic *JINO*® (1997)
- *amino VITAL*® (1995), an amino acid nutritional food for athletes

In parallel with these expansions, we proceeded with business restructuring, which involved consolidation of production and bolstered manufacture of commercial use products in the seasonings business (which struggled with a shift away from Japanese food and a trend towards eating out), in addition to the edible oils business (which faced the liberalization of imports from overseas in addition to sluggish consumption).

Shunsuke Inamori assumed the post of President in 1995. In light of the bubble's collapse and the failure of many of the diversified businesses, he sought to correct this trajectory by formulating the MSG global strategy and introducing other measures. In March 1997, he was forced to resign due to a scandal that involved illegal payments to corporate racketeers.

JINO® at the time of its launch

amino VITAL® PRO at the time of its launch

From Japan to the world

Kunio Egashira succeeded Inamori as President in 1997. He strengthened corporate governance through measures like the reinforcement of auditing and legal functions and the establishment of the Ajinomoto Co., Inc. Standards of Conduct in April 1997, which were revised as the Ajinomoto Group Standards of Business Conduct in April 2000 in light of a cartel incident involving U.S. subsidiaries. Advancing from Japan to the global arena as a leader in foods and amino acids, we practiced the "Ajinomoto Way" as a technology-driven company with amino acids at its core. The Company's basic policies included its "Strong No. 1 Strategy," which focused on businesses and products with the global No. 1 or 2 market shares and reorganized the others, instituted a fully bottom-up approach, and involved all employees in management. Important challenges to allow us to compete with major global food companies included consolidated management, promotion of brand strategy, strengthening cost competitiveness, streamlining research and development systems, and promotion of corporate citizenship. Specific measures included the sale of defective businesses, the reorganization and integration of subsidiaries, a system of 6 business-specific laboratories (1998), the establishment of the Ajinomoto Group Corporate Citizenship Committee (1999), the introduction of the corporate slogan "A taste of the future" (1999), the Brand Review Committee (2000), Ajinomoto Stadium naming rights acquisition (2002), introduction of a virtual company system (2002), introduction of a Corporate Executive Officer system and a reduction in the number of Board of Directors (2003). We also built a foundation suitable for a global food company, including the acquisition of ISO9000 and ISO14000 series certification, establishment of a CSR Division, and establishment of our CSR Vision (2005).

Our overseas businesses saw a focus on business expansion in China, a joint venture with a Russian research institute, and establishment of a full scale frozen food business by the aquisition of a local company in the U.S. (2000). We developed a variety of other businesses around the world, including retail seasoning, feed-use lysine, sweetener, and frozen food businesses.

Norio Yamaguchi was appointed President in 2005, and he continued this approach. Under the A-dvance10 medium- to long-term plan, the Company acquired Hong Kong Amoy Food Group (2006), made GABAN Co., Ltd. a subsidiary (2006), sold Mercian Corporation (2006), entered a capital tie-up with YAMAKI CO., Ltd. (2007), sold Calpis Ajinomoto Danone Co., Ltd. (2007), and made Calpis Co., Ltd. a fully owned subsidiary (2007).

As a result of these efforts, consolidated sales surpassed 1 trillion yen in FY2003 and reached 1.21 trillion yen in FY2007. However, the profit margin on sales did not exceed 5%, and it was left to the next generation to strengthen the Company's standing as a global company, including in terms of human resources.

A century after its founding, the Ajinomoto Group stood on the threshold of becoming a global food company, responding to the changing times while looking back to its original mission: to contribute to people's health and improve dietary habits at every turn.

2

Our 100th Year: Where We Were, What We Were Doing

The Ajinomoto Group at 100 years

In 2009, a century after the launch of *AJI-NO-MOTO®* in May 1909, the Ajinomoto Group was one of Japan's leading food companies. Sales had exceeded 1 trillion yen for 6 consecutive years from 2003 and surpassed 1.2 trillion yen in FY2007. Net profit had remained in the 30-40 billion-yen range, despite some fluctuation. Further, as indicated by the final chapter's title "From Japan to the World" of our 100-year history, "First 100 years of the Group: New Value Creation and the Pioneer Spirit," we had embarked on full-scale globalization. Although sales from our international food products business were still only about 12% of total sales, with overseas sales of umami seasonings, amino acids, animal nutrition products, and similar items included, the figure was closer to 30%.

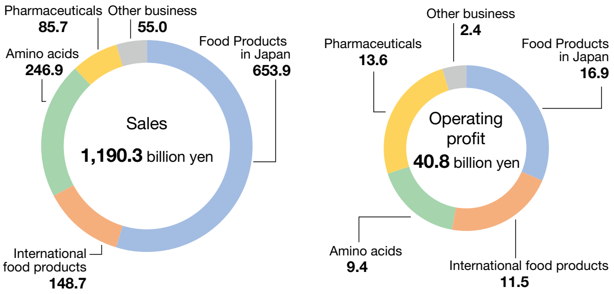
In terms of food products in Japan, consolidated subsidiaries with established brands included Knorr Foods Co., Ltd., Ajinomoto Frozen Foods Co., Inc., Calpis Co., Ltd., and GABAN Co., Ltd., equity-method affiliates such as Ajinomoto General Foods Co., Ltd., J-OIL MILLS, INC., and YAMAKI CO., Ltd., as well as a number of subsidiaries dealing in amino acids, pharmaceuticals, logistics, and various services were operated. The Overseas business of the Group was at the forefront of the global expansion of Japanese food companies. Entities involved included local subsidiaries doing businesses of Ajinomoto itself, its consolidated subsidiaries and equity method affiliates, as well as the Amoy Food Group, led by Hong Kong Amoy Food, Ltd.

As of the end of FY2008, we had 26,869 employees, including those at our consolidated companies. In Japan, business operated from 3 production bases in Kawasaki (mainly food products), Tokai (mainly sweeteners, food products and pharmaceuticals), and Kyushu (mainly amino acids). We had research laboratories (the main one in Kawasaki), 5 branch offices (Tokyo, Osaka, Kyushu, Nagoya, and Tohoku)[1] and a sales department responsible for nationwide accounts, as manufacturing, development, and sales bases. Overseas, we had a total of 20 offices, including 2 in North America, 2 in Latin America, 2 in Europe, 9 in Southeast Asia, and 5 in East Asia. We sold *AJI-NO-MOTO®* and flavor seasonings tailored to local cuisine in over 100 countries, and we enjoyed a high degree of market penetration in Southeast Asia in particular.

Figure I-1: Our 100th Year (FY2008 consolidated results)

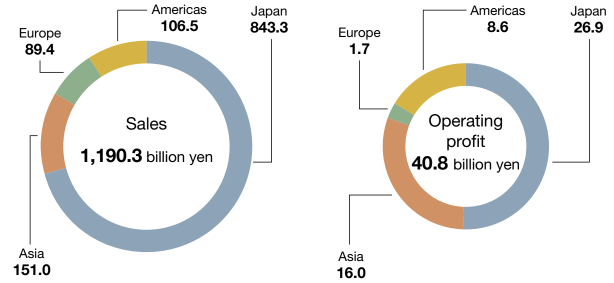
(Unit: 100 million yen)

Results by segment



Note: Operating profit includes an elimination of 13.2 billion yen

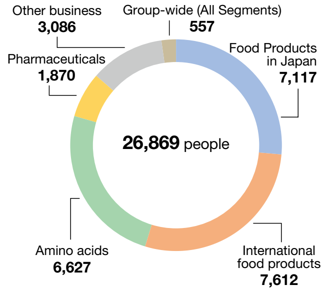
Regional results



Source: Financial statement

Note: Operating profit includes an elimination of 12.5 billion yen

Number of employees (by segment)



A severe business environment

Nevertheless, as the Group entered its 100th year, the business environment surrounding it was full of challenges.

One aspect was a detour along our move to globalization due to setbacks with our WE-21 long-term plan. WE-21 (WE = World Excellence) aimed to become a 21st century industry leader in light of intensifying global competition and the international mergers and acquisitions that have become a powerful means of competition. We announced the management

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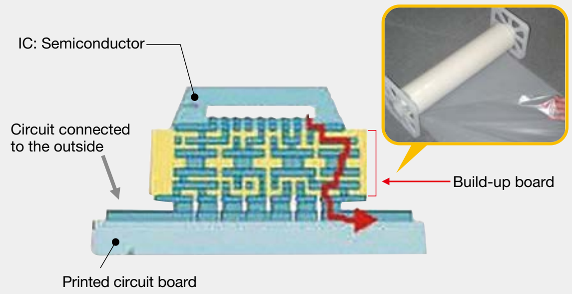
[1] This includes the Kanto Branch under the Tokyo Branch, the Chugoku and Shikoku branches under the Osaka Branch, and the Hokuriku Branch under the Nagoya Branch.

plan in 1988 with the goal of laying the groundwork to allow us to compete with major global food companies, including milestones like achieving sales of 1 trillion yen. This goal itself was timely, given the state of global competition. However, most of these efforts were unsuccessful because the Group sought to diversify domestically to help achieve the goal, straying from its core business with restaurants and other service sector initiatives. Subsequently, we moved in the direction of growing our umami seasonings business in various markets around the world, which led to the creation of a new business model for the Group. The Group's strategy to become a global food group of companies was back on track, but it took more than five years to make the transition.

From then, Ajinomoto Fine-Techno Co., Inc. was launched in 1998. The next year they released *Ajinomoto Build-up Film*® (*ABF*), an interlayer insulating material for semiconductor packages, which was adopted by major CPU manufacturers and rapidly became the de facto standard. Subsequently we worked to establish a system that would allow us to compete on the world stage while remembering where we started as a company. The medium to long-term management plan for fiscal years 2005 to 2010 sought to accomplish this through initiatives like A-dvance10, revision of the Ajinomoto Group Philosophy, and Ajinomoto Renaissance, which reaffirmed our founding mission to improve nutrition in Japan by recognizing the value of the umami seasoning *AJI-NO-MOTO*® and bringing it to the world. We set "CSR Management" as one of our basic strategies to become a respected Corporate Citizen worldwide and established our CSR Division to focus on activities involving dietary education in addition to our existing initiatives that ensure the safety and security of our products and manufacturing processes and respond to environmental issues. All of this is part of aiming to become a global group of companies that is not solely focused on scale.

However, the overall performance of the Group has been greatly influenced by the feed-use amino acids business, which we focused on as the Group expanded. Moreover, manufactureres in emerging countries such as China were gradually gaining market share in this business, using low costs to their competitive advantage. The expansion of the Group was also having a number of negative effects. For example, there was a desensitization to the fact that the "Ajinomoto Group common sense" was losing touch with the society little by little, as well as distance growing between management and the employees.

Figure I-2: *Ajinomoto Build-up Film*® (*ABF*), an interlayer insulating material for semiconductor packages



ABF is used for build-up boards, which form the foundation of CPUs with their multiple layers of tiny electronic circuits. Laser processing and direct copper plating on the surface can create micrometer-scale electronic circuits

The 2008 financial crisis (the Lehman Shock) and falling into the red

The 2008 financial crisis (the Lehman Shock) occurred in this context in September 2008. Since the previous year, there had been financial instability due to subprime mortgages[2] marketed to low-income families in the U.S.

The global economy was in recession from the once-a-century financial crisis. Though the damage to Japanese financial institutions was not extensive, the export industry was hit hard by recessions in Europe and the U.S. Japan's real economic growth rate shrank in FY2008 and FY2009. Japan's longest post-war growth period (longer than the Izanagi Boom) came to an end.

As a result, while net sales for the Group's FY2008 financial results were only slightly reduced, there was a net deficit of more than 10 billion yen due to factors like large foreign exchange losses of Brazilian subsidiaries. This was the fourth time the Group had fallen into the red. The first and second were during periods of emergency shortly after the founding and immediately following the World War II. The third time was when the Group recorded an extraordinary loss on corporate pensions due to the globalization of accounting standards in FY2000. This fourth instance was the first time loss occurred due to factors that a company could have avoided.

Structural changes in the world and Japan

In addition to these unexpected events, other changes that had a major impact on the Group's business development were taking place both in Japan and around the world.

In terms of the global economy, the expansion of emerging economies was an important change. The response to the "Lehman Shock" was discussed among developed nations and at the G20 (a summit of leaders of the 20 countries/regions concerning world financial and economic issues). The fact that financial stimulus by China, one of BRICS[3], played a major role in staving off a major depression was a clear illustration of this.

On the other hand, the Japanese economy had a low growth

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[2] Against the backdrop of the housing bubble, loans were provided to those who would not usually be able to secure a mortgage. Securitized receivables became financial products which were sold to financial institutions in order to diversify risk. However, when the housing bubble burst leaving many unable to pay their debts, the financial products that incorporated subprime loans collapsed, and the financial institutions that were buying them suffered a great blow. With the collapse of the long-established U.S. securities firm Lehman Brothers, it all came to a head spurring a global financial crisis.

[3] BRICS is an acronym for the emerging countries of Brazil, Russia, India, China, and South Africa, which in 2001 the investment bank Goldman Sachs predicted would experience rapid growth.

rate even during the period of long-term growth from 2003 and economic disparity widened. Furthermore, Japan's population has been declining since 2005, and combined with its aging, the market for food products had inevitably shrunk.

Issues of corporate governance

In 1997 the Group faced severe criticism of its corporate governance and its top executive resigned over a scandal involving illegal payments to corporate racketeers. For this reason, with regard to corporate governance, we worked to reinforce our internal auditing and legal functions and made ongoing efforts to unify the Group through the establishment of the Group Standards of Business Conduct and our Quality Policy. The spate of corporate scandals in the early 2000s, when prestigious companies were instantly discredited and even dissolved, also made corporate governance essential.

For the Group, it had become even more important from the perspective of corporate governance to ensure that the Group's philosophy and policies were fully implemented in the context of overseas expansion and continuing mergers and acquisitions. In addition, prompt decision-making with a view to overall optimization of the Group was required, and we reached a turning point of the virtual company system which was ideal for optimizing each individual business.

Furthermore, with the ratification of the Kyoto Protocol in 1997 and the United Nations Millennium Development Goals (MDGs) in 2000, the Group's response to challenges regarding the global environment and human society had become more sophisticated. The time was arriving when Environment, Society, and Governance (ESG) and Sustainable Development Goals (SDGs; established by the United Nations in FY2015) would become an important criterion for investment in companies. The Group was an early endorser and participant in the United Nations Global Compact in 2009, but to achieve CSV (Creating Shared Value) that generates both social and economic values, it was necessary to go deeper and evolve even further.

In the midst of such complicated circumstances, Masatoshi Ito was appointed President & CEO of the Group in June 2009, and was charged with laying the groundwork for the Group's next 100 years of global expansion.

II

Taking the First Step into the Next 100 Years

- A Roadmap for Becoming a GGSC, Presented by Top Management -

1

Becoming a Global Group of Companies that Contributes to "Food," a Fundamental for Humanity

― Interview with Chairman of the Board Masatoshi Ito

Masatoshi Ito

Chairman of the Board

Born in Tokyo in 1947. Joined Ajinomoto Co., Inc. in 1971. Served in positions including General Manager of the Processed Food Department of the Food Products Division, Representative Director and President of Ajinomoto Frozen Foods Co., Inc., Representative Director & Corporate Senior Vice President and President of the Food Products Company of Ajinomoto Co., Inc. Appointed as Representative Director, President & CEO in 2009 and Representative Director & Chairman of the Board in 2015. Also has important responsibilities outside the Group, including as President of the Japan Sport Association, Chairman of the Japan Overseas Enterprises Association, and President of the Japan Advertisers Association Inc., and serves as an outside director of Japan Airlines Co., Ltd. and NEC Corporation.

When the Ajinomoto Group celebrated the 100th anniversary of the launch of *AJI-NO-MOTO®* in June 2009, current Chairman of the Board Masatoshi Ito was appointed as Ajinomoto Co., Inc.'s 12th Representative Director and President & CEO. Although the company had recorded a loss in FY2008 and the situation remained difficult due to factors such as the Great East Japan Earthquake in 2011, President & CEO Ito achieved a recovery in business results through measures such as reorganization of unprofitable businesses and cost reductions. Through the FY2011 - 2013 and FY2014 - 2016 Medium-Term Management Plans that followed, he formulated the vision to become a "Genuine Global Company" and by advancing FIT (business structure reform) and GROW (growth driver development), he achieved record profit in FY2015. While working to realize this, he also focused on external collaboration and the establishment of a base suitable for a global company in terms of organization, human resources, and other areas.

Furthermore, the Ajinomoto Group Creating Shared Value (ASV) that was formulated under his leadership advocates creating both social value and economic values and reaffirms the philosophy held by the Ajinomoto Group since its founding. This will be passed on to future management for many years to come.

What are Chairman of the Board Ito's thoughts and feelings about these various management initiatives that he led?

Appointment during a time of crisis and promotion of information sharing

Q: When you were appointed President & CEO, the Company was marking the 100th anniversary of the launch of *AJI-NO-MOTO®*. What was your impression of the situation at the Company and the challenges it was facing at this time?

Ito: While publications of the Ajinomoto Group's history such as "The First 100 Years of the Ajinomoto Group" had content such as "looking at the next 100 years," in reality we were not in a position to look 100 years into the future.

The animal nutrition (referred to as feed-use amino acids at the time) and pharmaceuticals businesses were struggling. Under the leadership of President & CEO Kunio Egashira (1997-2005), the animal nutrition business had been extremely successful, generating about a third of overall profits. This was the result of the accumulation of research carried out by the Company over many years. However, from 2005, although the rise of Chinese manufacturers had expanded the market, a big drop in price per unit had started to drag profits down. Furthermore, as a precursor to this, the inability to meet supply volumes meant that a majority of our capital investment had been spent on reinforcing animal nutrition, which pushed the business into the red. The pharmaceuticals business was also struggling due to its lack of scale. Although it managed to record operating profits of over 10 billion yen for a time, drug development generally involves producing one successful new drug every 10 or 15 years, which puts too much burden on a small business. Both businesses were suffering due to changes in structure and environment.

In addition to this, we also faced factors such as the 2008 global financial crisis (the Lehman Shock) and foreign exchange losses. As a result, although our share price had been steady at around 1,500 yen for over 10 years, it had dropped to about 670 yen when I was appointed.

Q: It must have been a very difficult situation.

Ito: Before becoming President & CEO, I had started attending investor relations (IR) events as a Corporate Senior Vice President, and the rough tone in which we were questioned by analysts made me realize that we were in an urgent situation. We were also receiving harsh words from former employees who held shares, and employees were also starting to question more seriously whether the Company was all right. The labor union also pointed out that in this sort of situation, top management tended to retreat from the front lines.

Therefore, rather than thinking about future aspirations and the next 100 years, we first had to do something about the situation at hand.

Q: What did you do first?

Ito: First of all, I thought it was important that we explain the situation to all stakeholders, both inside and outside the company, and show them the direction we planned to take. To do this, it was essential that our understanding of the company's situation was accurate and that we verify our planned direction, so I hired a consulting company for the first time. Up to that point, there had been very little inclination within the Ajinomoto Group to use external resources, and some thought that it would be meaningless. However, I did not intend to leave these consultants think or follow their directions blindly. Rather, I thought it would be worthwhile to receive verification that our analysis and direction were appropriate, so I actively met with analysts and management advisors and listened to their opinions.

Q: What did you do to explain the situation and direction within the Company?

Ito: I repeatedly told the Public Communications Dept, "Your work is not just to communicate externally. Our employees are the most important communications targets." At that point, employees were not considered targets of communications activities. While there had been a monthly internal magazine, its publication had shrunk to four times per year because it wasn't being read. However, nobody is going to read a piece of paper handed to them about events that happened several months before. For this reason, I urged that we consider why no one was reading it and what we could do to make employees take an interest. As a result, we started to post the "CEO Headline" in both Japanese and English on the Group's intranet. We wanted to provide an understanding of the Group's actions and messages through my activities as President & CEO. As a result, we started sharing photos and reports around the world within a week of events. Previously people had no idea about what the President & CEO did, and they probably thought I just sat in a chair and checked things. So, I went, "I'm working and communicating like this!"

There was one more internal communications initiative we carried out at that time. We made it so that a summary of the main points discussed in weekly Executive Committee meetings was shared around the world immediately after the meetings. Up to that point, explanations had been made orally and only to the general managers. This was to prevent information leaks. However, when looking into this, we found there were inconsistencies in the amount of information that was being passed down to managers and their subordinates. While some general managers would pass on 90% of the content, others would only communicate half. This was not a case of them not wanting to talk – it is just that they were not able to. There were some aspects, such as financial matters, that they did not fully understand. As a result, the information being passed down varied and there were many people who did not understand what the Company was thinking. By putting information into a document which was only viewable by managers, we greatly improved this situation.

While these are fairly small details, in this way we improved the sharing of information and drove reforms forward.

A snapshot in "CEO Headline"

Q: How did you communicate externally?

Ito: I took an approach in which we did not disclose information but shared it. When holding press conferences, we prepared Q&A materials for anticipated questions. This included answers to be used when asked about certain things, so it was fine to discuss the content. However, the people in charge of IR told me not to talk beyond this content or give away too much. This makes sense when there is not enough time, but it seemed strange to take an approach of not saying anything unless asked. So, I decided to talk openly about matters that we were able to share.

The reasoning behind this approach was that we were in a crisis situation when I was appointed, and that I had listened to the opinions of analysts and shareholders and agreed with them. It is natural that people who have invested in us, are considering investing in us, or are giving advice to investors want to know about the state of our business. It would be strange to only give them the minimum of information. Rather, bad news had better shared.

In fact, after I became President & CEO, there was flooding in Thailand in 2011. Thailand was our main overseas business location, so this was a big negative for the Ajinomoto Group. We had about 20 plants in the country. People were naturally worried about the impact of the flooding. To address this, we provided investors with information about the status of our plants. Out of the 20 plants, 18 were still operating and two had stopped. We received great praise for sharing this information before we were asked to.

Financial results briefing for analysts and institutional investors

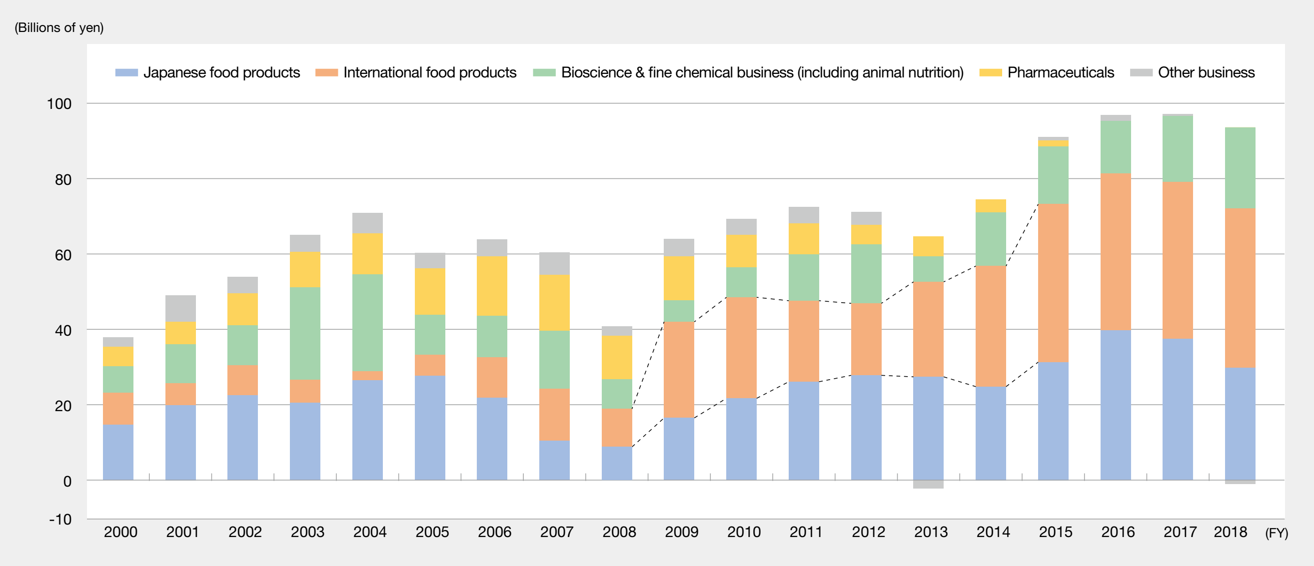
Q: You have placed great importance on communicating openly and fairly.

Ito: Anybody can give an answer when asked a question. I remember having a conversation with a person from another country about what is important for building relationships based on trust. It is information. How transparent is the exchange of information? For example, in my house I have a two-month schedule of meals on our refrigerator, which includes whether I am planning to go out to eat on a certain day. Naturally my meal schedule is not secret company information. However, while I write clearly who I will be going with, I try to make the location as vague as possible, so that later on, my wife won't be able to pester me to take her there too.

Q: And you advanced reforms based on these relationships of trust?

Ito: That's right. Sharing our management direction also meant we had to have a clear idea of the roles and responsibilities of management. Up to that point, Ajinomoto Co., Inc. had formulated its management plan by combining the plans of each of virtual company. This meant that the responsibilities of the top management team were vague, and I felt that decision-making was unclear. I thought that it would better if top management created a strategy framework for the entire Group and then each business division independently formulated their own plans based on this framework. It is important that top management leads the way in creating management direction with executive team members, and this is the job of the President & CEO.

Figure II-1: Overall business results (FY2000-2018)



Note 1: During this period, there were reclassification of segments, and changes made to the content of segments, accounting systems, and other items, so these figures are provided to give a general idea of overall business results.

Note 2: Up to FY2015, figures shown are for operating profit and from FY2016 onward they are for business profit.

Q: Before I ask about individual measures, I would like to take a bird's eye view of your time as President & CEO. You realized a V-shaped recovery following losses and then smoothly grew sales and profits to high levels by FY2015. However, in FY2013, both sales and profits temporarily fell.

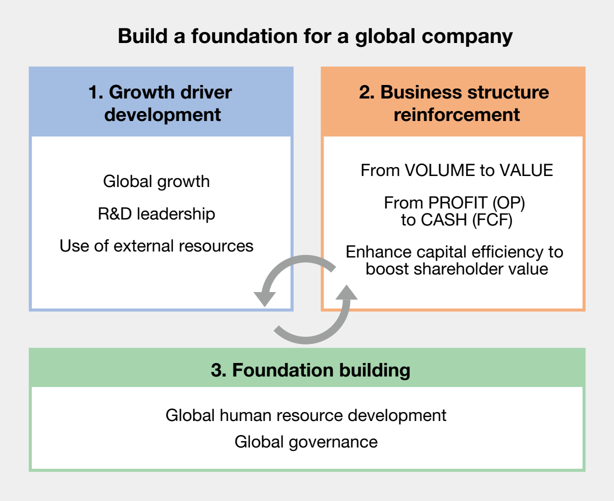
Ito: I think things went roughly according to plan in terms of both the numbers and the actual content of our businesses. The slump in FY2013 was a lull made necessary by structural reforms, and we had prepared for it. Our plan to reduce the ratio of bulk business such as animal nutrition meant that for that year, the business actually made zero profit. It probably turned out that way because we said it would be fine if it happened. The sale of Calpis Co., Ltd. and the fall in the pharmaceuticals business had also been anticipated. Instead, we focused on expansion of our consumer business overseas, putting effort into Japanese food products, Ajinomoto Frozen Foods Co., Inc. and Ajinomoto General Foods, Inc., and these measures led to growth later on.

Specific measures of FIT & GROW with Specialty – Focus on consumer business, business headquarters system, and spinning off companies

Q: Following the key principles of "growth driver development," "business structure reinforcement," and "foundation building" in the FY2011 - 2013 Medium-Term Management Plan, for the FY2014 - 2016 Medium-Term Management Plan you hit upon "FIT & GROW with Specialty." You advanced structural reform (FIT) and growth driver development (GROW) with a focus on specialty.

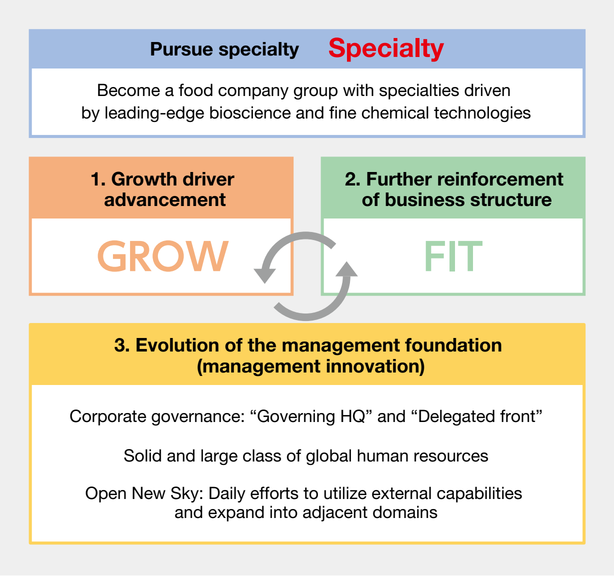
Ito: We decided that our macro-direction would be to shift away from a weighting towards bulk business. Although the BtoB market is big, there were a number of competitors emerging from China as well as from South Korea. So, it would be difficult to work freely and I felt it might be a problem to have this area as our core business. Although this is also true of other businesses, if a product does not have any distinguishing characteristics, competition will come down to a price war. In our bulk business in particular, we were creating physical substances such as lysine which are difficult to differentiate as it does not matter if they taste good or bad. Therefore, our major goal was to remove the weighting towards bulk business and achieve a business structure that we could control. We judged that price competition was not a good fit for us.

Figure II-2: Key principles of the FY2011 - 2013 Medium-Term Management Plan



Based on this, we set our key principles in FIT as "structural reform centered on a shift from commodities to specialty" and "enhance capital efficiency to boost shareholder value and return on equity (ROE)," and our key principles in GROW as "R&D leadership" and "global growth." We also started to transform the culture of the Group by practicing governance that accounted for globalization, developing and diversifying human resources, "using external capabilities," and "expanding into adjacent domains."

Figure II-3: Key principles of the FY2014 - 2016 Medium-Term Management Plan



Q: The year after you became President & CEO, the Company transitioned from a virtual company system to a business headquarters system. Was this also to strengthen internal communications?

Ito: After we started using a virtual company system, the barriers between companies grew to the point where you could say that each company was not aware of what the others were doing. In such a situation, the disadvantages outweigh the benefits. A virtual company system might work if one business bears little relation to the others, such as TVs and refrigerators, but it was not appropriate for the Ajinomoto Group, which uses amino acids in every business. It got to the point where the achievement of research into amino acids technology could not be applied in other areas such as food products. In cases where we need to focus on the swiftness and agility of decision making, it is better to establish a scale of operations and make it into a separate company, like we did with Ajinomoto Frozen Foods Co., Inc.

Q: It seems like your policy of strengthening collaboration transformed the Company.

Ito: That's right. It was the same with R&D structure. At first, we had over 10 R&D institutes, so we took a focused management approach that brought together small research institutes to make larger ones and specified the areas in which we were aiming to develop. Up to that point, it seemed that individual researchers were performing research in various areas on their own, and it would be bad if they went too far, so we decided to clarify the scope of research. We worked to bring them together and collaborate. We created an environment into which each researcher could bring the different information they possessed and utilize it to create new knowledge and value. We have personnel with a variety of areas of expertise and by combining the expertise of one researcher with the different expertise of another, we often generate new ideas.

For example, in frozen foods, where I worked from the 1980s into the 1990s, we had a structure comprising Ajinomoto Co., Inc.'s Frozen Foods Department and the Ajinomoto Frozen Foods Co., Inc. companies in each region (Kanto, Chubu, Shikoku, and Kyushu), and they were mainly focused on production[1]. This means that under normal operations, there is a divide between development and manufacturing. However, when it comes to creating a product, we cannot achieve anything good or quickly unless the business department personnel, experts in facilities and machinery, researchers, and others can work together. Therefore, they would collaborate on a project basis. People involved in product development often work in this way, but I wanted us to be able to do it on an organization-wide level, so after becoming President & CEO I advanced structural reforms.

R&D conversations

Q: Furthermore, you spun off the animal nutrition and pharmaceutical businesses, which were facing issues, as new companies. Was there any opposition to these moves?

Ito: Recognition of the state of these businesses was already shared, so in the case of the pharmaceuticals business, we had a request to spin off from the departments involved themselves. This would enable them to combine as a single company. Also, it would have been difficult to restructure the animal nutrition business while it was still a part of Ajinomoto Co., Inc. For example, operating joint ventures when you are not a separate company is very difficult. For these reasons, we took various steps to spin off the businesses and enable them to operate more freely.

Specific measures of FIT & GROW with Specialty – Promoting external partnerships and realizing "with Specialty"

Q: I think that the active pursuit of external collaborations, such as M&A, alliances, and joint research projects, became a big feature of the Group from your presidency onward and marks a clear shift of direction.

Ito: Even within Ajinomoto Co., Inc., people involved in technological fields had already grown beyond developing everything in-house and it was normal for them to announce research results externally and work for short periods at other research institutes. There were even employees who had been temporarily working at research institutes in Russia.

There have been lots of cases where the creation of new things has required some kind of stimulus to provide that moment of inspiration. I think it is better to bring in and mix information from a variety of sources. We implemented external collaborations, personnel allocation, and other measures based on consideration of how we could make this happen.

Looking back, although there was opposition to the various measures I implemented, this came from people who did not understand or did not have the right information. That was fine, because if I could make them understand, then they would become supporters. With this in mind, the amount of information you have is very important when advancing your businesses. In other words, you need to have curiosity and a broad interest in the world. People who can push ahead with ambition and a desire to try new things generally find the information and knowledge they need comes naturally.

While our collaborations with companies such as Kao Corporation and Bridgestone Corporation have produced relatively few specific results, they have proven valuable in providing experience and realizations to the employees involved regarding what it means to mutually share and understand information. While Kao Corporation makes cosmetics and we sell ingredients, our collaboration leads to action along the lines "if we work together, couldn't we make this substance?" Also, although our joint research and development with Bridgestone Corporation has come to a halt due to cost issues, we successfully made rubber for tires from proteins. This means that we are able to offer an alternative to rubber from trees.

This kind of experience and sensibility towards information is important for realizing specialty. When creating new products, creating something that already exists is meaningless.

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[1] In October 2000, all divisions were amalgamated to create the current Ajinomoto Frozen Foods Co., Inc.

It is important to be useful in a way no one else can, and how you differentiate a product is also a core of marketing.

Q: It appears that your experience in marketing was at the root of promoting specialty.

Ito: Exactly. You have to repeatedly differentiate. Ultimately, this is what the Ajinomoto Group Creating Shared Value (ASV) is. In other words, you should build your business on things that are useful to people. Society is a gathering of people so if you can provide something that many people like and think is convenient, then you will profit. For example, *dashi* soup stock is made by buying and preparing dried kelp and dried bonito flakes, but using *HON-DASHI*®, you can prepare it in one second. If a normal family wanted to make it from scratch, they would have to grate the bonito themselves and it would be expensive. If they use *HON-DASHI*®, they can save a billion seconds over a year. It is quicker, easier, and more convenient and there is no waste. This represents specialty to the people who use *HON-DASHI*®. Greater benefit is important.

Q: I feel like the "expand into adjacent domains" part of the plan also had a marketing perspective.

Ito: The origin of "expand into adjacent domains" was the feeling that we could do something to create more business opportunities, but we did not. For example, why did *Cook Do*® have to be just a seasoning for Chinese dishes while the markets for Japanese and Western dishes are so close? During development, people had been constantly told that *Cook Do*® is a seasoning brand for Chinese dishes so they thought that it could only be used for Chinese dishes. However, we launched *Cook Do*® *Kyo-no Ohzara*® based on the concept that it would be good to be able to prepare Japanese dishes in the same simple way. This is a good example of expansion into an adjacent domain. The people responsible for *Cook Do*® had always treated it as a seasoning brand for Chinese dishes so they were against anything different. The people above them had just accepted this, so nothing had changed for 30 years. This was also true for *Ajinomoto KK Consommé* cubes. Why do these cubes only have to be used for consommé? Consumers were already using them for different purposes, such as Western hotpots or Japanese Nabe dishes. This led to the development of *Nabe Cube*®.

Cook Do® *Kyo-no Ohzara*®

Nabe Cube® *Tori-dashi Uma-shio*

In this way, we were limiting ourselves. We could only think that something had to be a certain way just because the person in charge said so. Doesn't it make work boring? However, there is also an individual element to this. Out of 10 people, only two or three have the creativity that means they find just sticking to the task they have been given boring and start to consider things like new applications. These kinds of people possess a wider range of information.

Q: I understood that specialty is not just about new technology, and you must have seen R&D as one of the core elements.

Ito: R&D was an important part of the measures we implemented to create specialty, and this included combining the scattered research sites that I mentioned previously. The Ajinomoto Group has a focus on R&D that is unusually strong within the foods industry, and this can be seen in the number of researchers we have and the globalization of our research structure. However, you need to do unusual things if you want to differentiate.

Even so, this does not mean that research divisions are untouchable or are overly exalted within the food products business. Research and development have to fit the market and our customers, so we cannot ignore marketing, sales, and production. On the other hand, AminoScience involves a process from research through to the creation of a physical substance, so it is a little bit different in nature. Although these are separate fields, we transfer personnel between them to enable them to experience a different area of expertise and to create opportunities to expand their interests and horizons.

Q: I've heard that out of all the Presidents in the Company's history, you are notable for how much you have interacted with researchers.

Ito: While there were times where I used conversations with young researchers to communicate our approach to R&D in terms of overall strategy, the main reason I spoke to them was because I wanted to hear about the most recent developments. I participated in periodical R&D reporting meetings, but just receiving reports on things that have already been completed, was not very exciting. I really wanted to hear about what was happening at an earlier stage. What really left an impression on me is that although these researchers are young, many of them did not hesitate to explain things to me that I could not understand. It seems like we have an organization that gathers people who think the technical terms are understandable for everyone. That was why I also did not hesitate to ask them, "Besides the results, what value will be created by this?"

Q: Do you think that a fair amount progress has been made with specialty in R&D?

Ito: In regard to seasonings, I feel we have achieved about half of what we need to do. There is an extremely wide range of structural elements that can create deliciousness. For about half of these, our research has enabled us to use them to “create deliciousness” but there are still more of these elements to explore. We are continuing to deepen our research efforts in this area. While we have been fairly successful in pursuing the physical elements that determine deliciousness, such as texture, taste, and flavor, there is still a lot we do not know. For example, sometimes adding a tiny bit of something bitter makes a meal delicious. Alone, it is not very tasty but as part of a mix it is delicious. The attempt to work out why this should be is tough but very interesting.

In regard to the use of amino acids in the pharmaceutical peripherals field, we have made reasonable progress and are developing products that contribute to health and well-being through the use of peptides and proteins. In the past, we used protein production technologies to target digestive organs such as the stomach, but we are now using them for development in different fields.

I think that in foods and pharmaceutical peripherals, we are successfully leading the way.

ASV comes from the founding of the Group

Q: In the past 10 years, I think the formulation of ASV and the internal promotion of an approach in which the Ajinomoto Group works to continue being useful to society through its business activities marks a big change. What are your thoughts on this?

Figure II-4: ASV (The Ajinomoto Group Creating Shared Value)

Ito: Earlier I said that ASV was about repeatedly building a business by providing products that are beneficial to people and different from anything else, and this is what we have been doing since our founding. During our 100th anniversary, when we reconsidered what it is that makes Ajinomoto Co., Inc. unique, we constantly came back to Dr. Kikunae Ikeda, who discovered umami. Although Dr. Ikeda had eaten a lot of meat while studying in Germany, he actually had a small build. Most Germans were a lot bigger than him so he would have lost in a fight. This made him realize that he needed to improve people’s builds and nutrition. However, it was during the Meiji period in Japan, so people did not eat that much meat. They had a very simple diet and Japanese food was not very delicious. So he looked to find a way to improve nutrition and health of Japanese people by making their simple diet more delicious and when he researched umami in boiled tofu, he discovered glutamic acid.

Q: So the Company has always tried to create social value since its founding?

Ito: Yes. If health can be achieved through delicious foods, it benefits the customer, and as a result, we can obtain revenue. This concept is identical to CSV (Creating Shared Value). Economic value is tied to the creation of social value. In that sense, we have always been doing the same thing.

The typical example in Japan would be packaged foods. You could make sauce, ketchup and mayonnaise by yourselves, and they started to be manufactured in the Meiji period. In the olden days, everyone made soy sauce and miso paste by themselves too.

In Europe, it’s consommé. Why were bouillon cubes developed? It is because during the industrial revolution many factories were built, and women also needed to work to fill labor shortages. This meant that wives had less time to prepare food. It takes about three hours to boil your own bouillon which was just not possible. People needed something to be done about this situation, which led to the development of the bouillon cube. Three hours of work could be achieved in three minutes using just a cube. This kind of innovation has always been there.

Looking at Ajinomoto Co., Inc. products, we have *HON-DASHI*®, which provides a *dashi* broth made of dried bonito flakes and kelp, and *Pure Select*® *Mayonnaise*, which saves you having to mix oil, eggs, and vinegar. Also, if a product is the same as others, then it ends up needing to be cheaper, so we always try to enhance a product’s deliciousness.

Q: What was the reason for the establishment of ASV instead of CSV?

Ito: We replaced “C” which represents “creating” with “A” because we had already been doing this continuously since our founding. Therefore, we applied the Ajinomoto Group Creating Shared Value (ASV). Our thinking behind this was that ASV represents the foundation of our business activities, and we try to develop even greater nutrition and health from this. We are actually tackling issues such as overnutrition in developed countries and undernutrition in developing countries. However, no matter what we do, we tend to focus on health and nutrition. ASV is what we do, and includes the standard products that people are eating every day, so it is important that we tirelessly strive to make our products better.

Environmental commercial (Ajinomoto Co., Inc. website)

Q: Doesn't this also connect to "Eat Well, Live Well." in the Ajinomoto Group Philosophy?

Ito: And following that, the planet also has to be well. Producing 500,000 tons of *AJI-NO-MOTO*® a year (FY2010) from kelp would result in the world's kelp resources disappearing in a month. We produce it using a wide variety of flora and fauna and constantly striving to procure sustainable ingredients is a key part of our work. We have to develop in a way that maintains natural capital and conserves biodiversity.

The importance of food

Q: What is your view of the Ajinomoto Group?

Ito: We are a group that can contribute in a field which is essential for humanity. Food is truly one of the most important things. If you do not eat, you will die. By eating food, humans rebuild cells that gradually break down. It is said these cells replace themselves every three months. I would like both our employees and consumers to be aware of this. If they are not, then they will think we just eat because we are hungry. Think like that and you will end up just eating cake and drinking alcohol. This is the foundation of my personal philosophy. In fact, the last thing I wrote in my My Personal History series (published in The Nikkei in March 2019) was "You are what you eat[2]."

Q: Doesn't this mean that if you just take nutritional supplements you will be fine?

Ito: Not at all. For humans, when it comes to food, the most important thing is communication. Only humans share food. Even ape species do not share their food, even when they eat in groups. That is why we share at events like weddings. Even if we eat different things, we still eat together in the same space. Tables are only one or two meters wide so that people can see each other's faces and communicate while they eat. If they were any wider, we would not be able to talk. Human eyeballs have white parts so that we can express ourselves by moving our eyes, while in ape eyes, these parts are black. This means we can eat and talk together while expressing ourselves through our eyes. While this does not necessarily mean eating alone is bad, I don't think it would be good to go a whole month eating only by yourself. You would lose a part of your humanity. No matter how much digitalization progresses, if a guest from overseas visits you hold a dinner party and bring out good wine. Nobody would question why they have to eat together. Feeding people and eating together is at the very root of relationships. It connects people. Not just people, countries too.

Q: It is the foundation for human activity.

Ito: To go further, it also connects us to our heritage. Also, if you think about how the Group is contributing through our products, we are creating new lifestyles, culture, and customs that no longer assign fixed gender roles. One night you can buy something to eat, another night you can cook using *Nabe Cube*®. The time it takes to prepare food has shrunk by an incredible amount since the Meiji period. However, it does not just stop there— it is also expanding the scope of women's activities without a drop in the quality of meals. I think it would be good if everyone could experience just once how busy life was for a wife in the Meiji period. Try cooking in an old-fashioned kitchen which starts with kindling a fire.

Connect to our heritage, connect people, but at the same time create something new. Although things continue to change, there are also aspects that should remain unchanged. That's how humans are made. Both our bodies and our culture are continuously being rebuilt. As a company, the Ajinomoto Group

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[2] An expression often used in Europe and North America. It originates from Jean Anthelme Brillat-Savarin, a French lawyer and politician who gained fame as a gourmand, who wrote in *Physiologie du Goût* (*Physiology of Taste*, published in 1825), "Dis-moi ce que tu manges, je te dirai ce que tu es" (Tell me what you eat: I will tell you what you are).

is the same. While our employees gradually change over time, the brand itself remains and becomes stronger. Like university brands.

The next 100 years

Q: Please tell us your thoughts about the future of the Ajinomoto Group.

Ito: As I said before, at the time of our 100th anniversary I wanted to think about the next 100 years, but truthfully, it was not the time for that. While we also have specialty chemicals and other businesses, I want to focus about 70% of our growth on foods and pharmaceutical peripherals. We are a food company after all. They say that a balanced diet leads to a healthy body, so foods and pharmaceuticals are the same in principle and both are important. If possible, I want us to be a unique group of companies that works on a foundation of science to deliver amino acids technologies not found anywhere else on earth through foods. How far we can go with this depends on our efforts going forward.

Q: During your time as President & CEO, Ajinomoto Co., Inc. set a course towards becoming a global foods company with a focus on specialty. Is there anything in particular you feel about this?

Ito: I feel that we are moving a little too slowly to become a GGSC (Genuine Global Specialty Company). The world is steadily changing and if we carry on at our current pace, I don’t think we can achieve our goal in the next 100 years. We need more speed. We need to look further into the future, not just in terms of external partnerships and M&A but also in internal research and development and other areas. Our competitors are gradually expanding and growing beyond being just food companies. Big tech platforms and the like also have overwhelming capabilities in terms of information, which I have repeatedly told is important. We need to speed up in regard to technological change, too. In my 2014 New Year’s message “Speeding Up Towards Becoming a GGSC,” I hoped for a sense of speed. To achieve our goal, I think we need intuition backed by information and experience. We also need imagination to work out what to do with the information we gain.

2

Becoming a Solution-Providing Group of Companies for Food and Health Issues by Adapting to Social Change Driven by Digital Transformation and the Adoption of the SDGs

– A Dialogue Between President & CEO Takaaki Nishii and Keio University Professor Masahiro Okada

President & CEO **Takaaki Nishii**

Professor **Masahiro Okada**

Born in Nara Prefecture in 1959. Joined Ajinomoto Co., Inc. in 1982. Served in positions including General Manager of the Consumer Foods Department at Ajinomoto Frozen Foods Co., Inc., General Manager of the Human Resources Department at Ajinomoto Co., Inc., and President of AJINOMOTO DO BRASIL INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA. while also a member of the Board & Corporate Vice President of Ajinomoto Co., Inc. Appointed as Representative Director, President & Chief Executive Officer of Ajinomoto Co., Inc. in June 2015 (current position).

Born in Hokkaido in 1962. Joined Honda Motor Co., Ltd. in 1985. Completed a master's course at the Graduate School of Business Administration, Keio University in 1993. After working at Arthur D. Little Japan, Inc., became a fellow of MUSE Associates, LLC. in the U.S. Gained a Ph.D from the Ohio State University in 1999 and became a lecturer at the Graduate School of Business Administration, Keio University. Promoted to assistant professor, associate professor, and then to his current position of Professor.

President & CEO Takaaki Nishii, who was appointed in June 2015, bases his judgements on the clear criterium of "be a global top 10 class food group of companies," and achieving this has been set as a management goal for FY2020. Inheriting and evolving the concept of shifting to specialty devised by Chairman of the Board Masatoshi Ito, he aims to make the Ajinomoto Group into a GGSC (Genuine Global Specialty Company) through a policy of accelerating response to changes in the business environment, such as digital transformation. He invited Keio University Professor Masahiro Okada, who has an intimate knowledge of business strategy based on CSV (Creating Shared Value), for a dialogue exploring the Ajinomoto Group's core competencies, its achievements over the last 10 years and future growth strategy, and the Group's challenges and aspirations based on a medium-term management plans centered on evolving ASV.

What is the Ajinomoto Group's competitive edge (core competencies)?

Professor Okada ("Okada" from here on): I specialize in management strategy and I would like to ask about a variety of topics, including your initiatives over the past 10 years, outlook for the future, as well as ASV. First of all, regarding the Ajinomoto Group's competitive edge, the media mentions aspects like technologies for leading-edge bioscience and deliciousness, and marketing that is adapted to each region. What is your impression?

President & CEO Nishii ("Nishii" from here on): Our leading-edge bioscience and fine chemical technologies include technologies for the development and application of materials based on research on the functions of amino acids. We apply these over a broad range of business areas, such as foods, healthcare, and life support. For example, we discovered that glutamic acid, the substance that prompted the founding of the Ajinomoto Group, was an umami ingredient, so we subsequently developed and launched the umami seasoning *AJI-NO-MOTO*®. We have also developed products with added nutritional functions using BCAA[1] that effectively help athletes recover from fatigue. Furthermore, amino acids also "adjust the body's functions." For example, L-DOPA is an amino acid used in pharmaceuticals and if a person does not have enough of it, their neurotransmission functions worsens. Glycine, which is the main component of *Glyna*®, helps people to sleep more deeply (see footnotes on p.29). Also, it is not generally known, but we use technology derived from research into the reactive properties of amino acids and their applications to develop interlayer insulating materials for semiconductor packages, which are contributing to the evolution of IoT, so specialty chemicals is also one of our core businesses.

Another competitive edge is marketing capabilities that enable us to provide tastes which are thoroughly in line with local sensibilities. In regard to consumer foods, we offer product development and sales channels that are adapted to local food cultures and in our BtoB ingredients business, we are able to work together with customers to solve their problems.

These two areas are our core competencies and have been at the heart of the Group since our founding.

Okada: The other day I visited the Client Innovation Center (CIC, see p.51) in Kawasaki and saw your full lineup of amino acid bioscience and fine chemical technologies. General consumers like myself have an image of the Ajinomoto Group as a food company, particularly as the producer of *AJI-NO-MOTO*®, but visiting the CIC completely changed my perception. I came to understand that the Ajinomoto Group is using amino acids to expand in BtoB and BtoC markets based on a foundation of various technologies, and I came away with the strong impression that the Group is not just a food company.

The Client Innovation Center

Nishii: That's right. I also think we are a very unique company. We constantly review the fields in which we apply our business portfolio and strategy in accordance with changes in the external environment while keeping a central focus on how these connect to our core competencies. While our main focuses are consumer foods, amino acids for pharmaceuticals, electronic materials, and animal nutrition, we will alter these focuses in accordance with changes in consumer and customer needs depending on the times. We think that being able to adapt to various business areas through our two core competencies is important for our sustainable growth.

Reforming Business with a Focus on the Shift to Specialty

Okada: Based on these core competencies and unique attributes of the Group that we just talked about, I would like to ask about the management direction Chairman of the Board Ito and you took over the last 10 years. Out of the things that Chairman of the Board Ito and yourself tried to do, how much did you manage to achieve and what still needs to be done in the next 10 years?

Nishii: Well, first of all, I think it will be easier to understand if I talk about A-dvance 10, the medium- to long-term plan leading up to the last 10 years. The theme of the plan was "the 21st century is an amino acid century," and we aimed to build our business portfolio along two axes, one of which involved being an "amino-acid driven company," including in regard to pharmaceuticals, and the other of which involved the globalization of our food products business. We positioned Japan food products as a stable revenue-generating business and set overseas markets as an area for growth investment.

You could say that Chairman of the Board Ito's approach of becoming a "Genuine Global Specialty Company (GGSC)" and a "global top 10 food company" put a sharper focus on the food products and advanced pharmaceutical peripherals businesses targeted in A-dvance 10. In other words, in order to respond to the expectations of stakeholders, he used business scale and efficiency, growth areas, and specialty in terms of added value as yardsticks for making judgements and shifted focus from the former core businesses of drug creation and animal nutrition to growth in overseas food products.

When Chairman of the Board Ito was appointed President & CEO, profits were being generated by the Japan food products, Japan pharmaceuticals, and animal nutrition businesses, and healthcare in the advanced pharmaceutical peripherals field was barely making a contribution. Now, profits from animal nutrition have shrunk significantly and the pharmaceuticals business has been reorganized as an

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[1] Branched Chain Amino Acids, which are the three amino acids valine, leucine and isoleucine. High concentrations of these amino acids are found in muscle tissue and they are known to build protein mass in bodies. They are used as an energy source during exercise.

equity-method affiliate. The business profit of the AminoScience business[2], which now accounts for 25% of overall profit, derives from new businesses we have been developing through the pursuit of specialty over the last 10 years. These businesses are mainly amino acids for pharmaceuticals; the custom development pharmaceutical peripherals business, which is a Contract Development and Manufacturing Organization (CDMO); and the specialty chemicals business, which includes electronic materials. These are the areas that have changed the most over the last 10 years. In the food products business, we sold our beverages business in Japan and stabilized earnings in our domestic operations through the seasonings and packaged food products, frozen foods, and coffee businesses. We have vastly grown our overseas food products business, including in the emerging countries we have defined as the Five Stars and the Rising Stars, and it is now our biggest business. As a result, although we were in a difficult situation in 2009, recording a consolidated operating profit of just 64 billion yen and almost no non-consolidated profit, current business profit is 97 billion yen and even if we account for a move to International Financial Reporting Standards, we have managed to increase annual business profit by 20 billion yen.

It has been 10 years in which we have improved business results through the concentration of overseas food products and businesses leveraging amino acid technologies in growth markets, while at the same time advancing structural reforms.

Aiming to become top 10 through increased efficiency and stable growth instead of rapid growth driven by the Five Stars.

Okada: Could you explain a little more about initiatives in the Five Stars and the Rising Stars in the overseas food products business?

Nishii: In our FY2011 - 2013 Medium-Term Management Plan, in addition to setting the vision of becoming a GGSC from 2020 onward and aiming to become a global top 10 food company, we targeted four criteria – a consolidated operating profit of around 130 to 150 billion yen, earnings per share (EPS) growth ratio of 10%, return on equity (ROE) of over 10%, and a business profit margin of 10%. Overseas food products were positioned as a source of growth, particularly for realizing an EPS growth ratio of over 10%. Building on this, in the FY2014 - 2016 Medium-Term Management Plan onward, we positioned the Five Stars (see p. 39) as the leading countries in these efforts. We aimed to double or triple business profit in the Five Stars by FY2020 compared to the base year of FY2013. The Rising Stars are key markets we are cultivating from a medium- to long-term perspective.

Okada: Is North America one of the Rising Stars?

Nishii: When formulating the FY2014 - 2016 Medium-Term Management Plan, sales in our North American frozen food business were just shy of 10 billion yen and it was still taking baby steps. We started the business in 2000 by acquiring a small local plant. The change in approach and scales came in April 2015, when we acquired and consolidated Windsor Quality Holdings, LP, launching a full-scale effort to make it into a global business.

Okada: You have returned to the head office after serving as President of a Brazilian subsidiary. How was Brazil positioned when you were there and over the last 10 years?

Nishii: AJINOMOTO DO BRASIL INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA. was positioned as one of the Five Stars and its mission included strengthening our consumer food business in Latin American markets by further strengthening collaboration with AJINOMOTO DEL PERÚ S.A. I was President of the subsidiary when we were asked to double our business by 2020 under the FY2014 - 2016 Medium-Term Management Plan.

Okada: What was the result?

Nishii: We didn't make it quite far enough in terms of figures. While we had to realize an average annual growth rate of 15%, from around 2015, top line growth began to slow, and we didn't reach the target. However, in terms of profit, we realized EPS growth of 10%, so it has definitely become an engine for growth.

Okada: Will you continue to pursue a position in the global top 10?

Nishii: In FY2010, the year before we targeted a top 10 position, our operating profit was 69 billion yen. This fiscal year we are looking at 97 billion yen, so the distance to our target of 130-150 billion yen is shrinking. Although changes in the business environment have shifted our course to put focus on efficiency and stable growth, we will continue to aim to become a global top 10 class food company and use this as a waypoint towards our eventual goal.

2015 as a Turning Point

Okada: In preparation for this dialogue, I had a look at the share prices of various food companies. Excluding Unilever N.V. and Nestlé S.A., a lot of food companies like Ajinomoto Co., Inc. and Danone S.A. previously had share prices of around 1,000 yen and rose to the 2,700-2,800-yen level around 2015, but have been gradually falling since then. Is the decrease in growth in the Five Stars you mentioned previously related to the slow economic growth in Asia? Do you recognize 2015 as a turning point?

Nishii: I agree that the fall in food company share prices and growth in emerging markets marked a turning point. Following the 2008 global financial crisis (the Lehman Shock), I think a lot of financing flowed into the food industry, which offered stable growth and strong potential in emerging countries, and

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[2] Currently the AminoScience Business contains two business areas: healthcare and life support. Healthcare comprises the six businesses of amino acids for pharmaceuticals and foods, bio-pharma services, sports nutrition, direct marketing, *AminoIndex*®, and personal care ingredients, and life support comprises the animal nutrition and electronic materials businesses.

this is linked to the rise in share prices up to 2015. You can see this by looking at indicators such as price-earnings ratios at that time, which were extremely high. Sometimes 30 times as high. One of the factors that started the decline since then was a greater focus on IoT-related industries as a strong sector for investment. From around 2010-2011, the spread of 4G (4th-generation mobile communication system) accelerated and these industries started to realize extraordinary growth that was driving the global economy, so investment began to shift. Another factor was the start of a slowdown in the growth of companies in the foods field, including personal care-related businesses. I think one of the reasons for this was the changes in lifestyles realized by digitalization and networking. In other words, the power of mass brands began to erode. Therefore, 2015 was a turning point for a number of different reasons.

Ajinomoto Co., Inc. was unable to overcome these macro-changes so growth began to slow in our overseas business, and our share price declined from the 2,700-2,800 yen level.

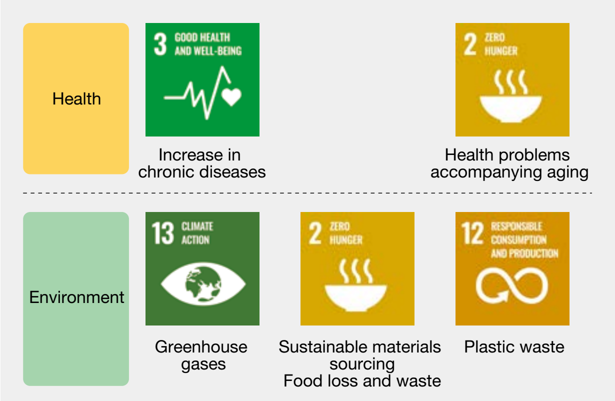
Maintaining growth by responding to the two major trends of digitalization and sustainability

Okada: Do you think the Rising Stars will be future growth drivers?

Nishii: Although it is important to cultivate emerging countries, there are major trends that are even more pressing. We think the changes brought by these trends are generating new markets in advanced countries and in Asia, which has already seen a certain amount of growth. One of these trends is digitalization and urbanization. This is particularly striking in the beer industry, in which craft beers have been gradually eating away at the big national brands. Before digitalization revolutionized distribution, these minor brands were not found in supermarkets so people who wanted to buy the beer would have to search around. However, e-commerce has enabled people to search for and order these beers digitally.

Another major trend is that consumers have become greatly segmented. The representative example is the millennial generation, whose members tend to be turning towards things that fit with their lifestyles and values focused on sustainability and naturalness, and approaches that are considerate of the environment, such as the sharing economy, compared to previous generations who tend to aspire to beauty and wealth.

Figure II-5: Sustainability initiatives (response to SDGs issues)



These two trends – the growth of small-size markets driven by digital trends and the diversification of consumer values such as an emphasis on sustainability – have most noticeably started occurring in advanced countries, particularly the U.S. They then spread to major cities in emerging countries very quickly, such as Bangkok in Thailand and Jakarta in Indonesia. This is a sort of change that cannot be seen by just looking at average figures, such as a GDP per person of 3,000 dollars.

Okada: Did you judge that responding to these trends is a higher priority than cultivating emerging markets? I often go to Africa for research, so I might be a little biased, but Sub-Saharan Africa currently has a population of over one billion people and it is thought that Africa will be the only market left that will see population growth beyond 2050. What do you think about this market?

Nishii: Looking at the period in which I will be managing the Group, up to 2025, and beyond that to around 2030, I think that growth driven by a population increase in Africa overall will not be enough to register an impact in terms of figures.

Of course our business base in Africa is important and we will maintain it. We will continue initiatives in collaboration with our partner company (Promasidor Holdings Limited), in which we acquired a 33% share through M&A, but in terms of growth, we think that we need to capture the two major trends of digitalization and sustainability or we may end up in a difficult situation. Similarly, India is also a big market and these two major trends will likely create change in major cities, but we do not have a solid base in the country and the competition is strong. So, it has not been selected as part of our strategy to enter the global top 10.

Okada: Our entire conversation up to now really demonstrates your approach of putting a greater focus on specialty rather than competing through volume.

Nishii: Yes. We think our success will depend on the rapid establishment of middle-size businesses that will not become red oceans[3]. It is the same with BtoB. We shifted our strategy away from a pursuit of volume in simple materials before 2010 and ceded the space to Chinese competitors. Instead, we will establish businesses that directly focus on what customers want and need by leveraging material mixes and minor components with soft aspects such as functionality and quality.

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[3] A term used in the best-selling marketing strategy book *Blue Ocean Strategy* (2004). Existing markets where competition is fierce are “red oceans” (turned red from the bloody competition), so it is better to target uncultivated markets known as “blue oceans,” where there is no competition.

Okada: I guess that your main customers will be people who are highly health-conscious and willing to pay for premium products.

Nishii: That's right. Former President & CEO Ito set the course away from development based on commodities and individual materials in bulk towards specialty in our overall business and I inherited the progress he made up to 2015, which included structural reform. This structural reform included moving drug creation to a joint venture with Eisai Co., Ltd. and making it an equity affiliate, closing plants that only manufactured commodities and switching to OEM in animal nutrition, and selling our French subsidiary in sweeteners. Through a series of measures, we considerably shrunk our commodities divisions.

Asset light management and digital transformation – Changing gears in the shift to specialty

Nishii: However, to reach the global top 10, we have to further shift to specialty in order to continue growing sustainably. We have to further increase our level of specialty and overcome any hurdles in achieving this. We need to do this within the current medium-term management plan. Therefore, we must value the core competencies we discussed before while strengthening our focus on core businesses. We have decided on six key areas (sauce and seasoning, Asian frozen foods, QN [Quick Nourishment = nutritional and packaged food products], integrated food solutions [ingredients for food manufacturing and food service industries], healthcare, and life support [electronic materials]) and we are concentrating strategic investment in these areas. We will also work to shrink and withdraw from non-core businesses.

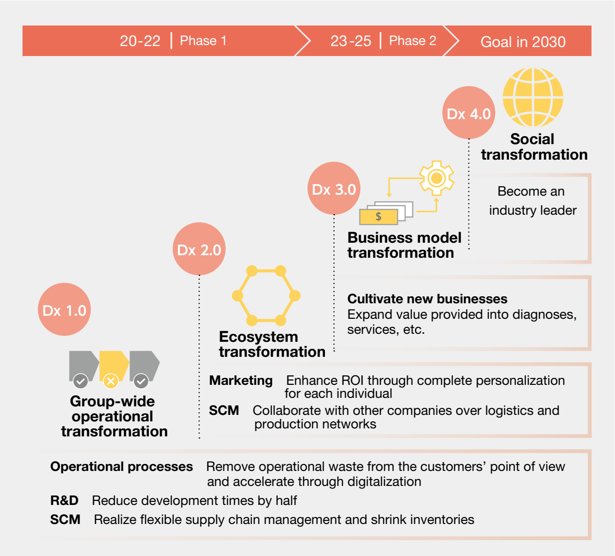
As for the reasons why our growth has slowed, I think we were also slow to respond to competition produced by digitalization. The level and speed of the competition is greater than before. We must focus on strategic areas and polish our strengths. If we focus on too much, we cannot win a competition that requires speed. We will not be able to take advantage of digital growth unless we concentrate on fields where we have a strong brand and can build a competitive edge by integrating technology and marketing, which are our core competencies. The next stage is to strengthen our focus, even in the food products business where we have already been realizing specialty.

Our main strategic direction has not changed, so we can still refer to it as FIT & GROW with Specialty, but I should emphasize that we need to change gears. We will start from FY2020 with the key phrases of "asset light management" and "digital transformation."

Okada: From what you are saying, becoming global top 10 is not in terms of sales, but in terms of profits.

Nishii: I would also add efficiency. I want to raise return on invested capital (ROIC), return on assets (ROA), and by doing this, enhance return on equity (ROE). Unless we do this, we will not be able to increase corporate value.

Figure II-6: Digital transformation measures to create change



Okada: Does your next medium-term management plan include full-scale investment aimed at the long tail[4]?

Nishii: It does. As we are a food company, we cannot just launch miscellaneous products like craft beers. It is crucial that we develop small-size markets into middle-size markets to make business more robust. It would obviously be impractical to gather 10 of the 10-billion-yen businesses for establishment into a 100-billion-yen business headquarters, as we used to do, but we must find a way to establish five 2-billion-yen businesses and then grow these to 20 times their size. We must attempt this while using digital marketing to speed the process up. The most important points and biggest issues towards achieving this are how we cultivate digital human resources, improve work efficiency and create businesses for growth in parallel.

Okada: In that case, looking at traditional channels, such as existing supermarket channels, and online BtoC channels that offer a direct route to consumers, will the latter become more important going forward?

Nishii: It's looking that way. Even just within our business areas, such as seasonings and packaged food products, it was revealed that the ratio of food products sales in Japan through e-commerce last year was already close to 4%. This was 1-2% just two years ago, but it has already risen to 4%. The ratio of e-commerce for the Ajinomoto Group for the same period was 0.7%, so this 3% disparity is evidence that we are not capturing digital growth.

Okada: To expand e-commerce, will you need to make any adjustments with your usual retail channels?

Nishii: There are various ways we could approach this, so I

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[4] An e-commerce term for an approach using a lineup of small retail volume products and increasing the sales of these products by dispersing them widely. As the use of IT has realized a dramatic leap in sales and management efficiency, it has become possible to market minor products that are not suited to mass production and sales.

don't think we will need to adjust too much. Physical stores have also had to incorporate digital methods and practice small-size marketing to survive, so we can ally ourselves with them. This does not mean committing exclusively to existing mall-style e-commerce platforms but carrying out digital marketing which includes convenience stores and the like are doing.

Accumulating "full spec" global talent over 10 years

Okada: Over the last 10 years, I'm sure the Ajinomoto Group has amassed things like capabilities, intangible assets, human networks, and relationships with companies, so out of these, what in particular do you think will prove the most useful over the next 10 years?

Nishii: The biggest thing has been growing the number of personnel who are beyond the level of just having experienced work overseas and can perform globally. The BtoB business we developed overseas was mostly in one market, so it was difficult to develop diversity and a multi-layered quality in our personnel. In contrast to this, in the BtoC business, the consolidation of a U.S. frozen foods subsidiary in 2015 had a huge impact. The U.S. business has a different sense of speed and sharpness compared to our Asian and South American businesses. The dispatch and return of people to and from that company and the information we exchange is extremely important to our future. While only four years have passed, consumer foods has made a bold strategic move and established a foothold in advanced countries.

Japan is also an advanced country, but unfortunately there is no growth and few new challenges have emerged. Our employees who have tested themselves in the U.S., a huge, advanced country, and have steadily taken in information and then returned with new capabilities are providing the Group with a great stimulus.

Okada: What about areas other than human resources?

Nishii: I think these 10 years have produced results in regard to taking on the challenge of full-scale globalization.

The development of our consumer foods business (flavor seasonings, etc.), in addition to the BtoB ingredients business, started in 2003, when the dissolution of our joint venture with Unilever N.V. gave us a free hand. In addition to the cooling off period, only 12 years have passed since then. During this time, consumer foods has grown to record profits of over 44.0 billion yen, and it has built our biggest portfolio. This profitability is extremely robust due to the addition of a business model for advanced countries like the U.S. in 2015, and I think it is a business that will contribute to future growth.

Okada: Establishing a foothold in an advanced country where you can amass human resources and information is a big deal. It enables you to multiply the synergies of the technology and alliance strategies symbolized by the CIC.

Nishii: Exactly. The theme of sustainability is similar. Although it originally started with the adoption of the Kyoto Protocol at COP 3, strangely enough, it turned to be COP 21 and brought things to a new level in 2015, when I mentioned was also a turning point for our business. At a United Nations summit that same year, the SDGs became central to global sustainability efforts and forced a change in gear. All companies that want to compete globally have to openly declare how they will make a contribution among the 17 goals and 169 targets by next year and set milestones with the aim of achieving these by 2030. The Ajinomoto Group declared our agreement with the SDGs in 2015 and we set specific, quantitative targets in our FY2017 - 2019 Medium-Term Management Plan. Furthermore, we have linked these to our financial and non-financial targets and are carrying out a trial and error process to achieve them as CSV=ASV. We will further advance these efforts in our next medium-term management plan. This will not involve doing only what is convenient for us. We will reset targets to achieve outcomes that are visible to people outside the Group and we will properly disclose our results. While we have paid a considerable educational cost to do this, it also provides deeper knowledge from a human resources perspective and we can set KPIs.


President & CEO Takaaki Nishii

Okada: What was it that resulted in a high educational cost?

Nishii: In FY2017, we plucked up our courage to set KPI and publish them in our Integrated Report and Sustainability Data Book, but we received stern criticism externally, including that they were difficult to understand and that they were not actual targets. This also became a tremendous asset.

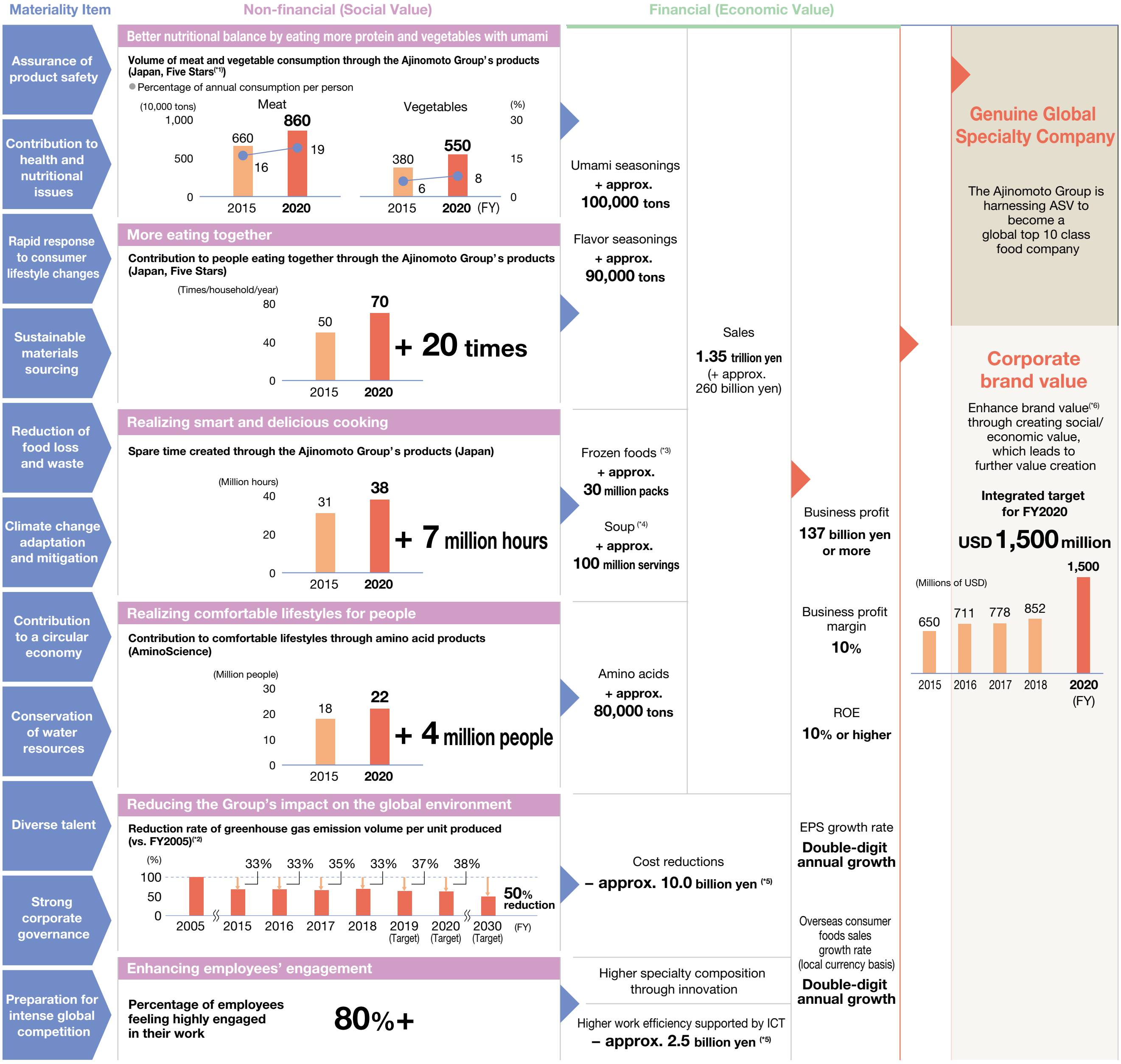
We have been accumulating human resources who understand a vision like creating shared value, sustainability, ESG, and the reason for the execution of the Ajinomoto Group Engagement Survey for 34 thousand employees in 18 languages (see p.80) to spread the spirit of the corporate governance in the Group. We have also acquired talent that understands the importance of the clarification and documentation of rules through the GGP (Global Governance Policy, see p. 79), and the significance of clarifying organizational hierarchies and compensation systems. We have increased the organizational knowledge we need to act globally to a considerable level.

Deepening the appeal of ASV – How are non-financial information and financial information connected?

Okada: The incorporation of sustainability into business strategy is one of my areas of research and it is an extremely fascinating area. I think that your external communication of non-financial information, which includes measurable values from meat and vegetable intake volumes through to employee engagement, is very progressive. What are your thoughts about

Professor Masahiro Okada

Figure II-7: Non-financial/financial integrated targets



Note 1: (*1) Thailand, Brazil, Indonesia, Vietnam, and the Philippines
(*2) Additional targets have been set for renewable energy use ratio, fluorocarbon elimination, reduction of food loss and waste, securing of food resources and protection of natural environment including ecosystems and biodiversity, conservation of water resources, and waste 3Rs.
(*3) Counting only products for household consumers in Japan
(*4) Counting only cup soup products in Japan
(*5) –Cost reductions of 10 billion yen and 2.5 billion yen are FY2019 targets.
(*6) Evaluated by Interbrand, "Japan's Best Global Brands"

Note 2: Sales volume increases for umami seasonings, flavor seasonings, frozen foods, soups, and amino acids are comparisons over the period from FY2015 to FY2020. Increases in management indicators are comparisons over the period from FY2016 to FY2020.

Source: Ajinomoto Group Integrated Report 2019 linking financial and non-financial information?

Nishii: To give an example of this kind of linkage, for meat and vegetable consumption volumes, we linked the standard amount used in a meal made using our products to the desirable intake volume per person per day. Therefore, while it is based on hypotheticals, by working out a measurable volume, we show the amount we contribute to each country and region.

Okada: It is easy to understand how meat and vegetable intake volumes link to increased sales of seasonings, but it is a little difficult to understand how the other targets, such as spare time created, link to your food products in Japan and overseas, or AminoScience businesses.

Nishii: We have properly outlined how these are connected in our Integrated Report and Sustainability Data Book. We have also included figures, such as so many thousands of people used this product in regard to comfortable lifestyles and healthcare. It would be best if we could include context such as an increase in figures that users are saying are good, but in regard to eating habits, this is not quite possible.

Okada: I have been studying various papers, such as this one by some teaching staff from Harvard University (Robert E. Eccles and two others) titled "Capturing the link between non-financial and financial performance in one space." In the paper, they write that in integrated reports, it is not enough to just include financial and non-financial information together, the relationship between them needs to be explained. This is because it makes it easier to understand and probably more appealing to investors.

Nishii: To show the linkage between financial and non-financial information, first of all, non-financial value is important. I'm sure you already know this, but when companies such as Nestlé S.A. and Unilever N.V. began to present their shared values, certification standards were created alongside these. Currently, the world's biggest evaluation framework with regard to nutrition is the Access To Nutrition Index (ATNI) which was created in line with the Millennium Development Goals (MDGs) to combat hunger in developing countries. Within this, aspects like improvements to nutritional balance that can be realized through umami seasoning or contributed to by fermented foods are not included. In light of this, the evaluations for us did not take into account of factors such as growth, sales, and social contributions made through umami and dashi at all. Furthermore, Tsuyu (concentrated liquid seasoning for Japanese noodles) and flavor seasonings contain a lot of salt, so they received a zero evaluation. If we want to clarify these links and strengthen our appeal to investors, we have to exercise our power to have these contributions incorporated into the evaluation frameworks of public institutions, or we will not be able to change globally. For this reason, we started an action like the World Umami Forum.

Okada: The World Umami Forum is extremely highly regarded and I read a report by a journalist who attended the event said, "Ajinomoto Co., Inc. mostly stayed in the background and let chefs and researchers speak about data and observations with regard to umami from an objective perspective." I certainly think that unless you do something about evaluation frameworks, you cannot fundamentally solve this issue.

Nishii: Furthermore, we need to communicate the social value created by the Ajinomoto Group to consumers in an easy-to-understand manner. With respect to our goal to contribute to health, we have a clear, easy to understand priority of "let's realize proper nutrition and get a well-balanced intake of meat and vegetables." However, the reply to this might be, "It would be great if we could get a well-balanced intake of meat and vegetables, but we are too busy, or we are too poor, so what would you suggest we do?" Consumers might be left thinking that by only continuing ASV efforts, although it might have a big impact on business results, the Ajinomoto Group is not contributing to society. This is related to the fact that it is difficult to understand. In order to resolve this, we need to provide specific products and services.

Nutritional intake has three key significances – growth and energy, recovery from fatigue, and self-control and conditioning. 110 years ago, Dr. Kikunae Ikeda, who discovered glutamic acid and created *AJI-NO-MOTO*®, said, "Turn simple but nutritious fare into delicacies." I think that "simple but nutritious fare" encompasses the three significances of nutritional intake I mentioned. Dr. Kikunae Ikeda thought that as certain ingredients have certain functions, if they could be used to make foods delicious then it will enable people to properly take in nutrition which will help make their bodies healthier. I want to further raise awareness of these kind of links to our products, such as how umami seasoning creates meals that are sufficient for growth and energy, how amino acids like BCAA help sports people recover from fatigue, and how products like *Glyna*® help realize a restful sleep.

Over the last 10 years, the Ajinomoto Group has primarily been focused on "deliciousness," but the functions of amino acids also enable us to provide solutions in terms of added nutrition and conditioning. The volumes of meat and vegetable consumption are important targets, but unless we become a company that can provide new nutritional intake and specifically provide nutritional intake that people need, we cannot engage middle-size market areas. I think it is our

World Umami Forum

business to provide solutions to these kinds of needs and make them middle-size markets.

If we can do this, it will be very easy to understand in terms of how many undernourished children and exhausted adults we have improved life for. This is because it was achieved through products. Unless we provide specific products and services, it will be difficult to communicate our efforts through actions such as providing or recommending menus that feature meat and vegetables, or posting recipes on our website.

Okada: So you will launch products and services which are easy to understand in terms of both social value and economic value.

Nishii: For example, we are selling *Glyna*® by 10 million yen as a functional product or supplement by on-line shopping through our web-site. If we introduce *Glyna*® as an ingredient in *Knorr*® *Cup Soups* or Ajinomoto AGF, Inc.'s beverage, sales of *Glyna*® will grow to achieve 40-50 billion yen. Our current approach of solutions through menus that feature meat and vegetables is difficult to understand. We have incorporated this point into the six core businesses decided for our next medium-term management plan to show they are drivers for growth. Organic growth of the six businesses is just over 3%, so if we can strengthen products and services by 1% by providing functions directly like this, it will rise to 4%. I think this makes it easier to understand the connection between the financial and non-financial aspects.

Okada: This means a definitive difference between SDGs and MDGs is that SDGs cover advanced countries and even target extremely busy businesspeople in urban areas. It seems the SDGs have provided a tailwind.

Nishii: That is correct. In the U.S., as well as in Japan, salt reduction is an extremely important theme.

Okada: As many companies have been forced to tackle the SDGs, as President & CEO, are there any companies in particular you are watching?

Nishii: Among Japanese companies that are approaching this seriously, there are several manufacturers other than ourselves. Ajinomoto Co., Inc. is also on the board of the Consumer Goods Forum, an international group that is strengthening advancement in non-financial fields. Out of the 400 companies representing the world, 200 are manufacturers of food and personal care products and 200 are major retailers. I think we can be proud that we are a part of this group of leading companies.

Continuing as a company that can contribute to health and well-being

Okada: One more thing. I have heard that your diagram of the Group philosophy has made it simpler, but it seems a little complicated to me...

Nishii: In our Philosophy, the important parts are the Mission and the Vision which outlines milestones for achieving the Mission. Realizing these is our values, and values are actually stories. There are four main ASV Value Creation Stories, and these connect to our business.

Specifically, 1) contribute to health and well-being through the food products and healthcare businesses, 2) contribute to the joy of eating together through the food products business in Japan and overseas, and 3) contribute to comfortable lifestyles by mainly the life support business. Also, we contribute to the sustainability of the society and the earth along with cost reductions through our supply chain, leveraging our resource-saving fermentation technologies and so on. Additionally, 4) we are raising the degree of global employee engagement through work-style innovation and health and productivity management. These also led to the development of specialty through the enhancement of value creation with customers and the realization of efficiency through the use of ICT. In other words, if we can improve our ASV stories, we have a structure that can achieve our Mission.

We intend to make each initiative further improved to connect our value with stakeholders' one.

Okada: It is easy to understand when you explain it like that. Finally, what are the values and principles that are consistently followed by the Ajinomoto Group, both in the past and into the future? While I think that Dr. Kikunae Ikeda's thoughts on nutrition and umami can be seen as ASV itself, I would like to ask you what should be changed and what should not be changed?

Nishii: What cannot be changed is our desire to become a global company which contributes as much as possible to health and well-being. This must definitely remain the same. I particularly want to use our core competencies to realize this. We will continue to research more deeply into the four functions[5] of amino acids and pursue applications for our findings.

Okada: I feel a spark is being created by engagement with people from different industries through collaboration at the CIC, etc. While this is just the start of these efforts, what are your expectations for 10 years from now? Not just on the Ajinomoto Group's own.

Nishii: The CIC is definitely a location for open innovation. There are lots of cases where visitors discover things like, "I didn't know Ajinomoto Co., Inc was doing that," or "We can use this to solve our own company's issues." We have actually already started joint research under non-disclosure agreements. While the number of these projects is still in the single digits, ideally, we would increase these kinds of orders to close to 100. If we realize traceability that can be narrowed down to each stage of these projects, evaluations of our development in terms

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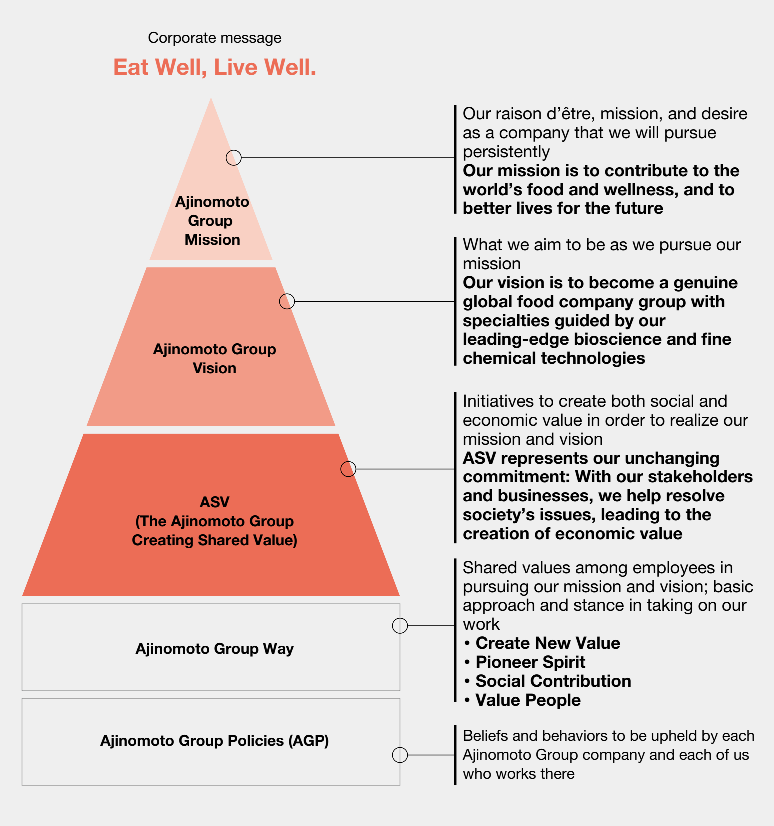
[5] Refers to the flavoring function (create delicious meals), the nutritional function (promote growth, development and recovery), the physiological function (support physical health [an example of this is *Glyna*®, which has glycine as a main component]), and reactivity (creating new functions).

Figure II-8: Our Philosophy (2018)



Our raison d'être, mission, and desire as a company that we will pursue persistently
Our mission is to contribute to the world's food and wellness, and to better lives for the future

What we aim to be as we pursue our mission
Our vision is to become a genuine global food company group with specialties guided by our leading-edge bioscience and fine chemical technologies

Initiatives to create both social and economic value in order to realize our mission and vision
ASV represents our unchanging commitment: With our stakeholders and businesses, we help resolve society's issues, leading to the creation of economic value

Shared values among employees in pursuing our mission and vision; basic approach and stance in taking on our work
- **Create New Value**
- **Pioneer Spirit**
- **Social Contribution**
- **Value People**

Beliefs and behaviors to be upheld by each Ajinomoto Group company and each of us who works there

of R&D will be easy to understand.

Okada: If you can realize a large project from the CIC, I think it would be a really appropriate use of the facility.

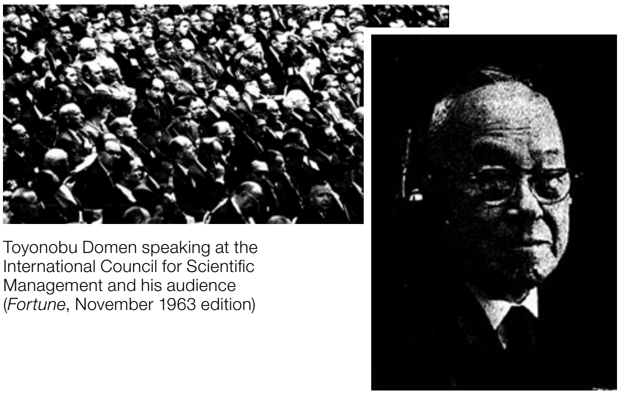
Nishii: If we can actively utilize our core competencies and external capabilities while always making contributions to society, I think we will begin to see the shape of our next 100 years.

Okada: Thank you very much.

3

The Ajinomoto Group: The Last 10 Years and Expectations for the Future

– Special Contribution by Professor Masahiro Okada, Graduate School of Business Administration, Keio University



Toyonobu Domen speaking at the International Council for Scientific Management and his audience (*Fortune*, November 1963 edition)

(1) The significance and importance of tracing history

I supervised the editing of this 10-Year History chronicling the first 10 years following the Ajinomoto Group's 100th anniversary, and participated in a dialogue with President & CEO Nishii. These were extremely valuable experiences. By the way, what exactly is the significance of a company's history? What kind of events and circumstances does a company go through from its founding up to the present day? Speaking as a researcher of strategy, recording these in detail has a strategic importance connected to decision making in terms of the allocation of managerial resources, that goes beyond just historical preservation. For each individual company, its unique history represents the cultivation and accumulation of managerial resources and capabilities (such as expertise, human networks, and human abilities). Unlike the widely available know-hows in manuals, the assets that anyone can purchase, and the general abilities that anyone can learn or acquire over a short period of time, these managerial resources and capabilities acquired through history are path dependent and firm-specific. They generate a distinctiveness from competitors and are inimitable in their nature. In the strategy theory, these resources can be a source of continuous strength, a sustainable competitive advantage, unique to a company. Knowing what a company has learnt from past events and experiences and how its values and human networks have been formed provides an understanding of the origins of its reason for being and its corporate culture, and has a significant influence on its current and future strategies and how successful these will be.

(2) The unique characteristics of the Ajinomoto Group

I, as a business school professor, have opportunities to connect with a variety of companies. Among these companies, I realized that the Ajinomoto Group has unique styles and values as I come to know its history. There are two elements. One is the emphasis both on scientific technology and market adaptation (marketing), and I sense that the Group has a particularly strong orientation toward technology in food industry. The origins that shaped this characteristic can be tracked back to the scientific technology created by Dr. Kikunae Ikeda, who identified the umami component of seaweed and created monosodium glutamate (MSG), combined with the fearless entrepreneurial spirit of President Saburosuke Suzuki II.

The Ajinomoto Group has another unique style. It is a strong determination that the Group should resolve social issues as a food company. I think this has its roots in one of the motivations behind Dr. Kikunae Ikeda's research – to realize social benefit by improving the nutrition of the Japanese people. Furthermore, in the period between 1955 and 1964, Toyonobu Domen, the President at that time, earned acquaintance with the Rockefeller family through which he recognized the importance of realizing social contribution through the company's main business beyond legal compliance and charity work. As companies build longer histories, they tend to forget about the philosophy and aspirations of their founders. However, reviewing this history enables a company to reaffirm why it was originally founded and what kind of strengths it has built up over time.

In the late 1950s and early 1960s, while Japan's economy was booming amid a period of high growth, President Toyonobu Domen made the following remarks. I would like to share them with you once again.

“We cannot be satisfied simply because our company thrives, benefits shareholders, and realizes good compensation for our workers. We must consider the public nature of our business and reach a point where we are a public service. This kind of social contribution means not only streamlining production and operations to deliver high quality products to the public at a cheaper price, but also engaging in business that makes society better, even if only a little. We should always strive to realize this ideal.”

The Ajinomoto Group has taken the approach of “creating social value through business which then enables the business itself to thrive” since its founding, and this was shown inside and outside the Group through the concept of ASV (The Ajinomoto Group Creating Shared Value), representing the last 10 years.

(3) The strategic significance of these 10 years: Proactive strategy building and ASV

Looking back over the Ajinomoto Group’s 110 years of history, I think the past 10 years have a special significance. This is because there has been a change in direction from the propagation of natural growth driven by the period of high economic growth that followed the Second World War to proactive reform of the structure of the Group. I feel this is different from the expansion during Japan’s economic bubble and the unavoidable austerity that accompanied its burst. While the 2008 global financial crisis (the Lehman Shock) created unprecedented external pressure, President & CEO Ito used it to create FIT & GROW with Specialty, a strategic direction focused on adding value to realize a vision for the Ajinomoto Group, and he implemented specific measures aimed at making the Group a GGSC (Genuine Global Specialty Company).

President & CEO Nishii continued this FIT & GROW with Specialty strategy in the form of “asset-light management and digital transformation,” and under this phrasing, he has been responding to the rapidly advancing digitalization of business and its shift to networking. As discussed in the latter part of this publication, markets and society demand companies to go forward in terms of how they will address digitalization and digital platforms, and how they will contribute to society and the environment furthermore. This is a paradigm shift with trends that will easily continue for 10-20 years or more. I think the past 10 years have been the beginning of this structural reform by the Group.

The above-mentioned strategies were formulated and advanced, and the most representative event of the last 10 years is that the Group set the concept of ASV as its fundamentals. As Chairman of the Board Ito said in his interview, with regards to taking Porter and Kramer’s CSV (Creating Shared Value) theory published in 2011 and replacing its C with A (Ajinomoto Group), Creating shared values (CSV) among corporate and society is not something the Ajinomoto Group will pursue from now on, but rather we, “Ajinomoto has already been long operated under this CSV spirit since our foundation.” This shows another unique characteristic of the Group. While recent years have seen a growing number of companies declare they will practice “CSV management,” the Group found its own way of expressing this very early on, and it is also using its own methods to closely link financial and non-financial indicators as integrated ASV targets, such as targets for increasing meat and vegetable consumption volumes. Also, ASV is not just a mission to be achieved. The Group has firmly positioned it as the Ajinomoto Group’s values. Chairman of the Board Ito reiterates that the Group follows ASV approach simply because “It is always natural for us to do so.” in the past, the present, and the future. I feel that this is another area in which the Group has inherited the strong desire to provide social value since its foundation.

Overall, I think the concepts, strategies, and values formulated by Presidents Ito and Nishii over these 10 years will be an important driving force over the next 100 years.

(4) The Ajinomoto Group’s superior technological capabilities (globally unique AminoScience)

In the food industry, it is generally considered important to have marketing and mass production capabilities that enable a company to get an idea of current and potential customer needs through market surveys, and then fulfill these needs by quickly developing products and producing them. This logic will not change now or in the future. However, the strong impression I had from visiting the Client Innovation Center (CIC) and the Ajinomoto Group Umami Science Square was that the Group puts an equal or even greater focus on technology than marketing and mass production capabilities. I have already spoken about one of the reasons behind this, which is that the commercialization of *AJI-NO-MOTO*® itself came from university technology. As a result, MSG was awarded the Imperial Invention Prize in 1926 and Dr. Ikeda was considered one of the ten Japanese great inventors alongside Sakichi Toyoda, who developed the automated loom, and Kokichi Mikimoto, who was the first person to successfully realize pearl cultivation. Furthermore, in the modern day, The Group is one of the top investors in research and development within the food industry, investing around 28 billion yen per year. From a global perspective, while it is obviously not at the same level as companies like Nestlé S.A., Unilever N.V., and PepsiCo, Inc., it does put the Group alongside Mondelēz International, Inc. and Danone S.A. I think this investment, combined with 10 years of swift advancement by acquiring footholds in each region through acquisitions, have resulted in the track toward a GGSC for the Group.

In terms of organization, these 10 years have also seen the significant restructuring of the Group’s research and development framework, including the concentration of the dispersed research capabilities of each business into two research functions to form a structure that maximizes synergies. Furthermore, the CIC is also being utilized to realize collaborations focused on incorporating external technologies and external needs. I predict this will result in new synergies and innovation and I am greatly looking forward to seeing the results.

Cover of *Ten Japanese Great Inventors* published by the Japan Patent Office

(5) The advent of the digital age and adapting strategy

The deepest impression I had during my conversation with President & CEO Nishii was that he had a sense of crisis regarding the decline of mass brands due to the spread of digitalization and e-commerce even as he takes a strong direction toward actively using e-commerce. In our conversation, his concept of targeting the strongly health-conscious middle- and upper-income earning segments by using e-commerce to sell functional health foods (for recovery from fatigue or comfortable sleep, etc.) directly became clear. For your reference, in FY2018 the Japanese e-commerce/mail order market for health foods was said to be worth 513.4 billion yen. The Ajinomoto Group was estimated to have a 2.8% share, while the company with the top share had 16.7%, so there is lots of room for growth.

(*FY2019 Health Foods Mail Order/E-commerce Business Strategy* Survey, TPC marketing research corp., https://netshop.impress.co.jp/node/6923)

Table II-1: Industry dominance ranking (food products industry)

Position	Company name	Number of patent citations
1	Ajinomoto Co., Inc.	269
2	Kirin Holdings Company, Limited	258
3	Suntory Holdings Limited	181
4	Asahi Group Holdings, Ltd.	180
5	Japan Tobacco Inc.	165
6	Nisshin Seifun Group Inc.	156
7	Meiji Holdings Co., Ltd.	141
8	FUJI OIL HOLDINGS INC.	129
9	NESTEC Inc.	111
10	PHILIP MORRIS PRODUCTS S.A.	108

Note: The figures show the number of patents owned by each company that were cited as the reason to reject a patent filed by another company during the patent examination process in 2019.

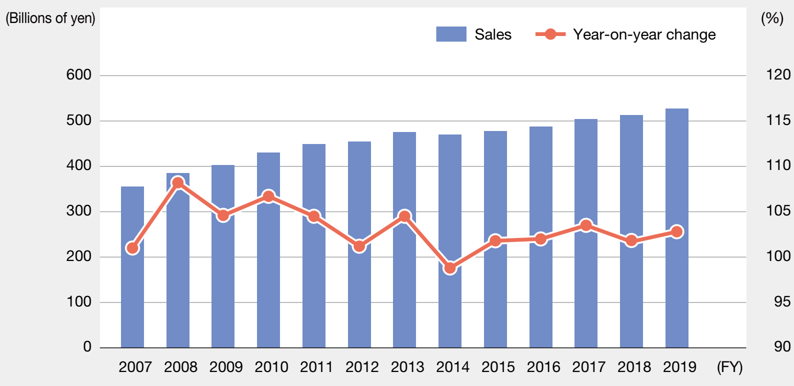
Source: Investigation by Patent Result Co., Ltd. The written representation of company names is based on presentations by Patent Result Co., Ltd.

Also, as e-commerce will make it easy to transcend the boundaries of language and national borders, it is thought that ultimately, technological capabilities and product strengths will be the deciding factors. The markets in which the Ajinomoto Group can demonstrate its strengths will become global in scale. The advantage of online retail is that it is possible to reach customers in real time by providing them with products directly at a lower cost. Recently there has been a boom in the import of pharmaceuticals and health products by private individuals, and considering the development of worldwide logistics technology, inventory costs will be eliminated in each consumption area. Test marketing, which is high-mix low-volume long tail retail methods, will enable products that perform well to be identified at an extremely low cost. So the Group will be able to realize efficient marketing and business growth. Regarding future global development, while I think the frozen foods business in North America will play a major role at first, the global market for health foods through e-commerce will become an important growth area. I look forward to seeing the Group's next move (product functions and sales methods).

(6) Challenges for the next 10 years

During this period, the Ajinomoto Group has acquired many companies and businesses to plant the seeds for future growth. Furthermore, it has advanced internal restructuring that further strengthens synergies between businesses with AminoScience at the core through a transition from a "company system" to a multi-divisional system and integrating research and development to eliminate silos. This shows the necessity of not aiming to simply acquire companies to grow in scale as a conglomerate, but acquiring carefully selected companies that offer strong synergies and then using their sales channels to expand the sale of products based on the Group's original technologies. Generally speaking, while corporate acquisitions have an instant effect in terms of scale, it is difficult to create originality and synergies. I think that the key to become a GGSC will be to demonstrate originality through management based on core competencies that position AminoScience at the center and then apply this through retail channels (mixing real and online) in each global region. When considering what kind of synergies will be generated between acquisition companies and the AminoScience technological capabilities developed internally, I would like to see a focus on, to borrow President & CEO Nishii's words, synergies that link "being an amino-acid driven company" and "globalizing the food products business." I think the concentration of the company's future strategic direction will be based on President & CEO Nishii's statements that, "We will not be able to take advantage of digital growth unless we combine our core competencies with technology and marketing to concentrate in

Figure II-9: Scale of the Japanese e-commerce/mail order market for health foods



Note: Investigation by TPC marketing research corp
Source: NetShop Tantousha Forum, Impress Corporation
https://netshop.impress.co.jp/node/6923

fields where we can build a competitive edge,” and “two trends – the growth of small-size markets driven by digital trends and e-commerce that incorporates the diversification of consumer values on sustainability.”

(7) Looking toward the next 100 years

While editing this publication, I have learned about the spirit of the Ajinomoto Group since its foundation, which has come to fruition through the ASV concept. This approach is not just about improving nutrition, but also about contributing to health through the “deliciousness of umami,” connecting people, and connecting to tradition through food. The Ajinomoto Group has contributed to society through the creation of new lifestyles, culture, and mindsets that are not defined by fixed gender roles and realizing a world where the lifestyles offered to women are broader while keeping the quality of diets. The Group continues to pursue the three key significances of nutritional intake, which are 1) growth and energy, 2) recovery from fatigue, and 3) self-control and conditioning. I think the Ajinomoto Group’s mission and ASV, the values that guide behavior in support of the achievement of this mission, have a universal quality which provide a backbone that will carry the Group over the next 100 years.

III

Taking the First Step into the Next 100 Years

- Aiming to Become a GGSC -

III. Taking the First Step into the Next 100 Years - Aiming to Become a GGSC -

The Ajinomoto Group FY2009 - FY2019

	FY	■ 2008	■ 2009	■ 2010	■ 2011	■ 2012	■ 2013
Medium-Term Management Plan		FY2008-2010 Medium-Term Management Plan ➡ p.37 1) Realize an amino acid century 2) Respond to the new economic order and cost structures 3) Realize the Group Innovation			FY2011-2013 Medium-Term Management Plan ➡ p.37 1) The Group Vision: group of companies that contributes to human health globally 2) The Ajinomoto goal: to become a Genuine Global Company (GGC)		
Structural Reinforcement and Growth Initiatives	**Structural Reinforcement**			Animal nutrition: start of outsourcing manufacturing ➡ p.47 From a virtual company system to a business headquarters system ➡ p.58 Spinning off the pharmaceuticals company ➡ p.42 Restructuring into three research institutes and one center ➡ p.52	Spinning off the animal nutrition business ➡ p.59	Sale of Calpis Co., Ltd. to Asahi Group Holdings, Ltd. ➡ p.42	
	Growth Initiatives				Start of the *AminoIndex*® business ➡ p.53	Acquisition of Althea Technologies, Inc. in the U.S. *ABF*, an interlayer insulating material for semiconductor packages, wins a Porter Prize	Launch of an overseas business in partnership with Toyo Suisan Kaisha, Ltd. ➡ p.49
Foundation Development Initiatives			Acquisition of naming rights for Japan's National Training Center ➡ p.67 3 17 Start of the Ghana nutrition improvement project ➡ p.70 2 17 Introduction of a biomass boiler in Thailand ➡ p.65 7 12 13 15		Introduction of a biomass boiler in Brazil ➡ p.65 7 12 13 15 Start of a job grade system, global human resources development ➡ p.77 5 8		Expansion of *Kachimeshi*® targeting regular consumers ➡ p.69 3 17

	FY	■ 2014	■ 2015	■ 2016	■ 2017	■ 2018	■ 2019
Medium-Term Management Plan		FY2014-2016 Medium-Term Management Plan ➡ p.39 1) "FIT & GROW with Specialty" towards a Genuine Global Specialty Company (GGSC) 2) The Ajinomoto Group Creating Shared Value (ASV)			FY2017-2019 Medium-Term Management Plan ➡ p.40 1) Continue "FIT & GROW with Specialty" to become a global top 10 class food company 2) Reinforce our organization, human resources and work-styles + Establish business structure with high asset/capital efficiency 3) Four ASV Value Creation Stories		
Structural Reinforcement and Growth Initiatives	**Structural Reinforcement**	Establishment of Ajinomoto SEA Regional Headquarters Co., Ltd. ➡ p.78	Establishment of a two-business headquarters system comprising food products and AminoScience ➡ p.59	Group-wide introduction of a Global Governance Policy (GGP) ➡ p.79		Sale of Amoy Food Ltd. ➡ p.59 Reorganization of the China Division ➡ p.58	Establishment of Ajinomoto Food Manufacturing Co., Ltd. ➡ p.60 Reorganization of Institute for Innovation ➡ p.58
	Growth Initiatives	Acquisition of Windsor Quality Holdings, LP in the U.S. ➡ p.43 Start of commercialization of *StemFit*® iPS/ES cell culture media ➡ p.50	Taking full ownership of Ajinomoto General Foods, Inc. (trademarks acquired the following year) ➡ p.45	Establishment of EA Pharma Co., Ltd. with Eisai Co., Ltd. ➡ p.42 Acquisition of shares in Promasidor Holdings Limited in Africa ➡ p.46		Consolidation of three companies in Turkey ➡ p.46 Creation of the Solution & Ingredients Department ➡ p.61	
Foundation Development Initiatives		Declaration of our aim to become a GGSC through *ASV* ➡ p.39 All SDGs	Introduction of a biomass cogeneration system in Thailand ➡ p.65 7 12 13 15	Establishment of Our Philosophy as a philosophical framework encompassing *ASV* ➡ p.63 All SDGs Issuance of Integrated Report and full adoption of IFRS ➡ p.73 - 74 Corporate Governance Code	Making outside directors' ratio one third ➡ p.73 Corporate Governance Code	Holding of World Umami Forum ➡ p.80 3 17	Inauguration of F-LINE CORPORATION ➡ p.66 7 13 17

Corporate Governance Code: A code of conduct that encourages stock listed companies to practice corporate governance based on relationships with a variety of stakeholders and to realize sustainable growth. Japan's Corporate Governance Code was formulated in 2015, primarily by the Financial Services Agency and the Tokyo Stock Exchange.

SDGs: An abbreviation of Sustainable Development Goals. Included in Transforming our world: the 2030 Agenda for Sustainable Development, an outcome document adopted by the United Nations in September 2015, as guidelines for taking concrete action up to 2030. They comprise 17 goals and 169 targets.

SDGs 1-17 :

1 NO POVERTY 2 ZERO HUNGER 3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRIAL INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 14 LIFE BELOW WATER 15 LIFE ON LAND
16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS

1

Grand Designs - Four Medium-Term Management Plans

A struggle following the 2008 financial crisis (the Lehman Shock) – FY2008-2010 Medium-Term Management Plan

The Ajinomoto Group entered its second century in 2009 as the world was experiencing a global recession due to the 2008 financial crisis (the Lehman Shock).

At this time, we were advancing our FY2008-2010 Medium-Term Management Plan which had three main goals: A) Realize an amino acid century, B) respond to the new economic order and cost structures, and C) realize Ajinomoto Group Innovation.

"Realize an amino acid century" centered on the use of amino acid-related products and technology to aim for business growth while practicing management that contributes to society and the environment through initiatives such as saving land use and reducing CO_2 emissions through feed grade amino acids, and improving nutrition to improve undernutrition in developing countries and overnutrition in advanced countries.

"Respond to the new economic order and cost structures" meant the implementation of initiatives that were focused on responding to rising material costs, market contraction in Japan, and the advancement of globalization. These initiatives included shifting focus in Japan to profitable businesses, growing the overseas business to realize an overseas operating profit ratio of over 50% in FY2010, reorganizing and boosting the profits of less profitable businesses, expanding in growth areas[1], quickly stabling a profit base for our health business, and creating new businesses and materials.

"Realize Ajinomoto Group Innovation" meant strengthening the Group management by stipulating the Ajinomoto Way (now the Ajinomoto Group Way) as a set of values and shared attitude for employees, formulating a new mission and vision, and considering the optimal business operational structure for the Group, such as a holding company structure.

The appointment of President & CEO Ito and a V-shaped recovery

However, in FY2008 we recorded a loss in our full-year results (see p.9), so for FY2009, following the appointment of Masatoshi Ito as President & CEO in June 2009, we pursued management that positioned recovering profitability as an urgent issue.

In our results for FY2009, although there was an unavoidable decline in sales, we managed to increase year on year operating profit by more than 50%. For net income of the year, after experiencing a loss of over 10.0 billion yen in the previous fiscal year, we realized a V-shaped recovery with profit of more than 16.6 billion yen. This success was achieved by whittling down unprofitable businesses and focusing on profitable businesses, such as overseas seasonings.

Following this, we experienced a second consecutive year of declining sales in FY2010, partially due to the tragedy of the 2011 Great East Japan Earthquake. However, we managed to increase operating income and almost doubled net income for the year at 30.4 billion yen. This was due to a mix of positive factors, including cost reductions across the Group, growth of the overseas food products business, improved market conditions for feed-use amino acids (lysine), and contributions from the highly profitable electronics material *ABF* (an interlayer insulating material for semiconductor packages).

During this period, in FY2009 we formulated Rules for the Group Management Committees (July 2009) and in FY2010, we created a new corporate slogan, "Eat Well, Live Well." Furthermore, we transitioned from a virtual company system to a business headquarters system and established AJINOMOTO PHARMACEUTICALS CO., LTD. (both in April 2010). In July 2010, we began to implement reforms and lay the foundations for growth that focused on the period beyond recovery, including initiatives aimed at advancing globalization and improving the profitability of Ajinomoto Co., Inc. In November 2010 we launched the Innovation Task Force, which began to formulate the direction of our next medium-term management plan, including a shift from self-reliance innovation towards open & linked innovation, a reduction in manpower, and enhanced collaboration with overseas subsidiaries.

Aiming to become a Genuine Global Company – FY2011-2013 Medium-Term Management Plan

The FY2011-2013 Medium-Term Management Plan, formulated under President & CEO Ito with his own management policies, included the Group Vision of becoming a "Group of companies that contributes to human health globally" and the Ajinomoto goal to become a "Genuine Global Company (GGC)." To achieve these, it included the key principles of A) growth driver

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[1] At that point, our focus growth areas were overseas seasonings, electronics materials, and feed-use amino acids.

development, B) business structure reinforcement, and C) foundation building, and aimed to make us into a global top 10 class food company by realizing an average annual operating income growth rate of 10%.

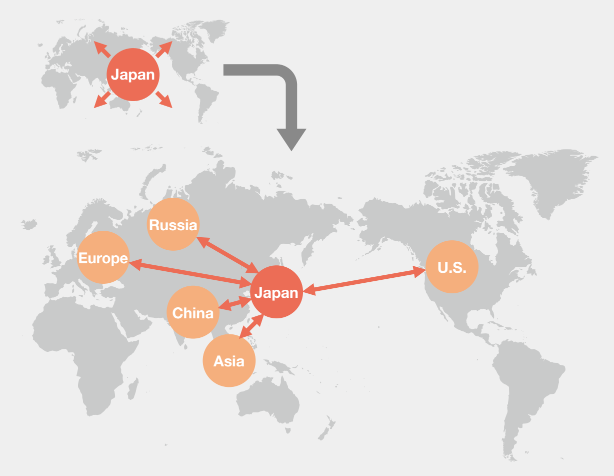
The Group was recognized as one of the top food products companies in Japan and we carried a reputation for developing global businesses earlier than any other domestic companies. However, there was still a gap between us and major global food companies in terms of both business results and organizational operations, so the use of the term "Genuine" reflected our desire to bridge this gap.

"Growth driver development" positioned global development and R&D as drivers for growth.

Global development involved the cultivation of overseas markets, particularly in emerging countries, with the targets of raising our overseas sales ratio from the 31% forecast in FY2010 to 35% in FY2013, and our overseas profit ratio from the 59% forecast in FY2010 to 62% in FY2013. In addition to expanding the market share of mainstay products and raising profitability, we aimed to introduce products such as powdered menu-specific seasonings and functional seasonings that were tailored to local conditions as a specific means of developing the next generation of core products. We also implemented a strategy that used overseas business locations as hubs to quickly establish businesses in surrounding countries in order to speed up business development.

R&D leadership involved the priority investment of resources into areas connected to seasonings and advanced biotechnologies to create new value and businesses that improve profitability and realize growth. Our goals were to realize products that appeal value in terms of both deliciousness and health, including becoming No. 1 in seasonings in each country while providing reduced-salt, reduced sugar, and low-fat products, and to contribute to global sustainable development, conservation of food resources, and healthy living[2] through technological capabilities in the three areas of "environment and resource contributions," "animal and plant nutrition," and "advanced medicine and nutrition." In terms of business locations, we established a structure of five global centers (Asia, Europe, the U.S., Russia, and China) and took a new policy that departed from previous approaches by shifting away from self-reliance and actively utilizing open & linked innovation, alliances, and M&A. In order to realize this, we set a goal of making investment in Group-wide strategic themes account for 40% of total R&D investment in FY2013.

Figure III-1: Establishing research and development centers in Asia, the U.S., and Europe (five locations in total)



Furthermore, "business structure reinforcement" meant implementing structural reforms and organizational enhancement with a view to improving resistance to market and exchange rate fluctuations and responding to heightened competition in emerging countries.

Regarding a transition from quantity to quality (added value), which had been an issue since the previous medium-term management plan, our basic strategy was to strengthen our cost competitiveness and shift our focus to added-value businesses. We set specific, quantitative targets for raising our ratio of added-value businesses from the 70% forecast in FY2010 to over 80% in FY2013, and our operating profit ratio from the 5.7% forecast in FY2010 to 7% in FY2013. We also aimed to realize cash flow-conscious management by controlling overall limits for capital investment and increasing asset efficiency, with the goal of dramatically increasing free cash flow from an average of 10 billion yen per year in FY2005-2010 to 40 billion yen in FY2013. "Optimize business portfolio and functional value chain" was established as an initiative for enhancing asset efficiency and shareholder value and we set a quantitative target of 8% return on equity (ROE) for FY2013 (compared to 4.5% forecast for FY2010). As funding for growth was primarily being raised through interest-bearing debt, we allowed for a debt-to-equity ratio of up to around 50% (compared to the previous 20%).

Also, to conduct the "foundation building" needed to achieve the key targets mentioned above, we aimed to develop global human resources and strengthen governance with a view to further advances in global development. One example of this was when we increased the ratio of locally recruited officers at overseas subsidiaries from the 34% forecast in FY2010 to 50% in FY2013. We established the "Open New Sky" concept which involved daily efforts to flexibly utilize external capabilities and expand into adjacent domains with a wider approach.

Under these plans, we implemented the large-scale initiatives outlined in Table III-1. The second cabinet of Prime Minister Shinzo Abe (appointed in December 2012) launched its Abenomics policies (including bold monetary easing) leading to a gradual recovery in the Japanese economy, despite the sluggish growth of consumption, and conditions in the U.S.,

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[2] Specifically, MSG production, aimed to use raw materials that are not competing with food resources, feed for agricultural, livestock, marine production, utilizing amino acid functions, biopharmaceuticals and regenerative medicine.

European, and Chinese economy were generally improving. As a result, while the sales of certain businesses reduced revenue, we were able to reinforce business structure through overseas business growth and the creation of hit products (such as *Nabe Cube*®, *Cook Do*® *Kyo-no Ohzara*®, *Cook Do*® *Koumi Paste*®, and *AjiPro*®*-L*) that were realized by providing new value in adjacent domains. This consistently increased operating income margins, reaching 6.5% in FY2013 compared to 6.05% in FY2011 (see Table III-2).

Cook Do®
Koumi Paste®

Cook Do®
Koumi Paste® *(Spicy)*

AjiPro®*-L*

Table III-1: Major newly established companies, acquisitions, and sales (FY2011-2013)

Date	Initiative
September 2011	Established an animal nutrition subsidiary (Ajinomoto Animal Nutrition Group, Inc.)
April 2012	Established a joint venture systems subsidiary with Nomura Research Institute, Ltd. (NRI System Techno, Ltd.)
October 2012	Sold all shares in Calpis Co., Ltd.
April 2013	Acquired Althea Technologies, Inc. in the U.S.
December 2013	Acquired a 50% share in Kükre A.Ş. in Turkey

Further advancing "FIT & GROW with Specialty" and the appointment of Takaaki Nishii as President & CEO - FY2014-2016 Medium-Term Management Plan

The FY2011-2013 Medium-Term Management Plan involved execution of the business development and reform needed to become a global company, including rapid cultivation of markets in developing countries, a shift away from self-reliance and actively utilizing external resources, and enhanced governance. Under the FY2014-2016 Medium-Term Management Plan, the Group worked to strengthen this foundation.

This plan used the slogan "FIT & GROW with Specialty towards a Genuine Global Specialty Company (GGSC)" to clarify the concept of adding specialty to the promotion of both the FIT business structure reinforcement and GROW growth driver cultivation that had been advocated in the FY2011-2013 Medium-Term Management Plan. Also, when formulating this plan, how we incorporated Creating Shared Value (CSV)[3] was an important consideration, and the Ajinomoto Group Creating Shared Value (ASV, see p.63) was announced at the same time as the plan (for the reason why we replaced CSV with ASV, see p.18). We aimed to create specialty through ASV to realize sustainable growth and become a Global Genuine Specialty Company (GGSC, see p.62).

The key principle of the plan was "become a food company group with specialties driven by leading-edge bioscience and fine chemical technologies" in an approach that strengthened the focus on R&D in relation to both GROW and FIT.

We positioned global growth and R&D leadership as the main growth drivers. The strategies for each business were as follows.

- Food products business: Pursue a customer-driven approach (see p.84-85) in marketing focused on "No.1 in deliciousness" and promote "For One, For All" by demonstrating our strengths. "For One" in Japan, which is experiencing individualization, through product development tailored to the market for individuals and single servings, while realizing "For All" overseas with a focus on delivering popular foods. Focus on the Five Stars (key countries) overseas.
- AminoScience business: Establish new businesses in the specialty materials and healthcare fields as growth drivers on the unique cutting-edge biotechnology platform.

In the overseas business in particular, we launched a new initiative by positioning the key countries of Thailand, Vietnam, Indonesia, the Philippines, and Brazil as the Five Stars. Through this emphasis, we aimed to raise overseas profit ratio from the 52% forecast in FY2013 to 60% in FY2016 and realize an increase in sales growth ratio for the Five Stars in FY2016 of 70% compared to FY2012.

To reinforce business structure, first we set an overall direction of shifting from commodities to specialty by specializing bulk products and business, such as MSG, sweeteners and animal nutrition (or shifting these businesses to consumer use). The aim was to minimize the effects of market fluctuations and price competition in emerging countries via increased competitiveness through differentiated products that provide high added value. We also formulated strategies that included increasing our competitiveness through resource-saving fermentation and other technologies and strengthening our pharmaceuticals business through external partnerships. Regarding the shift from bulk to consumer sales, we set targets of increasing the ratio of MSG used for consumer sales from the 68% forecast in FY2013 to 74% in FY2016 and the ratio of sweeteners used for consumer sales from the 49% forecast in FY2013 to 57% in FY2016. For feed-use amino acids, our goal was to raise the ratio of specialty products to 40% in FY2016. Also, to enhance asset efficiency and shareholder value, we set

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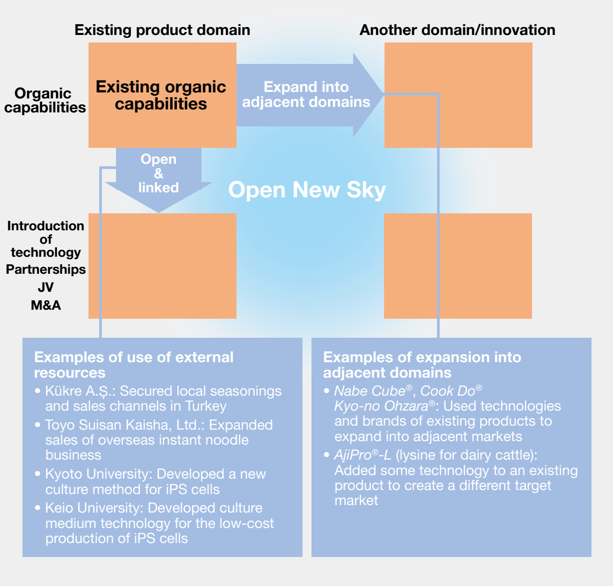
[3] In 2011, Harvard University Professor Michael E. Porter and others advocated a new approach to CSR, which had generally focused on social contribution outside of a company's business. The CSV approach encourages companies to resolve social issues and contribute to society and the environment through their business and thereby raise their competitiveness.

Figure III-2: Open New Sky



Examples of use of external resources

- Kükre A.Ş.: Secured local seasonings and sales channels in Turkey
- Toyo Suisan Kaisha, Ltd.: Expanded sales of overseas instant noodle business
- Kyoto University: Developed a new culture method for iPS cells
- Keio University: Developed culture medium technology for the low-cost production of iPS cells

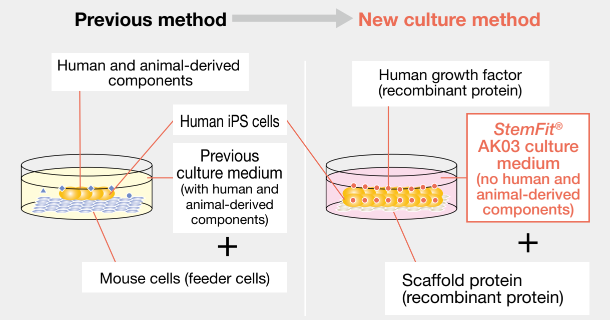
Examples of expansion into adjacent domains

- *Nabe Cube*®, *Cook Do*® *Kyo-no Ohzara*®: Used technologies and brands of existing products to expand into adjacent markets
- *AjiPro*®*-L* (lysine for dairy cattle): Added some technology to an existing product to create a different target market

a new theme of focusing on a value chain offering high added value and aimed to continue efforts to optimize our cash flow management, business portfolio, and optimization of functional value chain.

To reinforce our management foundation, first of all we advanced corporate governance in the overseas business. We aimed to achieve a structure that properly balanced functions between headquarters, which was seeking overall optimization, and the affiliates that were expanding the businesses in close coordination with localities. We especially delegated authority in the Southeast Asian region and South America, including the Five Stars. Another theme of management foundation reinforcement was to cultivate around 200 potential management candidates by FY2016 through the development of a solid and large class of global human resources and introduction of global HR systems (see p.76). We also responded to the need for diversity (active recruitment of personnel of diverse races, genders, ages, etc.) by setting specific target figures for the ratio of locally hired overseas executives. In April 2016, we introduced our Global Governance Policy (GGP) Group-wide in order to take a forward step in delegating authority to overseas business locations to help them make use of their human resources. A further theme was Open New Sky (see Figure III-2), in which all businesses made daily efforts to flexibly utilize external capabilities (open & linked) and took a wider approach to expand into domains adjacent to existing businesses. In regard to “open & linked,” we pursued joint development with Kükre A.Ş. (securing local seasonings and sales channels in Turkey), Toyo Suisan Kaisha, Ltd. (collaboration that expanded countries covered in the overseas instant noodle business), Kyoto University (development of a new culture method for iPS cells, see Figure III-3), and Keio University (development of culture technology for the low-cost production of iPS cells). With respect to development in adjacent domains, we leveraged technology to launch new products in adjacent domains, such as the development of *Nabe Cube*® from consommé, and in specialty chemicals, we developed a server application for *Ajinomoto Build-up Film*® (*ABF*), an interlayer insulating material for semiconductor packages.

Figure III-3: Development of a new culture method for iPS cells



* Recombinant protein: A protein created from microorganisms or yeast by using biotechnology. As a biopharmaceutical, it offers a wide range of applications, including as treatments for cancer and rheumatism.

We actively engaged in M&A, including acquiring the U.S. frozen foods company Windsor Quality Holdings, LP (November 2014), making Ajinomoto General Foods, Inc. into a full subsidiary (April 2015), taking a 33% share in the African foods company Promasidor Holdings Limited (November 2016), and acquiring Örgen Gida Sanayi ve Ticaret A.S. in Turkey (April 2017), and as a result, we realized three consecutive years of revenue and profit increases up to FY2015. Takaaki Nishii was appointed as President & CEO in June 2015, and he drove firm progress on the plan together with Masatoshi Ito, who had been made Chairman of the board. While revenue and profit decreased in FY2016 due to factors such as difficulties in the animal nutrition business and exchange rate fluctuations, a sensible approach to financial matters, such as using a portion of the funds raised through selling businesses as part of structural reinforcement for M&A, resulted in a debt-to-equity ratio of around 30% and laid the foundation for realizing growth in markets in emerging countries.

As shown above, under these two medium-term management plans, primarily advanced while Masatoshi Ito was President & CEO, the Group managed to realize a V-shaped recovery from a full-year loss and steadily built a foundation for becoming a global company (see Table III-2) through the utilization of external resources while expanding into emerging countries and narrowing the focus of R&D, based on ASV management.

Continuing and advancing “FIT & GROW with Specialty” - FY2017-2019 Medium-Term Management Plan

Formulated under the leadership of President & CEO Takaaki Nishii, the direction of the FY2017-2019 Medium-Term Management Plan was to continue “FIT & GROW with Specialty” to become a global top 10 class food company, based on tackling issues remaining from previous medium-term management plans (further transformation of animal nutrition business[4], slow growth in Thailand, increasing diversity of talent). In terms of FIT (further business structural reform), our main plan was to scale-down commodity business and expand and accelerate specialty. In terms of GROW (growth driver advancement), our main plan was to enhance growth drivers tailored to changes in society and food habits in the Five Stars. To reinforce our management foundation, in addition to advancing the reinforcement of our organization, human resources and workstyles as a global top class food company, we added “establish business structure with high asset/capital efficiency capable of creating sustained profitability” as a financial KPI.

In terms of what we aimed for as the Group, besides clarification of the conditions required to be a GGSC, the plan also included the following ASV Value Creation Stories.

- We contribute to health and well-being by utilizing our leading-edge bioscience and fine chemical technologies and deliciousness technologies to deliver delicious and healthy food
- We contribute to the development of a society that enables strong family/social bonds and diverse lifestyles through diets well
- We contribute to the sustainability of living with the society and the earth, with our customers and local communities, across the value chain from production to consumption
- Our global, top-class and diverse human resources co-create value with each region through a customer perspective.

We aimed to utilize the Group products to realize A) better nutritional balance by eating more proteins and vegetables with umami, B) more eating together, C) smart and delicious cooking, and D) comfortable lifestyles through amino acid products. In addition to this, we also aimed to create value for society and employees by reducing environmental impact through the construction of a value chain (VC) that optimizes the use of resources and improving employee engagement and work environments supported by ICT, thereby realizing sales growth, cost reductions, greater efficiency in various areas, and the enhancement of corporate brand value.

Specific strategies were as follows.

FIT: Business structural reform in animal nutrition including external partnerships, structural reinforcement in sweeteners and pharmaceuticals custom manufacturing (intermediate pharmaceuticals), reorganization of the food product value chain in Japan including affiliated companies, construction of sustainable value chains on a global scale

GROW: Realization of key product innovation and stronger customer applications in Japan as a unified Group, category strengthening and acceleration of new regional development in the Five Stars and North America, establishment of a BtoBtoC[5] (Business-to-Business-to-Consumer) model centered on deliciousness solutions, establishment of businesses in the advanced biopharmaceuticals area.

Through these strategies, by FY2020 we aimed to achieve quantitative targets (see Table III-2) including business profit of over 137 billion yen (96.8 billion yen in FY2016), a business profit margin of 10% (8.4% in FY2016), ROE of 10% or higher (8.56% in FY2016), double-digit annual growth in earnings per share (92.81yen per share in FY2016), and double-digit annual overseas sales growth (consumer foods).

Table III-2: Trends in Major Indicators

		FY 2010	FY 2013	FY 2016	FY 2019
Business indicators (*1)	Operating (business) income ratio	6.8%	6.5%	8.9%	9.0%
	Overseas sales ratio	37%	50%	52%	56%
	Overseas operating (business) profit ratio	(*2) 59%	47%	54%	55%
	Return on equity (ROE)	5.0%	7.1%	8.7%	3.3%
Shareholder return indicators (*1)	Payout ratio	37%	29%	32%	93%
Human resources strengthening indicators	Ratio of locally hired overseas executives	34%	40%	44%	41%
	Ratio of female managers	14%	14%	19%	24%

(*1) Figures for FY2010 and FY2013 are based on Japan GAAP (operating profit) and figures for FY2016 and FY2019 are based on IFRS (business profit)

(*2) The allocation of administrative expenses and a portion of R&D expenses was revised in the operating profit ratios between Japan and overseas businesses

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[4] While specialization had progressed for products such as *AjiPro®-L* (lysine for dairy cattle), competition had become fiercer.

[5] A style of business which involves supporting companies that are conducting consumer business (B-to-C). For the Group, BtoBtoB business means A) raises the value of the products which these companies deliver to consumers by differentiated materials and products (taste, texture, resistance to time degradation, etc.), and B) utilizes consumer information possessed by the Group to provide appropriate advice on product development for food manufacturers and restaurant businesses. By using these methods, we realize the delivery of products that have more value for consumers.

2

The Challenge towards Structural Reform and Creating Growth Drivers - Specific Measures for “FIT & GROW with Specialty”

(1) Rapid portfolio transformation through sales of businesses and other means

Selling businesses to clarify domains – Establishing NST and selling Calpis Co., Ltd.

At Ajinomoto Co., Inc., we considered how to optimize our business portfolio based on the policy of “optimization of business portfolio and functional value chains” in our FY2011-2013 Medium-Term Management Plan. In order to advance FIT (structural reform), we worked to strengthen our focus on core businesses under the new basic policy of “with Specialty” (specialization and focus on our strengths) which was added in our FY2014-2016 Medium-Term Management Plan.

First of all, in February 2012, we formed a strategic business alliance with regards to IT services with Nomura Research Institute, Ltd. (NRI) which included the transfer of 51% of shares in our subsidiary, Ajinomoto System Techno Corporation, renamed as NRI System Techno, Ltd. (NST) the following April. While IT was a non-core area, we aimed to optimize operational performance through collaboration with NRI, who offer advanced consulting and system building capabilities, and focus on systems that are important for enhanced productivity and technical capabilities over the affiliate.

Following this, in October 2012, we transferred all shares in our holding of Calpis Co., Ltd. to Asahi Group Holdings, Ltd. The value of this transfer was 119 billion yen, which made it the largest in the Japanese beverages market at that time. We first invested in Calpis Co., Ltd. in 1990 and integrated our beverage business into the company the following year, finally making it a fully owned subsidiary in 2007. Although Calpis’ business was performing well, we wanted to concentrate business resources on the core businesses of seasonings and foods, and leading-edge bioscience and fine chemicals, so we decided to make the transfer. Calpis Co., Ltd. and Asahi Group Holdings, Ltd. had been collaborating since 2001, including on sales of beverages through each other’s vending machines, and had built up a partnership that included integration of vending machine businesses in 2007. Asahi Group Holdings, Ltd. made its approach based on this collaborative relationship and its plans to grow in scale and acquire lactic acid technology that it did not yet possess.

Structural reinforcement through the establishment of AJINOMOTO PHARMACEUTICALS CO., LTD. and external partnerships

The pharmaceutical field was in a stage of intense competition over the discovery of new drugs, such as antibody and molecular targeted drugs, progressive globalization, and dramatic change, such as the growth of companies through M&A and the sudden rise of venture companies.

Within this environment, our Pharmaceutical Company differentiated from major manufacturers by advancing business development as a specialty pharma[1] company. In April 2010, when we transitioned from a virtual company system to a business headquarters system, we split off our Pharmaceutical Company and merged it with Ajinomoto Pharma Co., Ltd. (sales and marketing) and Ajinomoto Medica Co., Ltd. (production and distribution), our group companies in the pharmaceutical field, to form AJINOMOTO PHARMACEUTICALS CO., LTD., which were capable of all functions from development through to manufacturing and sales. After the licensing of technology from Netherlands-based Norgine B.V., AJINOMOTO PHARMACEUTICALS CO., LTD. set gastrointestinal care as its main business area and in February 2012, it applied for approval to market and manufacture a new oral bowel cleansing solution in Japan. In June 2013 it began sales of *MOVIPREP*®, a preparation for colonoscopies and colon surgery.

The focus on gastrointestinal care as a main business area meant that there emerged an urgent need to implement structural reform that dealt with the transfusion and dialysis businesses, remnants from when it was the Pharmaceutical Company. Although these two businesses made up a quarter of total sales, they were recording losses. Therefore, in December 2012, we partnered with Yoshindo Inc., a generic drug manufacturer based in Toyama, Japan, to establish the joint venture AY PHARMACEUTICALS CO., LTD. (AJINOMOTO PHARMACEUTICALS CO., LTD.: 49%, Yoshindo Inc.: 51%), and these two businesses were transferred to the new company.

Although AJINOMOTO PHARMACEUTICALS CO., LTD. advanced structural reforms in this manner, difficulties continued. In October 2015, we established EA Pharma Co., Ltd.[2] with Eisai Co., Ltd., and the companies agreed to integrate

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[1] The New Vision for the Pharmaceutical Industry released by Japan’s Ministry of Health, Labour and Welfare in 2007 divided pharmaceutical companies that can survive the intense competition of the industry into five categories: mega, specialty, basic drug, generic, and OTC (Over The Counter). A specialty pharma company is a new drug manufacturer that creates drugs in specific fields and can achieve an incredibly high share of the global market.

[2] Startup capital: 9,145 million yen (Eisai Co., Ltd.: 60%, Ajinomoto Co., Inc.: 40%). EA is a combination of the first letters of both companies’ names.

and concentrate AJINOMOTO PHARMACEUTICALS CO., LTD.'s business and a portion of Eisai Co., Ltd.'s business related to gastrointestinal diseases into the new company. The two companies combined their knowledge and expertise with the goals of new drug discovery and overseas expansion as Japan's largest manufacturer of specialty pharmaceuticals for the digestive system and improved efficiency in business operations. The new company was inaugurated in April 2016 with the aim of becoming a company that creates new innovation. Subsequently, EA Pharma Co., Ltd. disposed of its transfusion and dialysis businesses by selling shares in AY PHARMACEUTICALS CO., LTD. to Yoshindo Inc., its partner in the AY PHARMACEUTICALS CO., LTD. joint venture, and it now aims to survive and grow as a specialist in gastrointestinal diseases such as inflammatory bowel disease and gastric ulcers.

In this way, in the pharmaceutical field, we sold its transfusion and dialysis businesses and attained collaborations with other pharmaceutical companies to make its business related to gastroenterological diseases into a strength. Furthermore, we also realized structural reinforcement by concentrating on businesses that leverage proprietary technology such as pharmaceutical intermediates, cell culture media and *AminoIndex*®.

Restructuring our sweeteners business in Europe

In our sweeteners business, centered on aspartame, we set a basic policy of increasing specialization through reinforcement of the structure of the bulk business and growth of the consumer business. Over the FY2014-2016 Medium-Term Management Plan, our target was to raise the specialty ratio from the 49% in the FY2013 forecast to 57% in FY2016. In the bulk business, a succession of new entrants into the market[3] from 2000 led to a difficult condition in which unit selling prices fell, and structural reinforcement became urgently needed issue.

As part of this structural reinforcement, in August 2015, we decided to sell its sweetener business subsidiary in Europe[4] to HYET Holding B.V., a holding company established newly by HYET Sweet B.V., an import and retail company in the Netherlands, and all shares in the company were transferred that October (an extraordinary loss of approximately 7.0 billion yen).

As a result, we made the bulk business more robust by consolidating the production of aspartame at the Tokai Plant and achieved cost reductions, while advancing specialization through expanded sales in the consumer business.

Terminating an instant noodle joint venture with NISSIN FOODS HOLDINGS CO., LTD. in Brazil

In October 2015, we sold its share in NISSIN-AJINOMOTO ALIMENTOS LTDA., a joint venture company for the manufacture and sale of instant noodles in Brazil, to the Brazilian subsidiary of NISSIN FOODS HOLDINGS CO., LTD., its joint venture partner for 32.5 billion yen, which terminated the joint venture. NISSIN-AJINOMOTO ALIMENTOS LTDA. was established in 1972. We acquired a 55% share in MIOJO PRODUTOS ALIMENTICOIS LTDA., which had been founded in 1965. In 1975, NISSIN FOOD PRODUCTS CO., LTD. joined as a joint venture partner, with Ajinomoto Co., Inc. and NISSIN FOOD PRODUCTS CO., LTD. both taking a 50% share.

The transfer of shares in NISSIN-AJINOMOTO ALIMENTOS LTDA. was prompted by a proposal by NISSIN FOODS HOLDINGS CO., LTD. Furthermore, the instant noodles produced by the company were being sold under the "Nissin brand", so we decided to terminate the joint venture to concentrate business resources in the seasonings business and focus on further promotion of the "Ajinomoto Brand".

(2) Cultivating new markets and acquiring technology through M&As

Acquiring Windsor Quality Holdings, LP, a frozen food company in the U.S.

In our FY2014-2016 Medium-Term Management Plan, advancing specialty business was the basic focus of GROW, which means cultivating growth drivers. Specifically, we intended to become a global top 10 class food company through global development and the creation of new businesses that leverage our food and amino acid technologies, and it was crucial we realized this quickly in order to compete globally. Therefore, we needed to evolve beyond developing everything in-house and actively utilize external business resources. In other words, we aimed to acquire business platforms, technologies, and brands through precisely targeted M&A and alliances.

Global development was divided into the following strategies.

- Emerging markets such as Southeast Asia: Cultivate markets with a focus on seasonings
- Advanced countries in Europe and North America: Focus on a product lineup that offers unique value originating from Japan (develop Asian/Ethnic foods businesses tailored to local markets, with a particular focus on frozen and packaged foods)

In Europe and North America, the Asian food market was growing amid increased interest in health, and there was a boom for Japanese foods[5] in particular. Since 2000, we had been

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[3] A rise in obesity and lifestyle-related diseases raised consumer demand for low-calory products, and low-calory sweeteners began to be used in various foods, such as sweets and beverages. Japan approved the use of sucralose as a food additive in July 1999 and acesulfame potassium, which was developed by Hoechst AG (now Nutrinova), in April 2000. In addition to this, the U.S. beverage giant The Coca-Cola Company and major agricultural producer Cargill, Incorporated., launched stevia onto the market in 2007. Sucralose in particular is approved for sale in more than 80 countries around the world and it is being used in a wide range of products, from sweets and beverages to processed livestock and seafood products, health foods, and pharmaceuticals.

[4] Ajinomoto Sweeteners Europe S.A.S., a sweeteners manufacturing and sales subsidiary based in France.

[5] In 2006 there were about 24,000 Japanese restaurants outside of Japan. In 2013, this had grown to 55,000 (investigation by the Ministry of Foreign Affairs, estimates by the Ministry of Agriculture, Forestry and Fisheries). According to a survey conducted in 2014 by the Japan External Trade Organization (JETRO), Japanese food was the most popular ethnic food in the world.

developing a full-scale frozen foods business in North America with gyoza (Japanese-style dumplings), noodles, and rice dishes as our main products. In 2014, we recorded sales of around US$130 million (approx. 13.5 billion yen). In order to accelerate this progress, in November 2014 we acquired Windsor Quality Holdings, LP, a U.S. frozen foods company based in Houston, Texas. The deal was worth US$800 million (approx. 87.0 billion yen), which made it the biggest M&A in our history.

Windsor Quality Holdings, LP had seven production locations across the U.S. and the top market share for Asian foods, as well as a strong lineup of Mexican, Italian, and snack food brands. It also had a solid business base within the U.S. frozen foods markets for both retail and food service customers, with approx. 80,000 retail stores handling its products, including major distributors, and approx. 120,000 restaurants. The goals of the acquisition were to instantly expand the scale of our business by supplying our frozen food products through these sales channels, and to become the clear No. 1 manufacturer of Asian/Ethnic foods. In April 2015 we changed the name of the company to Ajinomoto Windsor, Inc., and we have continued to invest in improved production capabilities, which includes increased production of frozen cooked rice products in 2016 and production of frozen appetizers[6] in 2017. Over this period, we made steady progress towards becoming a GGSC (see p.62), such as by establishing Ajinomoto Toyo Frozen Noodles Inc., a frozen noodle production company established as a joint venture with Toyo Suisan Kaisha, Ltd., in April 2015 and selling its products through Ajinomoto Windsor, Inc. sales channels from October 2016[7].


Gyoza
(Japanese-style dumplings)


Chahan
(Fried rice)


Harumaki
(Spring rolls)


Gyoza
(Japanese-style dumplings)

Acquisition of Althea Technologies, Inc., a U.S.-based contract development and manufacturing company for biopharmaceuticals to expand the biopharmaceutical business

In April, 2013, we acquired Althea Technologies, Inc., a contract development and manufacturing organization for biopharmaceuticals based in San Diego, California U.S. to accelerate specialization in our pharmaceutical peripheral businesses. The deal was agreed for US$175 million (approx. 16.0 billion yen) and the company was renamed Ajinomoto Althea, Inc.

Biopharmaceuticals are a kind of pharmaceuticals created from biological sources, such as proteins, peptides, and nucleic acids, through the use of biotechnologies including genetic engineering. Biopharmaceuticals can be used to treat severe diseases and are expected to be safer, offering high efficacy with minimal side effects. At the time of the acquisition, the size of contract development and manufacturing market was approx. US$ 2.3 billion and expected to grow by over 10% per year on average.


Ajinomoto Althea, Inc. (Recent photograph)

Founded in 1998, Althea Technologies, Inc. engages in contract manufacturing and development for pharmaceutical companies and biopharmaceutical formulation based on quality controls in line with cGMP[8]. We worked to expand the development and manufacturing services business for biopharmaceutical by combining its propriety protein production technology (*Corynex*®, see p.47) with Althea Technologies, Inc.'s business resources.

In addition, we acquired GeneDesign, Inc. in December 2016 in order to achieve future business growth. The M&A was carried out to realize production synergies between GeneDesign, Inc.'s small volume multiproduct manufacturing technology for oligonucleotide medicine which is expected to grow largely in the future, and our proprietary *AJIPHASE*® mass production technology (see p.52).

Furthermore, in September 2011, our fully owned subsidiary S.A. Ajinomoto OmniChem N.V., based in Wetteren, Belgium, established Granules OmniChem Private Limited through a fifty-fifty joint venture with Granules India Ltd., a manufacturer of active ingredients based in Hyderabad, India. This deal responded to the accelerated trend[9] in which pharmaceutical companies outsource the manufacturing of active ingredients. We established the manufacturing site for

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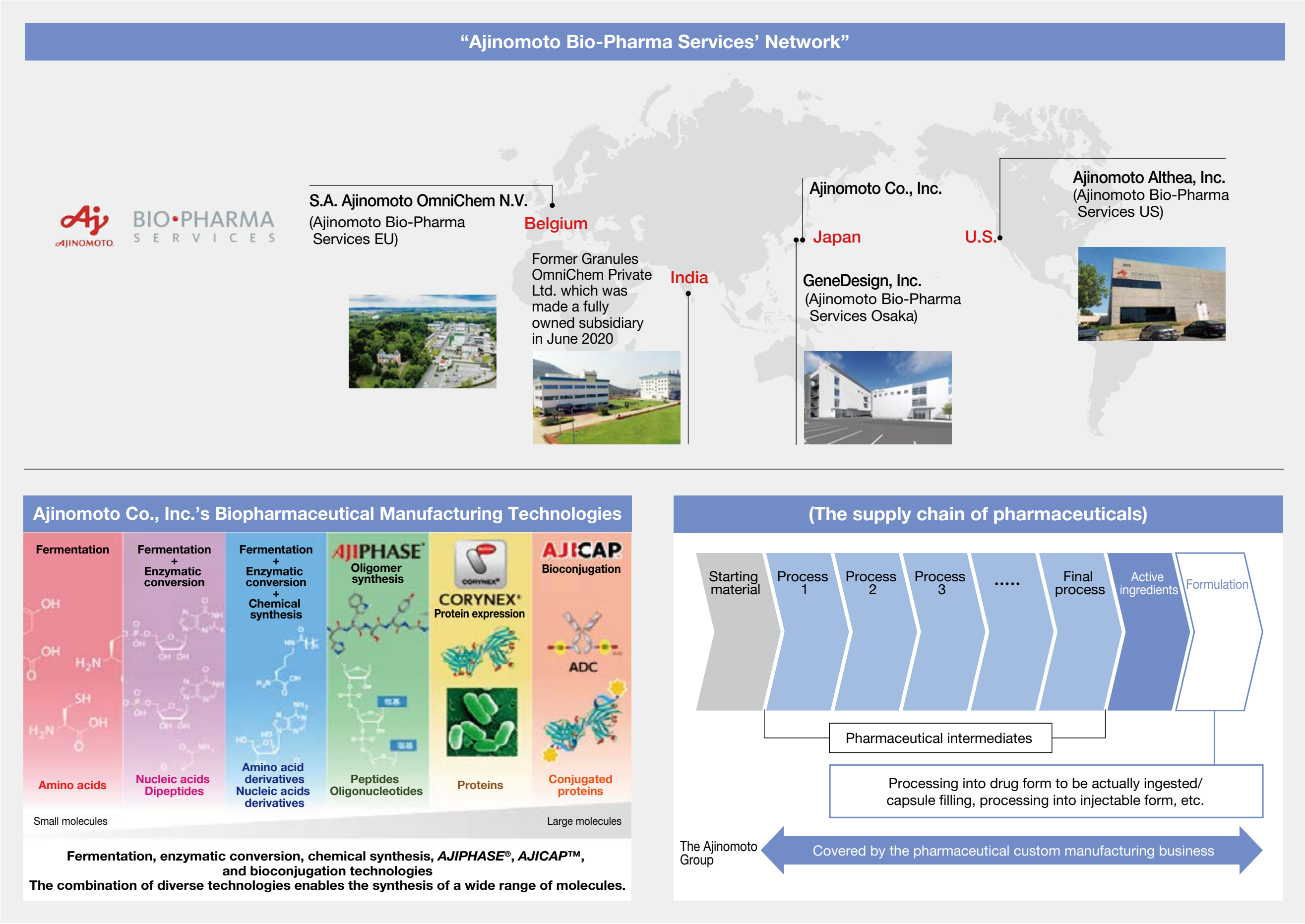
[6] In frozen foods, "appetizers" refers to snacks and deep-fried products as a side dish to eat while drinking, such as battered cheese and vegetables (onion, zucchini, etc.).

[7] Around that time, North America experienced a boom for Japanese-style ramen noodles, particularly in urban areas.

[8] Current Good Manufacturing Practice (the name given to the most recent regulations for manufacturing and quality management for pharmaceuticals, etc.). A quality management system regulated by the FDA (the U.S. Food and Drug Administration) and applied to the manufacturing and testing of pharmaceuticals, etc.

[9] In the pharmaceutical industry, factors such as the "2010 problem" (in and around 2010, patents for various major pharmaceutical products, particularly established low-molecular-weight drugs, expired at around the same time) and the promotion of controls on healthcare costs led to companies outsourcing production functions in order to survive. It was particularly common to subcontract active ingredient manufacturing.

Figure III-4: Biopharmaceutical supply structure, manufacturing technologies, and areas covered by the pharmaceutical custom manufacturing business



pharmaceutical intermediates[10] in India, a country that offered low manufacturing costs and was making rapid progress in the pharmaceuticals market. The new company constructed a plant in a special economic zone in the Visakhapatnam region of the Indian state of Andhra Pradesh. The new plant began production in July 2014.

Our pharmaceutical custom manufacturing businesses started to operate under the umbrella brand of "Ajinomoto Bio-Pharma Services" from October 2018 as a virtual CDMO[11] (Contract Development and Manufacturing Organization). Up to then, each Group company or division in the pharmaceutical custom manufacturing businesses had provided various services independently, but now, the business has been unified and is being operated through corporation between each Group company and division. In June 2020, Granules OmniChem Private Limited was made a fully owned subsidiary (Company name: Ajinomoto Bio-Pharma Services India Private Limited) and became an important part of "Ajinomoto Bio-Pharma Services."

Making Ajinomoto General Foods Inc. a fully owned subsidiary

In April 2015, we acquired shares in Ajinomoto General Foods Inc. (AGF) held a subsidiary of U.S.-based Mondelēz International, Inc., headquartered in Illinois, in a deal worth approx. 27 billion yen and made it a fully owned subsidiary. The goals of the move were to reinforce business structure in line with our FY2014-2016 Medium-Term Management Plan and thoroughly implement a Group-wide policy of expanding into adjacent domains (launching products in areas that are adjacent to existing products and developing into adjacent markets). We worked to achieve these goals through the creation of development and production synergies between Ajinomoto Co., Inc. and AGF centered around powdered and processed products.

AGF was established in 1973 as a 50-50 joint venture between Ajinomoto Co., Inc. and General Foods Corporation in the U.S. and it boasted both marketing and technological capabilities, which earned it the top share of the Japan's

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[10] Drug development is normally separated into multiple processes. The materials used between the starting materials and the active ingredients are referred to as intermediates.

[11] Contract Development and Manufacturing Organization. Drug development requires significant sums of investment, so CDMOs first appeared in the U.S. in response to a trend by pharmaceutical companies to concentrate business resources on drug discovery and clinical development. The increase in biopharmaceuticals and the tightening of regulations regarding licensing requirements for research and manufacturing facilities led to contracts for formulation study and clinical trial material production in addition to manufacturing.

consumer coffee market (excluding canned coffee). Despite a change in our joint venture partner[12], AGF's business grew smoothly and in 2015, it concentrated on products such as stick-sachet beverage products and expanded its range of beverage products to include black tea and cocoa, and it also focused on the commercial market.

However, after this acquisition, Mondelēz International, Inc. still owned the trademarks for AGF products such as *Blendy®* and *MAXIM®*, so AGF was using these under license first from Mondelēz International, Inc., and then from Netherlands-based Jacobs Douwe Egberts B.V. (JDE), which had acquired Mondelēz' coffee business. Therefore, in October 2016, we acquired all trademarks for all brands, which includes *Blendy®* and *MAXIM®*, from JDE for approx. 25.9 billion yen.

This not only removed the risk of licenses being removed, but also prevented new product development and use of brand logos without consent or licensing to other companies, enabling us freedom to develop brand strategies.

Acquiring two Turkish food companies and amalgamating three companies, including our local subsidiary

We have actively used M&As to cultivate new markets overseas.

We started our seasonings for food service use business in Turkey in July 2011 with the establishment of Ajinomoto Istanbul Food Sales Ltd. and in December 2013, we acquired 50% of shares in the Turkish food company Kükre A.Ş. for around 60 million Turkish lira (approx. 2.9 billion yen). In 2012, the population of Turkey was around 75 million and GDP per person surpassed US$10,000. We estimated that the seasonings and packaged foods market in the country was worth around 65 billion Turkish lira (approx. 3.2 trillion yen), and the need for convenient seasonings and packaged foods increased as economic development led more women to enter the workforce in urban areas. There was also significant growth forecast for the future. Therefore, in its Medium-Term Management Plans for FY2011-2013 and FY2014-2016, we positioned Turkey and the Middle East as Rising Stars and made Turkey business the key for further market cultivation in the Middle East and Central Asia into a core strategy.

Kükre A.Ş. was a company headquartered in Eskişehir, a city in the west of Turkey, and boasted a history of about 100 years. It manufactured and sold products such as seasonings (table vinegar, fruit-based sauces) and pickles and its main product series, Kemal Kükrer, was widely recognized in Turkey as a premium brand. It also possessed a logistics platform covering over 30,000 retailers across Turkey and had strong sales capabilities for food service, nationwide mass retail chains, and influential stores. Our equity participation in the company enabled us to sell our new and existing products through this network.

Following this, in April 2017, we agreed to acquire all shares of another major Turkish food company headquartered in Izmir, Örgen Gida Sanayi ve Ticaret A.S., along with the trademark rights for its Bizim Mutfak (meaning "our kitchen") brand for 220 million Turkish lira (approx. 7.4 billion yen).

Pomegranate sauce Kükre

Apple vinegar Kükre

Menu-specific seasonings Örgen

Bouillon Örgen

Powdered soup Örgen

Powdered dessert Örgen

Örgen Gida Sanayi ve Ticaret A.S. manufactured and sold a wide range of seasonings and foods, and we were especially interested in its bouillon, powdered soup, menu-specific seasonings, and powdered dessert businesses[13].

Furthermore, we made Kükre A.Ş. into a fully owned subsidiary in August 2017 and in July 2018, the three companies of Ajinomoto Istanbul Food Sales Ltd., Kükre A.Ş., and Örgen Gida Sanayi ve Ticaret A.S. were amalgamated to form Ajinomoto Istanbul Food Industry and Trade Limited Company (Ajinomoto Istanbul Gida Sanayi ve Ticaret Limited Sirketi). This new company aimed to double its sales to over 10 billion yen by FY2020 through the following policies.

- Combine and strengthen the corporate functions of the previous three companies and reinforce existing business by leveraging brand, product lineups, marketing and sales functions
- Advance product development that leverages our proprietary ingredients and technology and strengthen exports to the Middle East and Eastern Europe

After the amalgamation, we created new packaging for Kükre and Örgen brands with the Ajinomoto Group Global Brand Logo (AGB, announced October 2017) and accelerated awareness of the "Ajinomoto Brand."

Taking a share in Promasidor Holdings Limited, a major African seasonings and packaged foods company

In our FY2014-2016 Medium-Term Management Plan, we positioned Africa as one of our Rising Stars. As of 2015, the

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[12] In 1985, General Foods Corporation was acquired by Philip Morris International Inc. (now Altria Group, Inc.) and in 1989 it was merged with Kraft Foods Company under the Philip Morris International Inc. umbrella. Kraft Foods Company then spun off its global divisions under the name of Mondelēz International, Inc.

[13] Örgen Gida Sanayi ve Ticaret A.S.'s coffee business was transferred to another group company belonging to its parent company, Yildiz Holding A.S., through a corporate split before the acquisition. Its ketchup, mayonnaise and spice businesses were ended following the acquisition.

continent was estimated to have around 1.2 billion people and during 2011-2015, the average annual real GDP growth rate for sub-Saharan Africa was high at approximately 5%. It was predicted to become a huge economic block. As the middle class grew, food demand was diversifying, especially among younger people, and the need for simplicity and convenience was rising, significant growth in the seasonings and packaged foods markets was expected.

We had already fully entered the continent in May 1991 through the establishment of West African Seasoning Company Limited (WASCO), a subsidiary for small-unit packaging and sales for *AJI-NO-MOTO®*, in Nigeria. After Masatoshi Ito became President & CEO of the Company, sales of *AJI-NO-MOTO®* grew as we established Ajinomoto Foods Egypt S.A.E. (a sales company) in October 2011 and AJINOMOTO AFRIQUE DE L'OUEST S.A. (a plant for small-unit packaging) in Cote d'Ivoire in January 2012, and WASCO set up branch offices in Cameroon in March 2014 and Kenya in April of the same year.

In order to further accelerate development, in November 2016 we acquired a 33.33% share in Promasidor Holdings Limited a major seasonings and packaged foods manufacturer headquartered in the British Virgin Islands, for US$532 million (approx. 55.8 billion yen). Promasidor Holdings Limited conducts business in 36 African countries with a particular focus on five countries – Nigeria, Algeria, Ghana, the Democratic Republic of the Congo, and Angola. It produces and sells products such as powdered milk, powdered beverages, flavor seasonings, and cereals, and its brands are widely found in markets throughout Africa. By combining our product development and production technology capabilities with Promasidor's robust sales foundation, we intend to strengthen our business base in each region of Africa and establish a presence as a leading player in African markets in the medium- to long-term.

(3) Cultivating markets utilizing external resources in Japan and overseas

Establishing a culture medium company for biopharmaceuticals joint venture business in South Korea

We have used external business resources to dynamically advance alliance strategies that cover both FIT (business structure reform) and GROW (cultivating growth drivers).

In November 2012, we established a joint venture for manufacturing and culture media for biopharmaceuticals in South Korea as an alliance initiative covering GROW.

We had been leveraging its high purity amino acid technology to sell serum-free culture media for animal cells since 1987. As the global market for biopharmaceuticals expanded, demand for the animal cell culture media used in their production rose sharply and the new company was established with the goal of establishing production and sales locations in South Korea, one of Asia's leading culture media consumption markets, to establish a stable supply structure and capture new demand, particularly in Asia.

Our joint venture partner was Genexine Co., Ltd., a South Korean bio-venture company advancing biopharmaceutical research and development based in Seongnam Gyeonggi Province, and from March 2011, it joined us in the development of animal cell culture media.

The new company was established as Ajinomoto Genexine Co., Ltd. with a starting capital of 35.7 billion South Korean won (approx. 2.5 billion yen, Ajinomoto Co., Inc.: 75%, Genexine Co., Ltd.: 25%), and it established a business location in South Korea's Incheon Free Economic Zone. It started production and sales in the first half of FY2014.

Development and licensing of *Corynex®* technology that makes pharmaceutical production more efficient

Corynex® is our proprietary technology that makes pharmaceutical manufacturing more efficient. It achieves high purity production of new proteins and peptides through the use of glutamic acid-producing bacteria *Corynebacterium glutamicum*.

Heterologous proteins and peptides secreted by the *Corynex®* system do not require processes such as cell lysis and refolding[14] to maintain an active form. Also, as *Corynebacterium glutamicum* secretes a limited amount of host cell-proteins and it does not produce endotoxins[15], the *Corynex®* system makes it possible to obtain proteins and peptides with very high purity and therefore simplify the purification process. It is possible to manufacture proteins that are difficult to produce with high density culture expression systems and/or scale-up the other expression systems (biopharmaceuticals, potential pharmaceutical target proteins, various enzymes, etc.).

We are expanding its business and making pharmaceutical development more efficient by entrusting this technology to Ajinomoto Althea, Inc. in the U.S. and licensing it out to various pharmaceutical companies.

Structural reform of the animal nutrition business – Production outsourcing and company spin-off

We also advanced an alliance strategy that covers FIT (business structural reform).

In 1965, we became a global pioneer in the commercialization of feed-use amino acids and while we built a global production structure from the 1990's into the 2000's, price offensives by manufacturers from the U.S., China, and South Korea led to a continuously difficult environment.

We implemented a series of reforms to counter this. One of these was in November 2010, when we formed an alliance with Inner Mongolia Fufeng Bio-technological Co., Ltd., a

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[14] When heterologous protein is overexpressed using expression systems such as E. coli, the target protein is accumulated within a cell, so the cell body has to be broken and the target protein is often expressed as insoluble aggregates called inclusion bodies in a cell, so the cell has to be disrupted and dissolve the inclusion body. As these processes possibly change the structure of the target protein, it requires a process to be returned to original conformation (refolding).

[15] A polysaccharide found in the outer membrane of Gram-negative bacteria (E.coli, Salmonella, etc.). They can be found in any living environment and if they enter the blood stream, they can cause fevers, septic shock, multiple organ failure, rapid heart rates, and other symptoms.

group company of China's FUFENG GROUP LTD. based in the Hohhot Economic and Technological Development Zone in China's Inner Mongolia Autonomous Region.

We started to sell feed grade threonine produced by the company under our brand and production started on March 1, 2011. Prior to this, CHUANHUA AJINOMOTO CO., LTD. (Sichuan Province) had made a voluntary transfer of all its shares (70% share) in a joint venture to produce feed grade lysine in China to SICHUAN CHEMICAL WORKS GROUP, LTD., a local chemical company that was its joint venture partner. CHUANHUA AJINOMOTO CO., LTD. had lost ground to cheaper local products and in fall 2008, it stopped production. Then in 2011, we spun off our animal nutrition business (see p.59 - 60) to establish Ajinomoto Animal Nutrition Group, Inc. (AANG) and through AANG, in August 2017, we agreed a production outsourcing agreement for feed grade lysine and threonine with Meihua Holdings Group Co., Ltd., a major Chinese amino acids manufacturer based in the Langfang Economic & Technical Development Zone, Hebei Province. Through these deals, AANG reduced its own production of feed grade lysine and threonine from 2018.

We also increased focus on new areas such as high value-added products and *AjiPro®-L* (see p.88), and advanced external outsourcing for products that were facing excessive competition in a way that leveraged our brand, technological, and quality control capabilities. Through these reform measures, we reinforced the structure of the business.

Advancing diverse alliances

We have advanced a variety of alliances, not just ones that are directly related to business.

In May 2012, we allied with Kao Corporation over a health-related business (see p.56). The Society for Sustainable Food and Lifestyles established by the two companies carries out initiatives such as hands-on environmental education programs for children in Kawasaki City, where both companies have plants.

Additionally, we are actively advancing multi-faceted collaborative projects with external partners, including business and sales alliances in the health-related and pharmaceutical peripherals fields, nutrition improvement projects in Japan and overseas together with local governments and NGOs, and research and development partnerships with universities and research facilities. Below are some of our representative efforts (details of each project below are provided in the corresponding articles).

Overseas governments and NGOs: The Ghana Nutrition Improvement Project, Vietnam Nutrition System Establishment Project

Local governments in Japan: *Love Vege*, measures tackling metabolic syndrome and locomotive syndrome, development of *AminoIndex®*, salt reduction project in Iwate Prefecture

Universities and research facilities: Development of *AminoIndex®*, on-site production of ammonia, development of iPS cell culture media

Initiatives tackling regional nutrition issues (salt reduction, vegetable intake)

Love Vege, Tokai Region

Vegetable intake initiatives in 46 prefectures

Iwate Low and Proper Salt Intake Day, Iwate Prefecture

Salt reduction initiatives in 32 prefectures

Establishing a powdered soup production company with NONGSHIM CO., LTD. in South Korea

In our FY2017-2019 Medium-Term Management Plan, we positioned South Korea as one of our Rising Stars. In 2017, it had a population of approx. 52 million and with a GDP per person of over US$30,000, which was close to becoming a G7-level country. We established a representative office in Seoul in 1983 and formed Ajinomoto Korea, Inc. in 2003 to promote sales of our products and provide technical support and sales to food manufacturing and food service companies. From 2006, we contracted Seoul-based NONGSHIM CO., LTD., a major local instant noodle and snack foods manufacturer, to take over sales of products that include flavor seasonings and *VONO®*[16] brand single-serving powdered soups. NONGSHIM CO., LTD. offered strong sales capabilities with supermarkets through its Shin Ramyun brand of instant noodles, and we had already built up a good relationship with the company.

Furthermore, in December 2017, we established a powdered soup production company, Ajinomoto Nongshim Foods, Co., Ltd., through a joint venture with NONGSHIM CO., LTD. in order to accelerate expansion into the consumer market. The new company had a starting capital of 13 billion

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[16] The unified soup brand for our overseas consumer foods business. It was developed following the termination of a joint venture with Netherlands-based Unilever N.V. (which had acquired U.S.-based CPC International Inc., owner of the *Knorr®* brand, in 2000) which meant that we could only use the *Knorr®* brand name in Japan. Currently active in South Korea, Brazil, and Taiwan.

South Korean won (approx. 1.3 billion yen) with Ajinomoto Co., Inc. owning 51% and Nongshim 49%. It established a new plant in the Nongshim Boseong Distribution Center in Pyeongtaek, Gyeonggi Province and in September 2019, it began sales of locally produced *VONO*® products.

As of 2016, the powdered soup market in South Korea was estimated to be worth 58 billion South Korean won (approx. 6.0 billion yen) and from 2014 to 2016, it had a stable annual growth rate of 7%. Single-serving powdered soups accounted for about 40% of this demand and had a high growth rate of 26%, and *VONO*® boasted an overwhelming market share of over 70%. While the consumption rate for single-serving powdered soups in South Korea is only about one tenth of the size of Japan's at 0.6 times per year (based on studies by Ajinomoto Co., Inc.), demand for bread as a breakfast continues to grow, and the need for smart cooking is rising due to an increase of people who lives alone and women entering the workforce, so further market growth is expected.

Alliances with Toyo Suisan Kaisha, Ltd. in North America, Nigeria, and India

Instant ramen noodles originated in Japan and in 2012, the global market had grown to 100 billion servings per year, and it has maintained these levels since. We deal in this market, primarily through instant noodle broths, and in December 2013, we agreed an overseas business alliance with general foods manufacturer Toyo Suisan Kaisha, Ltd.

One of the businesses agreed was a frozen noodle business in North America. Frozen noodles (Yakisoba, launched in 2007) had made a big contribution to the growth of our frozen foods business (operated by Ajinomoto Frozen Foods U.S.A., Inc.) in the region, which was worth over 10 billion yen in FY2013. The frozen noodle market was expected to continue its growth due to factors such as a Japanese food boom, so in April 2015, we established a frozen noodle production company through a joint venture (the Ajinomoto Group: 80%, Toyo Suisan Kaisha, Ltd.: 20%) as Ajinomoto Toyo Frozen Noodles Inc. (ATFN), headquartered in Portland, Oregon. During this period, we had also acquired Windsor Quality Holdings, LP in November 2014 (see p.43), so ATFN constructed a frozen noodle production plant (investment amount: approx. 2.6 billion yen) with an annual production capacity of about 8,600 tons, and construction was completed in June 2016. Sales of the plant's products began in October through Ajinomoto Windsor, Inc., to club stores[17] and supermarkets, as well as frozen noodle kits (frozen noodles and soup sets) to food service sectors. The combination of Toyo Suisan Kaisha, Ltd.'s advanced noodle production technology, Ajinomoto Frozen Foods Co., Inc.'s production technology, and Ajinomoto Windsor, Inc.'s strong sales network and ability to develop products suited to local tastes have made frozen noodles into a core product alongside frozen rice products.

In addition to this, in December 2013 we also agreed to establish instant noodle joint venture companies in Nigeria and India. Nigeria is an emerging country considered as one of Next Eleven[18], with a population of about 170 million. In May 1991, we established WEST AFRICAN SEASONING COMPANY LIMITED in the country (see p.47). In January 2015, we established the joint venture company Maruchan Ajinomoto Nigeria Ltd. (MAN) with a starting capital of 3.2 billion Nigerian naira (approx. 2.0 billion yen; the Ajinomoto Group: 51%, Toyo Suisan Kaisha, Ltd.: 49%). Headquartered in the capital Abuja, it began to sell A&M (the first letters of Ajinomoto Co., Inc. and Maruchan) brand products in FY2016. However, factors such as a slowdown in the Nigerian economy due to a decline in oil prices resulted in us having to dissolve and liquidate the company.

ATFN's representative product

Furthermore, since the 2000's, India has been experiencing accelerated economic growth as one of the BRICS countries and its population (1.34 billion in 2018) is expected to surpass China's in the 2020's. With this in mind, in December 2014 we established MARUCHAN AJINOMOTO INDIA PRIVATE LIMITED[19] (MAI), headquartered in Kanchipuram, Tamil Nadu State. Afterward, MAI constructed a plant and began to produce and sell A&M brand instant noodles in November 2016, with the objective of establishing a presence by targeting younger generations.

AJINOMOTO INDIA PRIVATE LIMITED's A&M brand instant noodles

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17. Membership-based volume retailers (that can be used by regular consumers) that sell wholesale goods through large warehouse-like stores, which have been gaining in popularity since the 1990's. Also known as warehouse clubs or wholesale clubs. The representative example is Costco Wholesale Corporation.
18. Next Eleven are eleven countries (Iran, Indonesia, Egypt, Turkey, Nigeria, Pakistan, Bangladesh, the Philippines, Vietnam, Mexico, and South Korea) which in 2005, investment bank Goldman Sachs predicted would become the next big global presences following BRICS (Brazil, Russia, India, China, and South Africa, predicted to experience rapid economic growth by the same bank in 2001).
19. Starting capital of 1.27 billion Indian rupees (approx. 1.93 billion yen), the Ajinomoto Group: 49%.

Accelerating Pakistani market cultivation through a joint venture with the Lakson Group

In July 2016, we established a joint venture company in Pakistan with the Lakson Group, an influential local conglomerate, as a part of efforts to cultivate new markets in Islamic countries through the overseas consumer foods business under our FY2014-2016 Medium-Term Management Plan. The cultivation of new markets through capital alliances with local partners was a strategy that was also carried through to the FY2017-2019 Medium-Term Management Plan and implemented in Turkey and Africa in the same way.

The new company, Ajinomoto Lakson Pakistan (Private) Limited (ALP), had a starting capital of 1.0 billion Pakistani rupees (approx. 1.2 billion yen; Ajinomoto SEA Regional Headquarters Co., Ltd.: 85%, Lakson Group: 15%) and a headquarters was established in Karachi, Pakistan's biggest city. It began by importing Halal-certified (a certification that means followers of Islam can eat a product) seasonings from PT AJINOMOTO INDONESIA and selling them in Karachi, and gradually expanded its sales area.

The Lakson Group is engaged in business areas from consumer goods and food manufacturing and sales through to paper and packaging manufacturing, finance and insurance, and IT services, and it has strong distribution capabilities to 180,000 retailers across Pakistan and a robust network of locally-rooted distributors. It also offers a wealth of insight about Pakistani consumers and markets, and has the ability to develop products tailored to the local food culture and eating habits. This made it a good joint venture partner for the rapid establishment of a business base in the country.

As of 2013, Pakistan had a population of about 180 million, including a large amount of young people, and this is predicted to grow to 310 million by 2050, which will make it the most populous country in the Islamic world. Pakistani people tend to eat at home more compared to other countries and normal cuisine includes dishes centered on boiled chickpeas (dal) and vegetables, so we expect a particular increase in the use of flavor seasonings and menu-specific seasonings, which are our specialty products. Additionally, it is geographically located between the Southeast Asia and the Middle East, so establishing a business location through a joint venture had significant meaning for our strategy in terms of shifting from self-reliance.

A scene from the deal signing with the Lakson Group

Joint development of *StemFit*® cell culture media for regenerative medicine with CiRA, Kyoto University

Since 1987, we have leveraged our expertise in amino acids to sell cell culture media for manufacturing biopharmaceuticals. Culture media, nutrient solutions in which microorganisms or biological tissue are kept in an appropriate environment for artificial culture, can be broadly divided into serum culture media, to which blood serum from animals has been supplemented as a growth factor, and synthetic culture media, which are formulated with synthetic chemicals such as sodium bicarbonate and L-glutamic acid. Serum culture media usually come with the risk of contamination by microorganisms that were not intended to be cultured. In comparison, synthetic culture media can be free from contamination as being formulated with completely purified components.

In February 2014, we announced that we had successfully developed *StemFit*® *AK03*, an iPS cell culture medium with a higher level of safety, free of animal- and human-derived components.

iPS cells (induced pluripotent stem cells), established by introducing a minute number of genes into ordinary human somatic cells, such as a skin cells, have the ability to differentiate into various tissue and organ cells and propagate indefinitely in culture, which makes them an important element in regenerative medicine. The use of patient's own cells enables the realization of regenerative medicine with low risk of immune rejection.

Representative *StemFit*® products

The joint research with Kyoto University (CiRA[20], Kyoto University led by Professor Shinya Yamanaka[21]) targeted at regenerative medicine bore fruit as *StemFit*® *AK03*. The product was developed through a combination of our analysis and synthesis technologies and Kyoto CiRA's knowledge and research results. The use of recombinant proteins synthesized with biotechnology and the formulation optimized for cell culture enabled the medium in which iPS cells and ES cells can be stably propagated over the long term.

Conventionally, iPS cells have been cocultured with mouse cells called "feeder cells" in a culture medium containing bovine serum, because iPS cells need a scaffold provided by the "feeder cells" to attach the vessels. On the other hand,

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[20] An abbreviation of Center for iPS Cell Research and Application, Kyoto University.

[21] Winner of the 2012 Nobel Prize for Physiology or Medicine for his work on iPS cells.

StemFit® AK03 replaces it with a protein called laminin, which makes the culture system completely free from animal-derived components, which is ideal for the safety of culture media used in regenerative medicine. On this point, the Pharmaceuticals and Medical Devices Agency (PMDA), the pharmaceutical regulatory agency under the Ministry of Health, Labour and Welfare, agreed with us in an official consultation.

Since then, we have successfully commercialized *StemFit® AK03* through providing it to Healios K.K[22] and CiRA, Kyoto University. On the sales side, it has been accelerating development in collaboration with Takara Bio Inc. and ReproCELL Inc. in Japan, and local sales distributors in the U.S.

October 2015: *StemFit® AK02N*, a culture medium for basic research that has the same composition and performance as *StemFit® AK03*, launched for research institutions (successful commercialization)

July 2016:
StemFit® AK03N launched in the U.S.

September 2016:
StemFit® Basic02, an iPS/ES cell culture media for use in basic research, launched in the U.S.

Alliance with T. HASEGAWA CO., LTD.

In May 2015, we agreed to a business alliance with T. HASEGAWA CO., LTD., that concerned the research, development and commercialization of natural flavors by fermentation process. This was to aid the speedy realization of the strategy in our FY2014-2016 Medium-Term Management Plan to pursue "Specialty", or in other words, "be each country's No.1 in deliciousness through assimilation with customers/ countries (regions)" and "be world No. 1 in seasoning technologies: Deepen our ability to define deliciousness in three dimensions and design it."

"Deliciousness" is decided by taste, texture, and flavor that complements these characteristics. Therefore, the goal of our alliance with T. HASEGAWA CO., LTD., which offers global top class materials and technologies as a flavor-focused company, was to deepen the qualities of our "deliciousness" technologies so that we can provide comprehensive value through deliciousness that meets the needs of customers in each country.

In order to raise the effectiveness of the alliance, we also acquired 900,000 shares (2.11% of issued shares) of T. HASEGAWA CO., LTD. treasury stock at a cost of approximately 1.6 billion yen through a third-party allocation.

Opening the Client Innovation Center (CIC) as a space for co-creation

As we were actively utilizing external capabilities (open & linked) to swiftly advance globalization and shift to specialty business, we also used a similar approach for R&D. In June 2018, we opened the Client Innovation Center (CIC), which had been built in the premises of the Kawasaki Plant, as a place for understanding and implementing open and linked innovation to co-create new values.

The CIC is a two-storied ferroconcrete building with a partial steel frame construction and a total floor area of 1,211.72m^2. It was built on the site of our former main research building at a cost of about 1.1 billion yen and offers the following facilities.

- An Introduction Space that uses video presentations to introduce the history of Ajinomoto Co., Inc. and its efforts to help resolve social issues with our technologies, among other features
- A Technology Space that introduces the 37 representative technologies in 14 categories possessed by us, and our creation of solutions to issues faced by society and business partners
- A Digital Ideation[23] Space that incorporates the latest ICT (Information and Communications Technology) to share and deepen discussion about issues faced by society and business partners to generate hypotheses of new values
- A Convention Hall where lectures and poster sessions can be held to promote exchange and share details of leading-edge research with internally and outside partners

Additionally, the building design is modelled on the shape of a neuron, which embodies the image of various information being communicated and passed around, leading to creation[24].

As a precursor to this, we established the Value Creation Group in the Research Institute for Bioscience Products & Fine Chemicals in 2014. Since then, it had been introducing our various research and development technologies to business partners through individual visits. The CIC has been positioned as a hub for promotion that aims to contribute resolutions to social issues in the areas of "Health and Well-being," "Food resources," and "Global sustainability" by further deepening relationships with business partners developed through previous activities with the objective of co-creating new value and new businesses. At the same time, in FY2020 we plan to realize collaborations

The CIC design, which resembles a neuron

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[22] This involved joint research with RIKEN on treatments of age-related macular degeneration through transplants of retinal pigment epithelium cells derived from iPS cells.

[23] In business, ideation means to come up with ideas based on certain themes or concepts. It is a process designed to draw out originality and creativity.

[24] The design was created by RUI SEKKEISHITSU Co., Ltd., which designed buildings such as the Nagano Olympic Stadium and Doshisha University's campus.

by concentrating the R&D functions of four Ajinomoto Group companies in Japan at the Kawasaki Plant to create a hub that strengthens co-creation within the Group.

(4) Innovating and strengthening R&D to support specialties

Innovating R&D operations to accelerate commercialization

As we pursued our basic policy of "with Specialty," it became fundamental to possess leading-edge technological capabilities in the bioscience and fine chemical fields, especially in areas related to the amino acids that we have developed, and deliver products that responded to consumers' issues and needs. Therefore, we also changed the way we carried out R&D based on this policy.

Broadly speaking, the fields of consumer foods and AminoScience became our main focuses and in terms of organization, in October 2010, we reorganized into three research institutes and one center (see p.58). Furthermore, we also carried out the following measures to strengthen commercialization based on corporate R&D results.

Revise evaluation systems:
    Theme evaluation meetings and progress check meetings with business departments as members
Organize and concentrate research themes:
    Divide research into themes for Group-wide strategy, themes on technology to be shared with the Group, and themes for our future business and set time deadlines for each theme, etc.

In the foods field, where alignment between corporate themes and business department themes went smoothly, we combined our proprietary materials with consumer-orientated product development to create new product brands such as *Cook Do® Koumi Paste*, *Cook Do® Kyo-no Ohzara®*, and *Nabe Cube®* (see p.84). In the AminoScience field, we used external alliances effectively to commercialize new technologies such as *AminoIndex®*, a diagnostic method that detects health risks from amino acid balance in blood, *Corynex®*, a technology that makes pharmaceutical production more effective, and *AJIPHASE®*, a service for contract manufacturing of peptide and oligonucleotide active ingredients that uses new liquid-phase synthesis methods (see p.47, p.53, and p.87).

In regard to recognition from outside of the Group, in September 2011, we achieved the global No.1 spot in the food, beverage and tobacco segment of U.S.-based Patent Board Company's quarterly Patent Board Ranking[25] for two consecutive quarters, and the evaluation showed that our technological capabilities are top class worldwide according to patent-related indicators. Additionally, in FY2012, Ajinomoto Fine-Techno Co., Inc. won a Porter Prize[26] for its innovations such as *Ajinomoto Build-up Film®* (*ABF*), an interlayer insulating material for semiconductor packages.

Receiving the prize from Professor Michael Porter at the ceremony (2012)

The Active Senior Project

The Active Senior Project, established by Ajinomoto Co., Inc. in October 2013, is a cross-sectoral Group-wide initiative that contributes to improved quality of life for the elderly through food, to help them extend their healthy life expectancy[27]. At the time, Japan had one of the world's highest average life expectancies and the number of active seniors was on the rise, especially among the baby boomer generation (approx. seven million people) who had reached around 70 years of age. However, the discrepancy between average life expectancy and healthy life expectancy was thought to be around nine years for men and 12 years for women, and the elimination of this discrepancy has become a social issue.

Amid this, we were focused on tackling locomotive syndrome[28] and we built up knowledge and expertise, including through external collaborations, as shown below.

May 2012:
    Health solutions business collaboration with Kao Corporation
December 2012:
    Participated in Japan Locomo Challenge Promotion Conference established by the Japanese Orthopaedic Association as a full member
March 2013:
    Established the Active Senior Food and Nutrition Club with amino acid material BtoB users, registered dieticians, and others
November 2013:
    Through a joint research with the University of Nottingham in the U.K. and a joint research with the Tokyo Metropolitan Institute of Gerontology in Japan, it was demonstrated and published in the Japanese Society for Amino Acid Sciences that our proprietary leucine-rich essential amino acid mixture "*Amino L40®*" has properties which achieve muscle protein synthesis with a small dose and can be an effective measure against sarcopenia[29], one of the forms of locomotive syndrome (the discovery was

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[25] A comprehensive assessment of the strength of companies in areas such as technology, research and development that scores in six categories, including U.S. patents granted and number of patent citations. Out of the six categories, we were ranked No.1 out of 31 major global food companies in the categories of U.S. patents granted, technology strength, and science strength.

[26] A prize established in 2001 by the Hitotsubashi University Graduate School of Business Administration in honor of Harvard University's Professor Michael Porter. It presents awards to companies that are realizing high profitability through innovation.

[27] The amount of time a person can live independently without the need for daily nursing care.

[28] A condition that reduces movement ability by impairing the musculoskeletal system, such as legs and the lower back, which results in the requirement of nursing care or a high possibility of needing nursing care in the future.

[29] A type of locomotive syndrome that lowers muscle strength through muscle loss that occurs with aging. Among the elderly, it can cause the loss of physical ability, a reduction in activity in everyday life, and the need for nursing care. One of the causes is thought to be a loss of muscle protein synthesis ability that occurs with aging.

30 stick pack of *Amino Aile*®, containing *Amino L40*®

based on the joint research on the effects of amino acids on the maintenance of health among seniors that has been carried out with the University of Texas Medical Branch at Galveston in the U.S. since 1999).

The project has carried out various activities with local governments, which included joining efforts to support recovery after the 2011 Great East Japan Earthquake through coordination with the health promotion department of Watari Town, Miyagi Prefecture, and the Red Apron Project to support Tohoku over activities such as providing information and exercise tips to prevent the locomotive syndrome to "health mate" community leaders who promoted a better dietary habit (later, these activities were taken over by THE AJINOMOTO FOUNDATION, which currently supports locally-led programs being held in each region of Japan). Furthermore, it disseminates information through a multi-faceted approach that includes sharing recipes, exercise tips, and other methods for preventing locomotive and metabolic syndrome through the website "Karada-Gohan-Labo," launched in November 2013, setting up sales spaces at retailers and drugstores based on the theme of locomotive syndrome prevention, and publishing 150,000 copies of Protein Intake Recommendation to Prevent Locomotive Syndrome, a booklet created together with the Japan Dietetic Association.

Commercialization of *AminoIndex*®

AminoIndex®, a service launched in April 2011, is a success story that demonstrates that our amino acid research directly contributed creation of a new business. It is known that a balance of about 20 kinds of amino acid concentrations in blood is maintained constant in a healthy human but that it is disrupted by various diseases. *AminoIndex*® is an unique service that can assess the probability of multiple types of cancer or risk of lifestyle-related diseases based on amino acid balance in blood by a single 5-ml blood withdrawal.

Previously, it was known that various health conditions can alter concentrations of amino acids in blood. However clinical use of amino acid balance in blood as biomarkers had been limited to screening for inborn error of metabolism or evaluations of the severity of liver disease because there were challenges such as large individual differences in blood amino acid concentrations and the poor reproducibility of the analysis. We had been measuring concentrations of amino acids in blood since around the year 2000 and discovered the possibility of their use as a risk assessment index to evaluate health conditions. Accordingly, we made efforts to overcome the hurdles of individual discrepancy and reproduction by combining technology for statistical analysis of blood amino acid balance with technology for the rapid and highly sensitive analysis of amino acids. In 2001, our research and development team began to use Liquid Chromatography/Mass Spectrometry (LC-MS) that can separate amino acids based on differences in the time it takes to pass through a column tube[30] and differences in molecular weight. Furthermore, they developed pre-column derivatizing reagent that could realize a rapid and highly sensitive analysis of amino acids. This shortened the time for analysis of a single sample from 2 hours to about 7 minutes, enabled us to measure a huge number of samples in a short period.

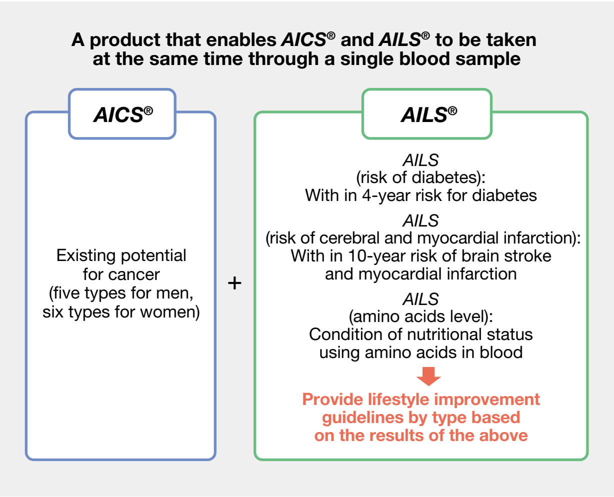
We started publishing the scientific results on the basis of "*AminoIndex*® technology" in 2006 and in 2009, we started releasing papers related to its use in assessing the possibility of cancer. In November 2010, we agreed a joint business contract to commercialize *AminoIndex*® with clinical testing company SRL, Inc. Subsequently, we carried out large-scale clinical trials focused on lung, stomach, colorectal, breast, and prostate cancer with the Kanagawa Cancer Center and many other facilities. In 2011, we announced that the balance of amino acid concentrations in the blood of cancer patients is significantly different to that of healthy people and that these changes were observed in cancer patients at an early stage of the disease.

In April 2011, it was verified that it was possible to assess the probability of cancer at an early stage, leading to commercialization under the *AminoIndex*® *Cancer Screening* (*AICS*®) trademark. *AICS*® offers the following characteristics.

- Can be taken as part of a health checkup as it only requires a single blood sample
- Can simultaneously assess the probability of multiple types of cancer through a single blood sample
- Can assess the probability of cancer at an early stage

The business contributes to cancer prevention in Japan, which has a lower rate of cancer screening uptake compared to Europe and North America.

Figure III-5: *AIRS*® (*AminoIndex*® *Risk Screening*)



In October 2011, a joint research with the Yokohama City University Hospital Department of Obstetrics &

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[30] A tube with an inner diameter of 1-4mm filled with bulking agents such as particulate or liquids.

Gynecology and others revealed applications for three types of gynecological cancer (cervical cancer, endometrial cancer, and ovarian cancer), and in September 2014, a joint research with the Osaka Medical Center for Cancer and Cardiovascular Diseases revealed an application for pancreatic cancer.

We added *AminoIndex® LifeStyle Diseases Risk Screening* (*AILS®*) services including a screening that assesses the risk of diabetes in November 2017, and one that assesses the risk of brain stroke and myocardial infarction in April 2019. These *AICS®* and *AILS®* were then combined in a package named *AminoIndex® Risk Screening* (*AIRS®*).

Commercialization of *AjiPro®-L*

AjiPro®-L, a rumen bypass lysine product for cows launched in North America in April 2011, is the result of 20 years of tenacious work by our research and development teams.

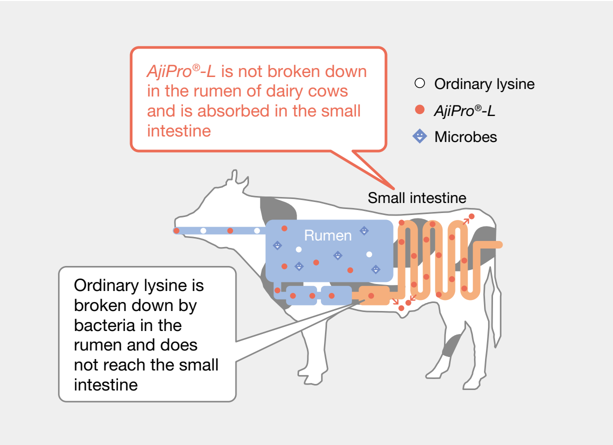
A cow is a ruminant animal that has four stomachs. When lysine was given to a cow, most of the lysine would be broken down in the first stomach (rumen) and not be absorbed as a nutrient. *AjiPro®-L* was developed to solve this issue. Our researcher tackled this by:

A) Establishing evaluation technologies for its bio-availability through animal testing and accumulating data
B) Developing simple and effective screening methods that could obtain the same results with animal testing
C) Developing granulation technology that protects the lysine

As a result, they successfully developed *AjiPro®-L* which ensures that lysine is dissolved slowly in the small intestine after ingestion by the cow.

This product led to business expansion into an unexplored market of amino acids for ruminants, and sales in North America grew smoothly. Then, in November 2014, Ajinomoto Heartland, INC. increased production capacity to 6,500 tons per year from an initial 1,500 tons.

Figure III-6: *AjiPro®-L*, a lysine product with unique technologies for protection and dissolution



Commercialization of *kokumi* ingredient glutamyl-valyl-glycine

In August 2014, we gained approval to use glutamyl-valyl-glycine as a food additive. This is a *kokumi* ingredient found in foods like scallops and authentically brewed soy sauce that combines glutamic acid, valine, and glycine, three kinds of amino acids. We defines “*koku*” as the substantial, broad multisensory experience created by sensations related to the taste, flavor, and texture of food (such as richness, complexity, and body) and the way that these are balanced. Additionally, “*kokumi*” is defined as an ingredient that does not have a taste itself but enhances the “*koku*” of a food that it is added to.

In February 2010, glutamyl-valyl-glycine was reviewed by the Flavor and Extract Manufacturers Association in the U.S. and approved as “Generally Recognized As Safe” (GRAS). In June 2012, the FAO/WHO Joint Expert Committee on Food Additives (JECFA) assessed it as “no safety concern.” It is currently approved in the three major regions of Japan, North America, and Europe, and also in various other countries.

Just a small amount of glutamyl-valyl-glycine can enhance “*koku*” and it is currently used in our consumer and industrial-use products. In addition to helping to improve the quality of products that are used with meat, dairy products, and products that are used with edible oils, it also enhances the “deliciousness” of products such as fat-reduced foods.

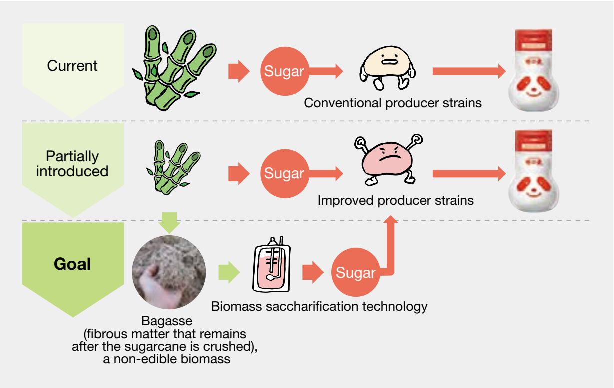
Examples of products that contain glutamyl-valyl-glycine

Conserving and recycling resources and realizing local partnerships through resource-saving fermentation technologies

The amino acids used in our products, including umami seasoning *AJI-NO-MOTO®*, are manufactured at 18 plants in nine countries around the world through a fermentation process that uses raw materials that are easy to procure locally, such as sugar cane, corn, sugar beets, and wheat. As populations grow, demand for these ingredient crops is increasing as a precious food resource, and also as biofuels and industrial materials. Therefore, in consideration of the sustainability of society and the planet, we developed the resource-saving fermentation technologies shown below.

A) Technologies that require less main raw materials by maximizing fermentation productivity
B) Technologies that use less auxiliary materials (acids, alkalis) and discharge less water
C) The introduction of biomass boilers that use resources not being used locally as a fuel source, such as rice husks and woodchips
D) Technologies that enable the self-production of a portion of fermentation raw materials or that use bagasse (fibrous matter that remains after the sugarcane is crushed), from a biomass by-product as a fuel

Figure III-7: Using less main raw materials



In order to avoid competition between crops for amino acid manufacturing and crops for food use, we are advancing research and development into next-generation production technologies that limit the use of food resources by using ingredients such as cellulose derived from non-edible biomass or grease and oils created from microalgae as the main fermentation raw material.

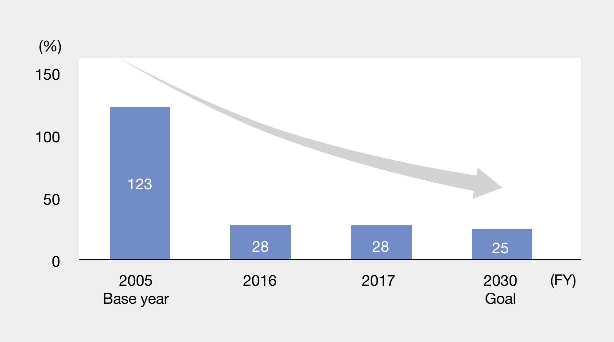
With regards to the production of feed grade amino acids, we introduced resource-saving fermentation technologies in Brazil in March 2012, the U.S. in July 2013, and France in January 2014. Since the end of 2011, manufacturing of *AJI-NO-MOTO®* at our plant in Thailand has included a process through which the plant makes its own molasses as a raw material from cassava chips. In addition to this, our Kyushu Plant is effectively using the biomass produced as a by-product of fermentation by mixing it with fertilizer. They are collaborating with Saga City, local retail stores, agricultural cooperatives (JAs) and others to sell fruits and vegetables grown with the fertilizer under the brand names *Kyushu Rikisaku Yasai®* and *Kyushu Rikisaku Kudamono®*.

Evolving palatability technologies

We have positioned "global industry leading seasoning technologies" as a specific goal for the achievement of R&D leadership, one of the growth drivers in our FY2017-2019 Medium-Term Management Plan. This strategy realizes growth through the provision of solutions such as:

- A deeper comprehension of biological mechanisms for deliciousness

Figure III-8: Trends in water use per unit of production



Limeira Plant (Brazil)

Woodchips

A sugar cane field

- Technologies to control deliciousness
- Technologies to optimize deliciousness for preferences in local markets
- Digital technologies to deliver the value of deliciousness for individual consumers

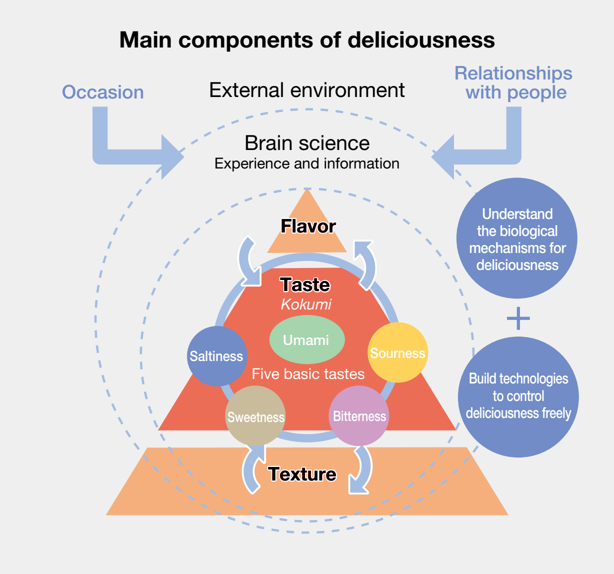
"Deliciousness" comprises not only the basic tastes (sour, bitter, sweet, salty, and umami), but also elements such as "*koku*," texture, and flavor. It is also affected by factors such as a person's mental state at the time of eating. We seek to understand the biological mechanism for deliciousness through the analysis and synthesis technologies outlined below, so we have been advancing the design and realization of deliciousness, such as the flavorings, aromas, and textures that we want to make, using proprietary materials.

- Understanding the biological mechanisms for deliciousness: Design statistical models that use taste and olfactory receptors to understand the interaction of tastes, flavors and textures and measure intraoral sensations.

- Technologies to control deliciousness: Acquire key flavor and texture materials (in-house development + external collaborations), build synthesis and application technologies, ensure important materials can be produced in-house

There are many examples of applications that take a step forward from conventional product development, such as understanding deliciousness that is craved worldwide and then making this a reality with reduced salt, or achieving meat that is more tender through the use of enzymes.

Figure III-9: Understanding the structure of deliciousness and deepening design capabilities



Development and introduction of *AJI-PMap*®

We developed and introduced *AJI-PMap*® as a way to make product development that is tailored to consumer preferences quantifiably more efficient and effective. The "P" stands for "preference," and the name describes how we are mapping the characteristics of consumer preferences. With this map, it is possible for product developers to understand the optimal sensory characteristics that consumers prefer and to identify clear words which they can use during quality design.
First of all, the product developers make a list of the sensory characteristics that describe the product and could influence consumer preferences. Then, several test products are prepared. These test products are used to assess consumer preferences. The preference data obtained is used to carry out statistical analysis to get the map and identify the optimal sensory characteristics for consumers based on their preferences.

Quality design that uses *AJI-PMap*® enables us to target all consumers or to target segmented consumers based on factors such as age or gender. Also, it contributes to a shorter product development period because *AJI-PMap*® visualizes important characteristics, including the optimal levels of these, to obtain an optimal quality design.

This process was used when renewing the *Knorr*® *Cup Soup* series in FY2016 and year on year sales grew. It has also been used in the quality design for *HON-DASHI*® and *Nabe Cube*®, and development is spread between in our group companies in Japan and overseas.

Knorr® *Cup Soup* (FY2016 renewal)

Alliance strategy in the pharmaceutical peripherals business

We have been dynamically advancing open and linked innovation in R&D in the pharmaceutical peripherals business as well.

In May 2012, we agreed a health solutions business collaboration with Kao Corporation. The aim was to build a health support platform that targets individuals by realizing synergies between the healthcare-related products possessed by Kao, the lifestyle-related disease prevention programs being implemented by its subsidiaries, and our health-related products and amino acid technologies.

In February 2016, we entered into an agreement (effective from April 2016) with Nestlé Japan Ltd. to transfer our concentrated liquid foods business and entrust sales and sales promotion activities (sole agency agreement) for nutritional care foods through healthcare channels. Nestlé Japan Ltd. possesses Nestlé Health Science S.A. and by entrusting these sales to Nestlé Japan Ltd., which has strong healthcare sales channels, we transferred the nutritional care foods business to the Consumer Foods & Seasonings Dept. (at that time) and concentrate on development, production, and sales through consumer channels. As a result of this alliance, AJINOMOTO NUTRITION FOODS Co., Ltd., which had been in charge of sales through healthcare channels, was dissolved at the end of November 2016.

We pursued joint research in various forms, including joint research with Massachusetts General Hospital in Boston, U.S., aimed at the global development of *AminoIndex*®, a prediction service that screens amino acid balances in blood to detect cancer and lifestyle-related diseases (2014-2016: verification of effectiveness in different countries and among different races), as well as implementation of the Ajinomoto Innovation Alliance Program (AIAP, 2013-2019) which solicited innovative ideas related to health and healthcare and then supported research on them. AIAP evolved from the Ajinomoto Amino Acid Research Program (3ARP) that had been continuing since 2004. It solicited applications on a wide range[31] of themes each year, and then funded a portion of research costs. More than 30 research projects had already been supported.

(5) Market cultivation and business area expansion through global development

Business expansion in the Five Stars

In our FY2014-2016 Medium-Term Management Plan, as part of efforts focused on achieving the "global" part of "becoming a genuine global company," we named the key countries of Thailand, Vietnam, Indonesia, the Philippines, and Brazil as the Five Stars, to achieve higher growth than the overall overseas business. Our products and brands were widely known in these countries while at the same time their economic growth as members of BRICS and Next Eleven was at the center of attention (see footnote on p.49).

At Ajinomoto Co., Inc., we have set social value targets for volumes of meat and vegetable consumption through our products as part of ASV (see p.63). In the Five Stars, our basic strategy was to realize these targets through the promotion of umami seasoning and developing and selling flavor seasonings for local traditional home-cooked cuisine. Our 2020 targets for these countries have been set as the consumption of 8.6 million tons of meat and 5.5 million tons of vegetables per year. If we could realize these goals, we estimated that we would increase umami seasoning consumption by about 100,000 tons and flavor seasoning consumption by about 90,000 tons compared to those in FY2015, which would enable us to achieve the sales target. In other words, our targets linked improvements in dietary balance and eating habits in each country to business growth.

Our basic strategy was as follows.

A) Cultivate seasonings rooted in each region and develop new categories tailored to changes in eating habits and society brought about by urbanization

B) Invest 35 billion yen to enhance and streamline facilities that support growth.

For strategy A) in particular, we worked to attain growth by becoming "No.1 in Deliciousness" through our proprietary materials and technologies attained by enhancing the quality of existing products and actively launching new products. We pursue global development through the introduction of new products such as menu-specific seasonings, expansion in areas in which we sell such products, accelerating development in the coffee business area using Ajinomoto AGF, Inc. technologies, and expanding sales to food manufacturers and food service.

Development in emerging countries – Turkey, Africa, Asia

In FY2011, we announced its plan to expand its foods business into 30 new countries over the following six years by creating firm footholds through the establishment of local subsidiaries.

In 2011, we set up business locations in quick succession, establishing Ajinomoto Istanbul Food Sales Ltd. in Turkey in July, Ajinomoto Foods Egypt S.A.E. in October, and AJINOMOTO AFRIQUE DE L'OUEST S.A. in December. We began full scale cultivation of markets in the Middle and Near East and Africa in conjunction with the reform of our European business in July of that year.

We put Ajinomoto Istanbul Food Sales Ltd. in charge of business in Turkey, Central Asia, Iran, Israel, and Jordan, with a primary focus on applying sales expertise cultivated in South America to develop its seasonings business.

Ajinomoto Foods Egypt S.A.E. was headquartered in Cairo and its sales region extended to Libya, Tunisia, Algeria, and Morocco. We aimed to leverage cash sales expertise developed in the Southeast Asia region to develop a seasonings and packaged foods business in Egypt and across North Africa.

Figure III-10: Five Stars and Rising Stars

Five Stars Main Strategies

- Expansion of upper and middle-income earners
- Modernize eating habits and channels

Existing core fields	Focus on strengthening and new growth in main seasonings
Next generation core fields	Introduce localized core food products for each country, including cross-sectoral product expansion
Channel expansion	Expand business from a business base of solid traditional channels to include food service and modern channels
Development into surrounding countries	Expand business to surrounding countries centered on the Five Stars
Inorganic growth	Strengthen inorganic growth functions at regional headquarters in ASEAN and Latin America

Rising Stars Main Strategies

Africa and the Middle East

Accelerate expansion into surrounding countries centered on umami seasoning

Europe and North America

Establish sales platforms and strengthen product development for frozen food products, instant noodles, and food service channels

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[31] Includes nutrition, diagnosis, digital technology, biopharmaceutical manufacturing and DDS (drug delivery systems) improvements, manufacturing, storage and administration processes for cellular therapy products, food processing and storage methods that can contribute to food sustainability, and provision of solutions using proteins and amino acids.

Both companies possessed the strength of being able to utilize production sites in Europe and Asia. AJINOMOTO AFRIQUE DE L'OUEST S.A. was headquartered in Abidjan, the former capital of Cote d'Ivoire. It focused on the development of a flavor seasonings and packaged foods business by establishing a new repackaging plant (creating retail packaging for selling *AJI-NO-MOTO*® imported from Brazil) and working to penetrate 11 West African countries[32]. In the African region, we had already established WEST AFRICAN SEASONING COMPANY LIMITED (WASCO) in Nigeria in 1991, and while we had started by cultivating sales through distributors, the establishment of the two new companies enabled us to pursue full-scale market cultivation through direct sales.

Furthermore, in Asia, we established AJINOMOTO (CAMBODIA) CO., LTD. in September 2009. This started by selling *AJI-NO-MOTO*® with support from AJINOMOTO CO., (THAILAND) LTD. and then expanded into the flavor seasonings, powdered beverages, and instant noodle businesses. Following this, in August 2011, we established AJINOMOTO BANGLADESH LIMITED in Dhaka, Bangladesh's capital, which strengthened the cultivation of the South Asian market. The cultivation of these two countries is an example of "expanding into adjacent domains" centered on AJINOMOTO CO., (THAILAND) LTD.

These countries and areas are forecasted to experience further economic growth in the future and have lots of young people. Furthermore, they have local cuisines which can be made more delicious using *AJI-NO-MOTO*®, so they are expected to support the growth of the Group in the 2020's.

(6) Organizational reform focused on overall optimization and streamlining

From a virtual company system to a business headquarters system

In April 2010, after the appointment of Masatoshi Ito as President & CEO, we abolished a virtual company system and adopted a business headquarters system.

The in-house company system had been introduced in FY2002 to strengthen the swiftness of decision making and enhance profit-consciousness at each business. However, as the transfer of authority progressed, it led to confusion and duplication, which included foods and amino acids being manufactured at the same site, and multiple research projects being implemented in similar fields, such as health ingredients. Factors such as the time taken to arrange collaboration that crossed company boundaries led to a negative silo effect. Therefore, the first stage of FIT (structural reform) was to spin off the pharmaceuticals company (see p.42) and return Food Products Company and Amino Acids Company to a business headquarters system, establishing a Food Products Division and a Bioscience Products & Fine Chemicals Division. This made it easier to realize collaborations between the businesses and simpler to revise areas such as raw material procurement and production structures on a global scale to optimize the overall business and make management more efficient. Furthermore, the major goal was streamlining and cost reductions, which included the Wellness Business Division that had been established in July 2009.

We also continued the China Business Strategy & Planning Division which oversaw business in China, which was expected to become a big market.

Concentrating R&D in two institutes and two centers structure

As we moved from a virtual company system to a business headquarters system, we also merged and concentrated our research and development organizations.

Under the company system, R&D was carried out by 11 organizations – two research institutes, the Institute of Life Sciences and the Research Institute for Health Fundamentals and the Technology & Engineering Center that catered for the entire company, as well as two organizations in the food company (the Food Development & Technology Center and the Food Product Application Center), five organizations in the amino acids company (the AminoScience Laboratories, the Fermentation & Biotechnology Laboratories, the Production & Technology Administration Center, the Fine Chemical & Pharmaceutical Industrialization Center, the Bio-Industrialization Center) and one organization in the pharmaceuticals company (the Pharmaceutical Research Laboratories). After the Pharmaceutical Company was spun off, the 10 remaining organizations were concentrated into three institutes – the Institute for Innovation (Corporate Sector), the Institute of Food Sciences and Technologies (Food Products Division) and the Research Institute for Bioscience Products & Fine Chemicals (Bioscience Products & Fine Chemicals Division) – and the Production & Technology Administration Center which was responsible for production technology was reorganized. Then, research personnel were reassigned into organizations that researched fields that were important for our growth strategy and organizations involved in areas such as new product development.

Following this, in April 2015, the Production & Technology Administration Center's food product-related projects were separated to establish the Food Production & Technology Administration Center under the jurisdiction of the Food Products Division. Also, in April 2019, the Institute for Innovation was abolished and its functions were transferred to the Institute of Food Sciences and Technologies, the Research Institute for Bioscience Products & Fine Chemicals, and the Information Systems Planning Department to accelerate the development of products and technologies in the health and wellness fields.

Assimilation of the China Division

Going into the 1990's, China experienced a continuous period of rapid economic growth and in the aftermath of the global

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[32] Cote d'Ivoire, Mali, Burkina Faso, Togo, Liberia, Sierra Leone, Gambia, Senegal, Guinea, Guinea Bissau, and Ghana

financial crisis in 2008, it maintained a high growth rate compared to advanced nations through measures such as a four-trillion-yuan stimulus package and monetary easing.

We had progressively deepened its expansion into China, forming a joint venture with a local company in 1993 and then taking a 100% share in this venture in 1996 to establish Ajinomoto (China) Co., Ltd. Under the company system, we established the China Business Strategy & Planning Division to oversee our four offices in Beijing, Shanghai, Hong Kong, and Guangzhou, in an organizational structure that focused on the characteristics of each area. Simultaneously we acquired Amoy Food Ltd. (Hong Kong) in 2006. However, the operation of Amoy Food Ltd. (Hong Kong) did not go smoothly due to issues such as excessive facility renewal, the deactivation and liquidation of multiple group companies in accordance with our restructuring, steep rises in personnel, raw materials and fuel costs, and worsening price competition with mainland companies in areas such as Chinese ethnic sauces and frozen foods.

As a result, in April 2012, we dissolved the China Business Strategy & Planning Division and the China Foods & Seasonings Department, and developed our business in the country as a part of overall food product business under the Food Products Division's China Division. In November 2018, all shares in Amoy Food Ltd. (Hong Kong) were transferred to CITIC Capital Asian Foods Holdings Limited, a company owned by investment funds of CITIC Capital Holdings Limited, a part of the influential CITIC Group in China. At the same time, we acquired a 15% share in CITIC Capital Asian Foods Holdings Limited to develop and expand new businesses in China through the partnership. Additionally, development by us alone was focused on the food service and food manufacturing fields rather than the consumer field, in order to secure profitability and realize further development.

Establishing the Wellness Business Division and transitioning to a two-business headquarters system

In July 2009, before the transition to a business headquarters system, the Wellness Business Division was established by bringing together the Amino Acid Company's Amino Acid Consumer Products Department, the Health Services Development Department, the Medical & Nutrition Food Business Department, and other businesses. This provided unified management of health-related products such as amino acid sports beverages, sleep improvement supplements, and food products for the elderly, with the objective of improved business growth. The new Wellness Business Division comprised the Wellness Business R&D Planning Department, which was responsible for planning and governing in the division, as well as the Sports Nutrition Department, the Direct Marketing Department, the Nutrition Care Department, and the AminoIndex Department.

The health foods market had experienced continuous, growth up to 2005, almost reaching a worth of 1.3 trillion yen before the impact of regulations and the like caused it to level out. However, factors such as the aging of Japan's population had increased the social need for a variety of wellness services, and it was a field in which we could use the technologies cultivated by us such as amino acids and plant-derived materials, to provide high added value products. Therefore, with a sales goal of 200 billion yen, we concentrated dispersed business resources in order to accelerate business expansion by speeding up product development in line with market demand.

In April 2015, the Wellness Business Division was dissolved and we transitioned to a two-business headquarters system that consists of the Food Products Division and the AminoScience Division. Regarding the Wellness Business Division's five businesses (health foods, sports nutrition, *AminoIndex*®, nutrition for the elderly, and overseas health foods), the Sports Nutrition Department was moved into the AminoScience Division, while the other four businesses were successively absorbed[33] into the Business Strategy & Planning Department of the AminoScience Division.

Although the Wellness Business Division was reorganized into a new structure after a little shorter than six years, our business in the healthcare field progressed steadily and developed into one of the pillars of our AminoScience business.

Spinning off the animal nutrition business

Our feed-use amino acid business, which handled lysine and threonine mainly, experienced ongoing difficulties due to price offensives from major U.S. companies and Chinese competitors.

As a result, in September 2011, we span off the business and established it as a dedicated animal nutrition company, Ajinomoto Animal Nutrition Group, Inc. (AANG), with the aim of responding to dynamic changes in the global business environment. As well as realizing specialty through products such as *AjiPro*®*-L* (see p.54), a lysine formulation for cows that had started production in North America in April 2011, spinning off the company also meant that production outsourcing and alliances could be achieved faster, and structural reform could take place. In November of that year, we carried out an absorption-type split to transfer the feed-use amino acid business to AANG and we also moved global manufacturing and sales subsidiaries for the business under the AANG umbrella.

Following this, AANG set up a regional headquarters and sales company for the Asia Pacific region in Singapore in April 2013, swiftly responded to rising demand by increasing production of *AjiPro*®*-L* in North America, increasing production of tryptophan in Europe, and launching production of tryptophan in North America. At the same time, AANG strengthening through a shift to added value products such as *AjiPro*®*-L* and feed-use valine. It is also advancing business as it showcases values such as contributing to food resource

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[33] Although our health foods business in Japan was absorbed into the Wellness Department in April 2015, in April 2016, it was revived as the Direct Marketing Department and in April 2017, it inherited the *Jino*® cosmetics business from the Specialty Chemicals Department.

sustainability, or in other words, reducing the environmental footprint of the entire feed/livestock business through feed-use amino acids.

Rebuilding food production in Japan – Implementing the MORE Project

We started the restructuring of the value chain of Japan food products, as one of the key strategies in our FY2017-2019 Medium-Term Management Plan, by restructuring domestic seasonings and packaged foods production, which was announced in September 2017. The restructuring was advanced under the in-house name of the MORE (Multi Optimized Rebuilding Execution) Project. This project aimed to strengthen the foundation for our Japan food products business in the medium- to long-term through a total investment of 40 billion yen in facilities through the construction of state-of-the-art plants which use cutting-edge technologies such as ICT and automation to dramatically increase efficiency. We concentrated our five existing seasonings and packaged foods production sites in Japan into three sites with the goal of attaining world-class production that can swiftly and flexibly respond to customer demand.

Specifically, in August 2017, we moved Ajinomoto Packaging Inc.'s Kanto Plant into the premises of Kawasaki Plant (Kawasaki-ku, Kawasaki City) and renovated it to increase packaging efficiency through automation and raise quality control levels. Additionally, in November 2017, we invested around 15 billion yen into our Tokai Plant (Yokkaichi City, Mie) and started construction on a new plant for the integrated manufacturing and packaging of seasonings and other products (18,300m^2, four-storied steel-frame structure). This is to be completed within FY2020 and will bring together the functions of Chubu Plant of Knorr Foods Co., Ltd. and Ajinomoto Packaging Inc.'s Kansai Plant (Takatsuki City, Osaka). The plant will become the newly established Ajinomoto Food Manufacturing Co., Ltd.'s Mie Plant. Then, in December 2018, we invested around 20 billion yen to start construction on a new plant for the integrated manufacturing and packaging of soups and other products (approx. 30,000m^2, six-storied steel-frame structure) on the premises of our Kawasaki Plant (Kawasaki-ku, Kawasaki City). It is scheduled to be completed in the first half of 2021 and will bring together the functions of Ajinomoto Packaging Inc.'s Kanto Plant, and Knorr Foods Co., Ltd.'s Kawasaki Plant (Takatsu-ku, Kawasaki City).

The inauguration ceremony for Ajinomoto Food Manufacturing Co., Ltd.

During this period, in April 2019 we inaugurated Ajinomoto Food Manufacturing Co., Ltd. (starting capital: 4 billion yen) and tasked it with manufacturing all seasonings and packaged foods in Japan. In FY2021, seasonings and packaged foods production sites in Japan will be concentrated into three locations under the new company – the Kawasaki Plant, the Shizuoka Plant (Shimada City, formerly Knorr Foods Co., Ltd.'s Tokai Plant) and the Mie Plant. We will strive to dramatically raise efficiency at each of the three plants to achieve as follows.

- Improve EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization; profit before tax with interest, depreciation, and amortization added back) by approximately 7 billion yen per year and improve domestic seasonings and packaged food product business profit margins by around 2% from FY2022 onward
- Double labor productivity at plants in FY2021
- Realize flexible production which excels at switching between products
- Integrate the technology departments of the three companies to enhance technological capabilities through the merging production technology and knowledge in areas such as manufacturing and packaging, thereby developing and accumulating technology that can realize world-class production
- Advance significant improvements in capital efficiency by shrinking ingredient and intermediate product inventories through the syncing of manufacturing and packaging to demand projections and improvements in logistics efficiency, including through joint logistics with other companies, to reduce inventory across the entire supply chain.

Concentrating gift product businesses into Ajinomoto AGF, Inc.

In April 2015, we acquired all shares in Ajinomoto General Foods, Inc. (AGF) held a joint venture partner U.S.-based Mondelēz International, Inc. and made it a fully owned subsidiary (see p.45). We subsequently pursued synergies with AGF in a variety of areas and the first of these was the integration and concentration of our gift product businesses into AGF through a transfer implemented in April 2016.

At the time, the gift product market was worth around 7 trillion yen and while the markets for traditional summer and year-end gifts given in Japan continued to shrink, the market for personal gifts (gifts other than traditional or corporate gifts), accounting for about 60% of the gift product market, was growing at an average 2% per year and was expected to continue to grow. Integrating our gift product business enabled us to fully utilize the assets of both companies to establish a strong presence in the growing personal gift market through the creation of "food product, beverage and health" gift products with specialty. In October 2016, we acquired all trademarks for products such as *Blendy*® and *MAXIM*® (see p.46) which enabled AGF to fully leverage the capabilities of top brands in the consumer coffee market (excluding canned coffee) for gift products.

In July 2017, AGF was renamed as Ajinomoto AGF, Inc. and revised its product portfolio advancing the development and deployment of gift products under the three key concepts of “individual portion and personal,” “premium and luxurious,” and “health-conscious.” The integrated provision of our gifts, such as beverages, seasonings, and edible oils[34], raised awareness among fans focused on each field of our overall offerings, and attracted broader customers through combinations such as *Toss Sala*® with Olive Oil. It also attempted business structure reinforcement by raising the efficiency of the gift product business' operational and sales structures and the restructuring of production and logistics locations.

Establishment of the Chushikoku Branch

In FY2009, our food products business sales structure comprised five major branch offices and four minor branch offices. Within this, the Chugoku and Shikoku regions were covered separately by the Chugoku Branch and Shikoku Branch, both under the jurisdiction of the Osaka Branch. However, due to factors such as the growth of retail chains beyond regional boundaries and advances in the use of ICT, it was judged that it would be more efficient to cover both regions together and in July 2017, the Chushikoku Branch was established.

The new branch was headquartered in Hiroshima and included a structure comprising the Chushikoku Branch, the East Chugoku Regional Branch (Okayama) and the Shikoku Regional Branch (Takamatsu), with the objective of making sales more efficient and detailed.

Establishment of the S&I Department

We established its Integrated Food Solutions business (see p.55 - 56) as a growth driver under the FY2017-2019 Medium-Term Management Plan. The concept behind this was to establish a BtoBtoC model (see footnote on p.41) that covers packaged food product manufacturers, ready-made meal business, food service and other customers, based on deliciousness technologies that combine cutting-edge technologies related to tastes, flavors and textures, with our proprietary ingredients.

A specific attempt to achieve this was the establishment of the Solution & Ingredients (S&I) Department within the Food Products Division in April 2018. The use of “ingredients” in the name not only refers to food ingredients, but also components or ingredients that make up a whole. The S&I Department was established by integrating the Food Ingredients Department, which was responsible for industrial use products such as Tencho (savory seasonings) and enzyme preparations targeting packaged food manufacturers, and the Food Service Department, which was responsible for products targeting ready-made meal businesses and food service. The new department aimed to expand business by helping customer companies solve issues based on consumer needs (= BtoBtoC) through deliciousness technologies and an enhanced customer-focused sales structure in unison with each group company (such as setting key customers, etc.).

In July 2018, the S&I Department was moved into the foods research building on the premises of the Kawasaki Plant. This enabled it to enhance its speed and ability to respond to the needs of customers through closer collaboration with research and development departments and we are further strengthening activities with a view to concentrating R&D operations in Japan within the Kawasaki Plant.

Representative gift products

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[34] From 2009, J-OIL MILLS, INC. unified all consumer-use edible oils under the *AJINOMOTO*® Brand (with the exception of *FILIPPO BERIO*® imported olive oil and Rama margarine).

3

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 goals[1] 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 1990s[2]. 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 12 13 14 15 17
	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.)	
	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.

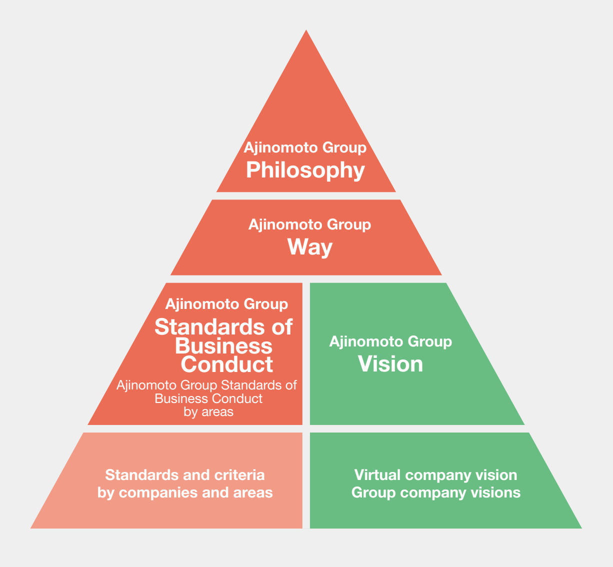
ESG initiatives: From CSR management to the Ajinomoto Group Way and AGP

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 management[3] 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

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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 Index[4]
2010: MSCI ESG Leaders Indexes[5]
2014: DJSI (Dow Jones Sustainability World Index)[6]

Integrated Report

Sustainability Data Book

IR Data Book

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 (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).

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[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 CO_2 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, CO_2 emissions were significantly reduced, and using the ashes created by burning the bagasse as a soil conditioner enhanced both raw material procurement and the bio-cycle.

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

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 CO_2 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 group[8] 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 40,000m^2 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 gateways[9].

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 CO$_2$ 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-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,

F-LINE CORPORATION launch ceremony

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

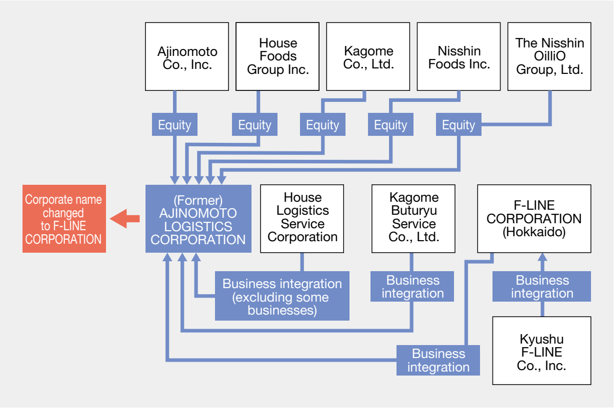
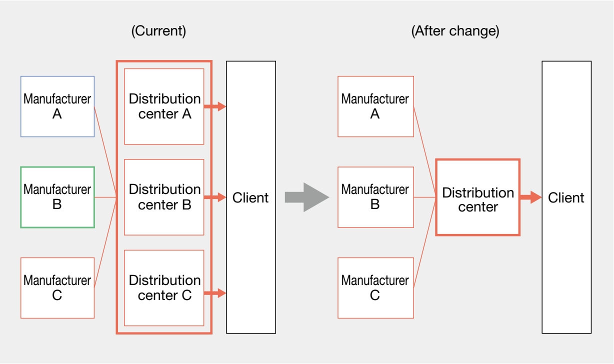


Figure III-13: Joint transportation concept



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[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 contract[10] 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

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[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 contract[13]. 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 Atsushi 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.

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[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"

Protein
Vitamins and minerals
Carbohydrate

The foods have a rich variety of colors and are visually appealing, whetting the appetite

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 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.

Kachimeshi® promotions in stores

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.


KOKO Plus®

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 CARE[14], 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 JOICFP[15], 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.

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[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 incrase.

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

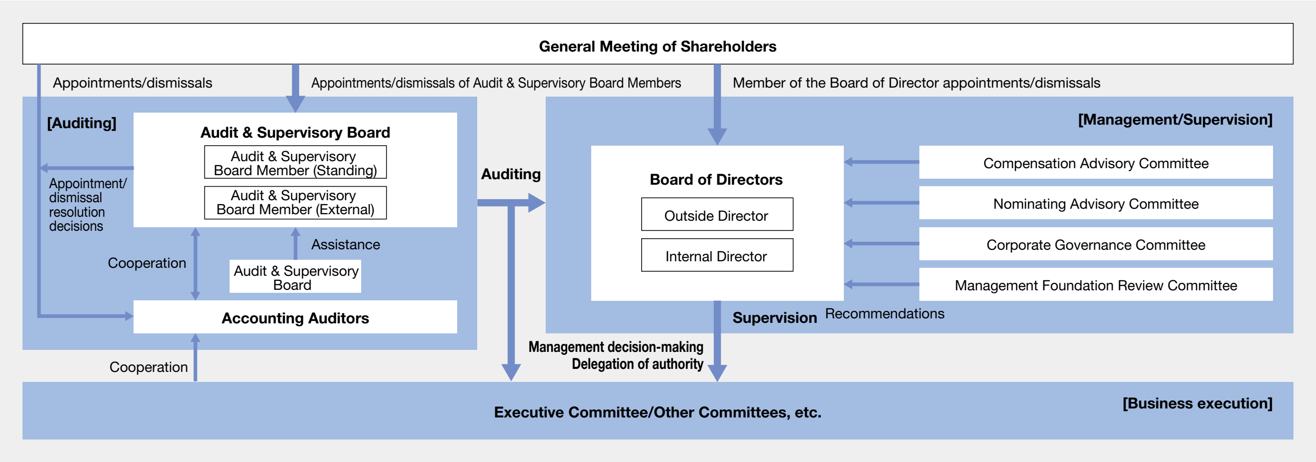


Table III-4: History of Corporate Governance Enhancement

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


An small meeting between the President & CEO and analysts

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 communicaton 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

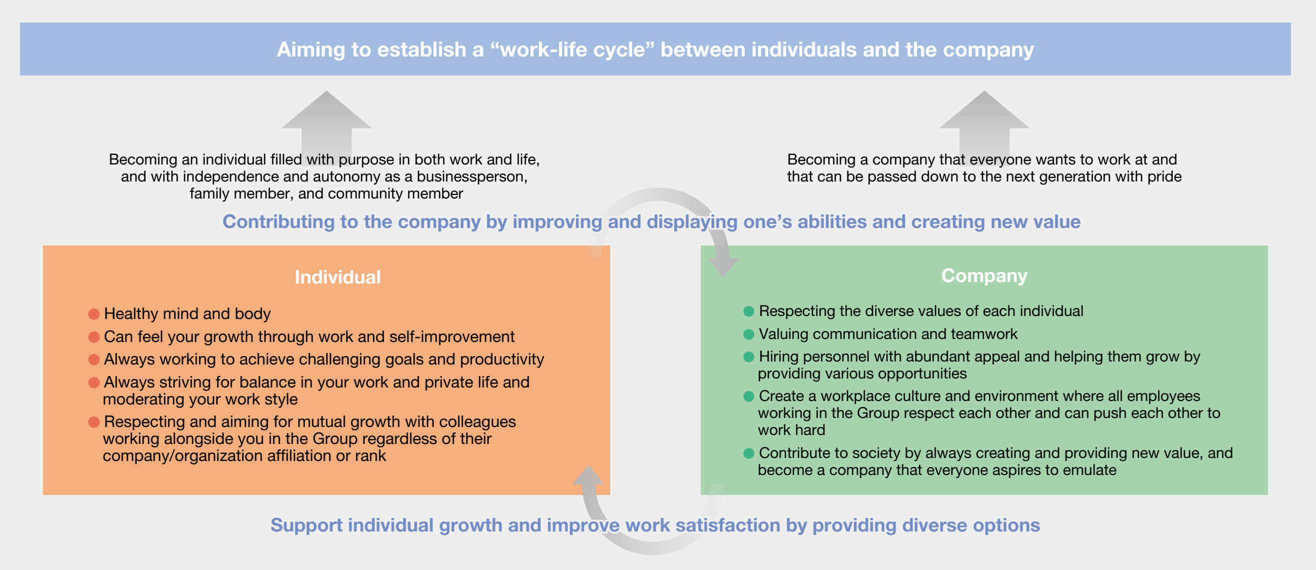
WLB vision formulation and work-style innovation

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



Becoming an individual filled with purpose in both work and life, and with independence and autonomy as a businessperson, family member, and community member

Becoming a company that everyone wants to work at and that can be passed down to the next generation with pride

Contributing to the company by improving and displaying one's abilities and creating new value

Individual

- Healthy mind and body
- Can feel your growth through work and self-improvement
- Always working to achieve challenging goals and productivity
- Always striving for balance in your work and private life and moderating your work style
- Respecting and aiming for mutual growth with colleagues working alongside you in the Group regardless of their company/organization affiliation or rank

Company

- Respecting the diverse values of each individual
- Valuing communication and teamwork
- Hiring personnel with abundant appeal and helping them grow by providing various opportunities
- Create a workplace culture and environment where all employees working in the Group respect each other and can push each other to work hard
- Contribute to society by always creating and providing new value, and become a company that everyone aspires to emulate

Support individual growth and improve work satisfaction by providing diverse options

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

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[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 particilants	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 oversea 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.

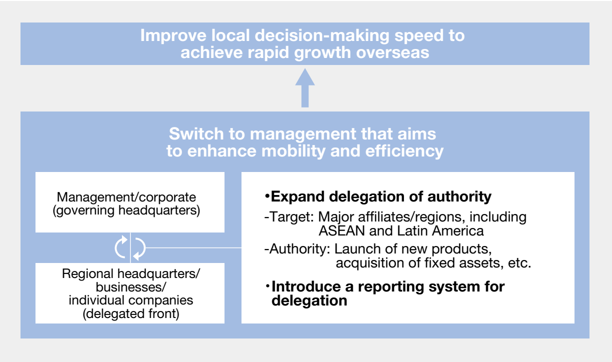
FY2016: Initiatives to improve nutrition in Vietnam
FY2017: Supporting customer QOL improvements by providing *Amino Aile®* along with information on exercise and nutrition
FY2018: Promoting the value that *Cook Do®* provides through its support of vegetable intake and family harmony using a commercial 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 dieticians, 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)

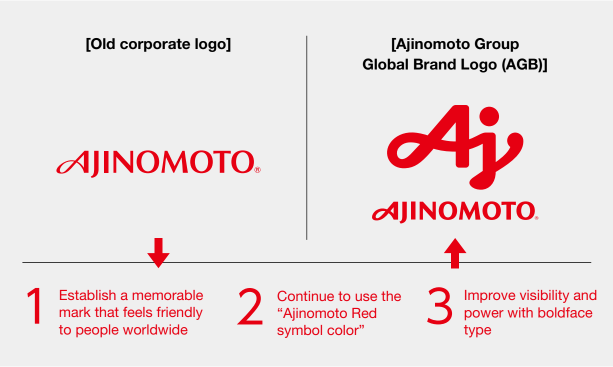
Boilerplate (a standardized text that can be used repeatedly)

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®

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.

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 rate[18], 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.

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[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.

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

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

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

Gyoza (Japanese-style dumplings)

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

Karaage no hi no abura
(oil for fried chicken)

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.

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 Gida 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 Gida Sanayi ve Ticaret A.S., 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-

Okome Fukkura Choriryo

Cook Do® *Shirunashi Tantanmen*

savorboost™

savorboost ™

コクミドル®
〈スイーツ濃厚感〉

Kokumidoru®
(for richer sweets)

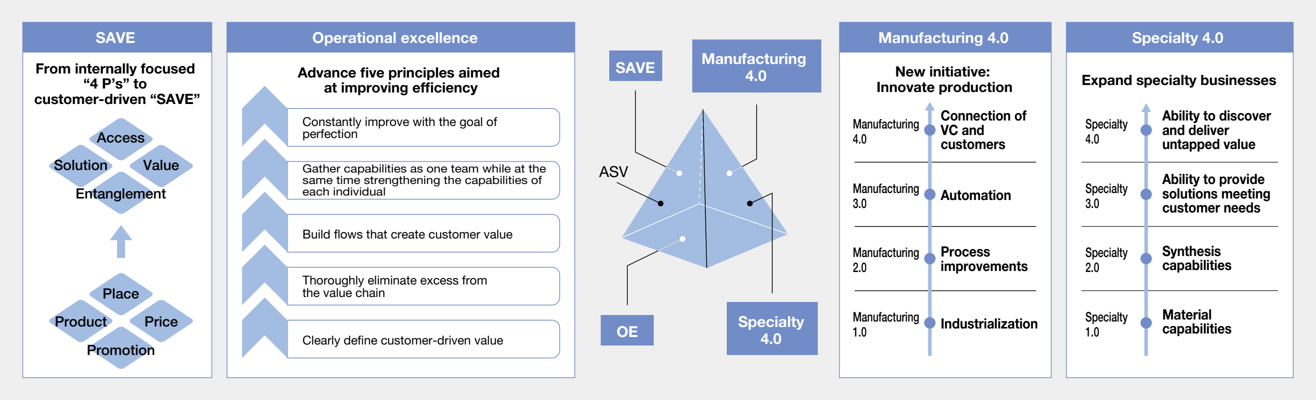
Table III-7: AminoScience business results (FY2009/FY2019)

(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.	• World-class knowledge of amino acids • Highly safe material development capabilities and synthesis evaluation technology • Global animal nutrition network	• 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.	• R&D capabilities and production technology for amino acids and other areas • Ability to adapt to regulations • Service providing capabilities	• 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* (*AILS®*) 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.

IV Data

1. Financial Trends (Note 1) to (Note 4)

(1) Main consolidated financial indicators

1) Japanese GAAP

	131st Period	132nd Period	133rd Period	134th Period	135th Period	136th Period	137th Period	138th Period	139th Period
	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Sales, operating profit and net income (loss)									
Sales (millions of yen)	1,190,371	1,170,876	1,015,215	972,648	948,705	951,359	1,006,630	1,184,100	1,091,414
Operating profit (millions of yen)	40,827	64,034	69,374	72,584	71,232	61,807	74,519	90,880	85,339
Net income (loss) (millions of yen)	(10,227)	16,646	30,400	41,754	48,373	42,159	46,495	63,427	52,595
Profitability ratios									
Ratio of operating profit to sales (%) *1	3.4	5.5	6.8	7.5	7.5	6.5	7.4	7.7	7.8
Ratio of net income to sales (%) *2	(0.9)	1.4	3.0	4.3	5.1	4.4	4.6	5.4	4.8
Ratio of gross profit to sales (%) *3	30.0	32.9	39.7	38.0	36.7	33.2	34.5	35.0	35.5
Ratio of SGA to sales (%) *4	26.6	27.4	32.9	30.5	29.2	26.7	27.1	27.4	27.6
Total assets, total shareholders' equity and interest-bearing debt									
Total assets (millions of yen)	1,057,786	1,082,238	1,077,418	1,097,057	1,091,741	1,093,165	1,255,090	1,262,113	1,336,931
Total shareholders' equity (millions of yen)	585,234	602,769	608,191	605,349	635,287	594,950	669,576	619,872	623,106
Interest-bearing debt net (millions of yen)	79,832	50,035	(8,410)	(19,873)	(67,187)	10,538	43,299	43,462	148,340
Shareholders' equity ratio (%) *5	55.3	55.7	55.4	55.2	58.2	54.4	53.3	49.1	46.6
Net debt / equity ratio (%) *6	16.6	12.4	4.4	2.9	(3.2)	7.3	12.8	15.9	31.2
Return indicators									
Return on equity (ROE) (%) *7	(1.7)	2.8	5.0	6.9	7.8	7.1	7.4	9.8	8.5
Return on total assets (ROA) (%) *8	(0.9)	1.6	2.8	3.8	4.4	3.9	4.0	5.0	4.0
Per share value indicators									
Net income (loss) per share (yen)	(14.6)	23.9	43.6	61.3	74.4	68.7	78.5	107.9	92.0
Book value per share (BPS) (yen)	838.5	863.7	871.6	894.6	1,004.4	1,002.3	1,131.4	1,066.8	1,094.8
Cash flow per share (CFPS) (yen) *9	60.1	103.9	106.6	131.2	152.5	155.6	159.2	199.5	172.6
Efficiency indicators									
Asset turnover (times) *10	1.10	1.09	0.94	0.89	0.87	0.87	0.86	0.94	0.84
Inventory turnover (times) *11	8.4	8.0	7.2	6.9	6.2	5.9	5.8	6.5	6.3
Number of days of inventory held *12	43.4	45.8	50.7	53.1	59.1	62.0	62.9	56.0	58.3
Liquidity indicators									
Debt / Cash flow ratio (%) *13	349.0	204.4	188.4	147.8	128.7	137.3	187.4	204.4	303.0
Interest coverage ratio (times) *14	10.5	28.6	44.8	42.7	45.0	31.0	50.4	57.1	44.2
Current ratio (%) *15	204.3	213.5	236.5	226.5	229.3	232.8	169.5	267.5	238.0
Investment ratios									
Price / Earnings ratio - PER (times)	-	38.8	19.9	16.9	19.0	21.2	33.5	23.5	23.9
Price / Book value ratio PBR (times)	0.8	1.1	1.0	1.2	1.4	1.5	2.3	2.4	2.0
Price / Cash flow ratio - PCFR (times)	11.6	8.9	8.1	7.9	9.3	9.5	16.6	12.7	12.7
Dividends and payout ratio									
Dividends per share (yen)	16.0	16.0	16.0	16.0	18.0	20.0	24.0	28.0	30.0
Payout ratio (%) *16	-	67.1	36.7	26.1	24.2	29.1	30.6	26.0	32.6
Value indicators									
Free cash flow (millions of yen) *17	(10,788)	42,597	66,833	51,611	103,703	(480)	(31,132)	71,394	(33,724)

Note 1: "Net income" presents figures for "Profit (loss) attributable to owners of the parent company"

Note 2: For the coffee and edible oils business and some other businesses, the gross figures for sales and cost of goods sales were recorded in the accounts but from the year ended March 31, 2014 this method is changed by netting off sales and cost of goods sold and recording the net figure in the accounts. Post-reclassification basis from the year ended March 31, 2012.

Note 3: The following changes in accounting policies were conducted in FY2014. Sales promotion discounts paid to customers to expand sales are deducted from net sales. Figures for FY2011 and subsequent fiscal years have been restated.

Note 4: Numerical values in parentheses refers to a loss or decrease from the previous period.

■ **Methods of calculating**

*1. Ratio of operating profit to sales = Operating profit / Sales
*2. Ratio of profit = Net income / Sales
*3. Ratio of gross profit to sales = Gross profit / Sales
*4. Ratio of SGA to sales = Selling expenses, General and administrative expenses / Sales
*5. Ratio of Shareholders' equity = Total shareholders' equity / Total assets
*6. Ratio of Net debt / equity = Interest-bearing debt / Shareholder's equity (Net debt is interest-bearing debt - Cash on hand and in banks x 75%)
*7. ROE = Net income / Average shareholders' equity
*8. ROA = Net income / Average total assets
*9. Cash flow per share = (Net income + Depreciation and amortization + Deferred income tax) / Outstanding shares
*10. Asset turnover = Sales / Average total assets
*11. Inventory turnover = Sales / Average inventory
*12. Number of days of inventory held = 365 / Inventory turnover
*13. Debt / Cash flow ratio = Average interest-bearing debt / (Net income + Depreciation and amortization)
*14. Interest coverage ratio = Net cash provided by operating activities / interest paid
*15. Current ratio = Current assets / Current liabilities
*16. Payout ratio = Dividends paid / Net income
*17. Free cash flow = Net cash provided by operating activities - Net cash used in investing activities

2) IFRS Standards

		138th Period	139th Period	140th Period	141st Period	142nd Period
		FY2015	FY2016	FY2017	FY2018	FY2019
Sales, business profit, operating profit and profit attributable to owners of the parent company						
	Sales (millions of yen)	1,149,427	1,091,195	1,114,784	1,114,308	1,100,039
	Business profit (millions of yen) [*1]	98,144	96,852	95,672	93,237	99,236
	Operating profit (millions of yen)	99,678	83,617	78,706	53,642	48,773
	Profit attributable to owners of the parent company	71,292	53,065	60,124	29,698	18,837
Profitability ratios						
	Ratio of business profit to sales (%) [*2]	8.5	8.9	8.6	8.4	9.0
	Ratio of operating profit to sales (%)	8.7	7.7	7.1	4.8	4.4
	Ratio of profit attributable to owners of the parent company to sales (%) [*3]	6.2	4.9	5.4	2.7	1.7
	Ratio of gross profit to sales (%) [*4]	34.1	35.5	35.4	35.4	36.7
	Ratio of selling expenses, research and development expenses, and general and administrative expenses to sales (%) [*5]	25.7	26.8	27.2	27.0	27.5
	Return on equity (ROE) [*6]	11.3	8.7	9.6	4.7	3.3
	Ratio of business profit to total assets (ROA) [*7]	7.8	7.4	6.9	6.6	7.2
Total assets, Equity attribute to owners of the parent company and Interest-bearing debt net						
	Total assets (millions of yen)	1,273,893	1,350,105	1,426,230	1,393,869	1,353,616
	Equity attributable to owners of the parent company (millions of yen)	609,486	616,315	640,833	610,543	538,975
	Interest-bearing debt net (millions of yen)	64,089	149,980	156,337	183,297	272,031
	Ratio of equity attributable to owners of the parent company (%) [*8]	47.8	45.6	44.9	43.8	39.8
	Net debt / equity attributable to owners of the parent company ratio (%) [*9]	18.5	31.4	31.7	36.3	57.0
Per share value indicators						
	Earnings per share (yen)	121.23	92.81	105.76	53.62	34.37
	Book value per share (BPS) (yen)	1,048.96	1,082.90	1,128.44	1,113.93	983.19
	Cash flow per share (CFPS) (yen) [*10]	172.44	125.93	156.00	107.38	108.85
Efficiency indicators						
	Asset turnover (times) [*11]	0.91	0.83	0.80	0.80	0.80
	Inventory turnover (times) [*12]	6.41	6.34	6.32	6.11	6.05
	Number of days of inventory held [*13]	57.0	57.5	57.80	59.80	60.30
Liquidity indicators						
	Ratio of interest-bearing debt to cash flow (%) [*14]	207.7	308.5	271.8	273.4	360.2
	Interest coverage ratio (times) [*15]	58.8	44	43.3	38.1	32.6
Investment ratios						
	Price / Earnings ratio - PER (times)	20.9	23.7	18.0	33.0	58.5
	Price / Book value ratio - PBR (times)	2.4	2.0	1.7	1.6	2.0
	Price / Cash flow ratio - PCFR (times)	14.7	17.4	12.3	16.5	18.5
Dividends and payout ratio						
	Dividends per share (yen)	28.0	30.0	32.0	32.0	32.0
	Payout ratio (%) [*16]	23.1	32.3	30.0	59.7	93.1
Value indicators						
	Free cash flow (millions of yen) [*17]	70,565	(33,392)	27,551	50,333	48,205

■ Methods of calculating

*1. A profit indicator defined by Ajinomoto for administrative purposes; Sales - Cost of sales - Selling expenses, Research and development expenses and General and administrative expenses + Share of profit of associates and joint ventures

*2. Ratio of business profit to sales = Business profit / Sales

*3. Ratio of profit attributable to owners of the parent company to sales (%) = Profit attributable to owners of the parent company / Sales

*4. Ratio of gross profit to sales = Gross profit / Sales

*5. Ratio of SGA to sales = Selling expenses, Research and development expenses and General and administrative expenses / Sales

*6. Return on equity (ROE) = Profit attributable to owners of the parent company / Average equity attributable to owners of the parent company

*7. Ratio of business profit to total assets (ROA) (%) = Business profit / Total assets

*8. Ratio of equity attributable to owners of the parent company (%) = Equity attributable to owners of the parent company / Total assets

*9. Net debt / equity attributable to owners of the parent company ratio (%) = Interest-bearing debt / Equity attributable to owners of the parent company (Net debt is interest - bearing debt - Cash and cash equivalents x 75%)

*10. Cash flow per share JPY (JPY) = (Profit attributable to owners of the parent company + Depreciation and amortization + Income taxes) / Outstanding shares

*11. Asset turnover = Sales / Average total sales

*12. Inventory turnover = Sales / Average inventory

*13. Number of days of inventory held = 365 / inventory turnover

*14. Debt / cash flow ratio (%) = Average interest-bearing debt / (Profit attributable to owners of the parent company + Depreciation and amortization +Income taxes)

*15. Interest coverage ratio (times) = Net cash provided by operating activities / Interest paid

*16. Payout ratio (%) = Dividends paid / Basic earnings per share

*17. Free cash flow = Net cash provided by operating activities - Net cash used in investing activities

(2) Consolidated statements of financial position

(Millions of yen)

1) Japanese GAAP

		131st Period	132nd Period	133rd Period	134th Period	135th Period	136th Period	137th Period	138th Period	139th Period
		FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Assets										
Current assets	Cash and deposits	69,569	97,866	141,801	149,913	186,501	132,416	168,294	221,242	185,202
	Notes and accounts receivable	188,444	194,545	194,227	205,778	196,473	200,115	202,980	181,860	177,841
	Inventories	147,340	146,810	135,311	147,657	159,818	163,528	183,661	179,407	169,131
	Others	47,284	48,128	45,091	39,025	43,281	52,147	52,982	41,554	45,926
Total current assets		452,639	487,351	516,432	542,375	586,074	548,209	607,919	624,063	578,102
Investments and long-term advances	Investments in and advances to unconsolidated subsidiaries and affiliates	46,910	50,613	51,755	54,332	60,996	73,701	79,677	50,560	151,710
	Investment securities	36,952	39,314	32,418	31,912	34,887	38,777	50,324	48,357	47,845
	Others	12,670	11,656	13,183	12,766	11,316	9,112	9,256	11,989	10,593
Total investments and long-term advances		96,533	101,583	97,357	99,012	107,200	121,591	139,258	110,907	210,150
Property, plant and equipment	Land	100,146	98,628	98,167	96,139	51,065	47,068	47,583	53,772	52,245
	Buildings and structures	336,660	357,010	350,654	350,782	348,963	358,043	377,948	362,650	366,241
	Machinery and equipment	602,258	609,130	596,443	606,467	630,369	652,073	705,513	684,806	692,499
	Subtotal	1,039,065	1,064,769	1,045,265	1,053,389	1,030,398	1,057,185	1,131,045	1,101,229	1,110,986
	Accumulated depreciation	(606,099)	(652,930)	(657,215)	(664,705)	(679,173)	(697,814)	(747,776)	(715,028)	(715,395)
Property, plant and equipment, net		432,966	411,839	388,050	388,683	351,224	359,370	383,269	386,201	395,590
Total other assets		75,646	81,463	75,578	66,985	47,241	63,994	124,643	140,941	153,088
Total assets		1,057,786	1,082,238	1,077,418	1,097,057	1,091,741	1,093,165	1,255,090	1,262,113	1,336,931
Liabilities										
Current liabilities	Short-term borrowings and Commercial paper	26,706	9,963	16,209	17,790	12,365	14,641	102,191	6,456	6,294
	Current portion of long-term borrowings and Current portion of bonds	3,056	20,923	5,316	4,406	23,411	22,011	33,677	11,189	24,125
	Notes and accounts payable	95,537	99,643	104,226	113,545	109,310	105,699	115,066	91,311	89,798
	Income taxes payable	8,328	13,095	7,900	9,465	20,590	8,497	7,725	10,288	10,137
	Others	87,877	84,609	84,689	94,245	89,861	84,679	99,932	114,059	112,565
Total current liabilities		221,506	228,236	218,341	239,455	255,541	235,529	358,594	233,304	242,920
Long-term liabilities	Long-term borrowings	118,594	114,788	109,272	104,837	81,434	104,429	74,147	245,207	301,188
	Customers' deposits received	13,312	13,330	13,220	13,202	13,020	12,424	12,093	12,270	12,247
	Accrued employees' retirement benefits	47,856	52,623	58,554	62,962	28,796	61,845	43,631	52,325	55,268
	Accrued officers' severance benefits	1,315	1,113	1,331	1,016	517	415	427	435	464
	Others	36,546	28,966	26,406	25,422	20,720	23,015	22,708	26,641	27,068
Total long-term liabilities		217,625	210,822	208,786	207,442	144,489	202,128	153,006	336,880	396,237
Total liabilities		439,131	439,058	427,127	446,897	400,030	437,657	511,600	570,184	639,157
Net assets										
Share capital	Common stock	79,863	79,863	79,863	79,863	79,863	79,863	79,863	79,863	79,863
	Capital surplus	182,723	182,719	182,716	162,381	112,757	83,443	53,725	26,031	4,181
	Retained earnings	389,100	394,672	414,189	444,728	482,501	501,945	536,170	578,451	605,887
	Treasury stock	(2,378)	(2,437)	(2,514)	(2,219)	(2,817)	(31,085)	(4,070)	(6,944)	(6,895)
Total share capital		649,308	654,818	674,255	684,755	672,304	634,168	665,689	677,402	683,037
Accumulated other comprehensive income	Unrealized holding gain (loss) on securities	(1,517)	(232)	1,339	2,678	9,419	13,043	22,783	17,804	17,936
	Unrealized gain (loss) from hedging instruments	220	(16)	(31)		(141)	(26)	223	(1,578)	(1,063)
	Translation adjustments	(62,777)	(51,799)	(67,045)	(81,603)	(46,295)	(31,668)	(4,655)	(47,746)	(46,230)
	Others	-	-	(327)	(478)	-	(20,567)	(14,465)	(26,008)	(30,572)
Total valuation, translation adjustments and others		(64,074)	(52,048)	(66,064)	(79,405)	(37,017)	(39,218)	3,886	(57,529)	(59,930)
Non-controlling interests		33,419	40,409	42,099	44,809	56,423	60,557	73,913	72,056	74,666
Total net assets		618,654	643,179	650,291	650,159	691,710	655,507	743,489	691,928	697,773
Total liabilities and net assets		1,057,786	1,082,238	1,077,418	1,097,057	1,091,741	1,093,165	1,255,090	1,262,113	1,336,931

(Millions of yen)

2) IFRS Standards

			138th Period	139th Period	140th Period	141st Period	142nd Period
			FY2015	FY2016	FY2017	FY2018	FY2019
Assets: Current assets							
	Current assets	Cash and cash equivalents	204,487	186,003	187,869	153,725	141,701
		Trade and other receivables	177,002	186,503	200,272	194,270	184,739
		Other financial assets	5,483	11,047	10,615	16,526	8,946
		Inventories	175,217	168,755	184,109	185,036	178,636
		Income taxes receivable	1,259	7,423	8,374	8,095	8,653
		Others	15,271	13,711	12,919	13,944	16,225
		Subtotal	578,722	573,445	604,160	571,599	538,901
		Assets of disposal of groups classified as held for sale	51,008	-	-	19,568	-
	Total current assets		629,731	573,445	604,160	591,167	538,901
	Non-current assets	Property, plant and equipment	379,410	393,441	411,640	423,369	454,357
		Intangible assets	37,446	60,422	66,144	66,132	69,245
		Goodwill	96,889	96,606	107,394	91,373	89,964
		Investments in associates and joint ventures	37,582	130,634	131,190	116,900	116,280
		Long-term financial assets	62,696	62,923	70,042	64,812	50,132
		Deferred tax assets	10,007	8,249	13,080	15,589	17,781
		Others	20,127	24,382	22,576	24,523	16,952
	Total non-current assets		644,161	776,660	822,069	802,701	814,714
Total assets			1,273,893	1,350,105	1,426,230	1,393,869	1,353,616
Liabilities							
	Current liabilities	Total and other payables	158,715	160,840	185,269	183,276	178,583
		Short-term borrowings	12,499	11,153	15,280	10,989	8,043
		Commercial paper	-	-	-	-	40,000
		Current portion of bonds	-	-	-	-	19,995
		Current portion of long-term borrowings	11,012	23,929	11,285	13,089	15,191
		Other financial liabilities	2,653	5,049	4,049	5,935	5,401
		Short-term employee benefits	34,646	35,501	37,811	37,273	41,588
		Provisions	4,275	4,579	6,348	6,560	5,272
		Income taxes payable	9,988	9,995	10,429	9,549	12,517
		Others	8,340	9,744	9,636	11,510	8,972
		Subtotal	242,132	260,794	280,111	278,185	335,566
		Liabilities of disposal groups classified as held for sale	13,470	-	-	13,571	-
	Total current liabilities		255,602	260,794	280,111	291,756	335,566
	Non-current liabilities	Corporate bonds	89,656	169,347	169,413	169,479	149,550
		Long-term borrowings	153,570	129,617	140,298	137,157	124,135
		Other financial liabilities	20,030	18,452	28,428	25,412	72,738
		Long-term employee benefits	53,213	57,592	64,807	64,406	66,659
		Provisions	6,704	11,261	11,397	11,135	7,264
		Deferred tax liabilities	13,925	12,163	10,448	7,392	4,503
		Others	461	202	710	1,167	1,127
	Total non-current liabilities		337,562	398,637	425,505	416,153	425,978
Total liabilities			593,165	659,431	705,616	707,909	761,545
Equity							
		Common stock	79,863	79,863	79,863	79,863	79,863
		Capital surplus	26,021	3,797	955	3,266	-
		Treasury stock	(6,944)	(6,895)	(9,585)	(2,361)	(2,160)
		Retained earnings	552,684	584,849	628,966	595,311	574,287
		Other components of equity	(41,976)	(45,299)	(59,366)	(65,521)	(113,015)
		Disposal groups classified as held for sale	(161)	-	-	(16)	-
		Equity attributable to owners of the parent company	609,486	616,315	640,833	610,543	538,975
		Non-controlling interests	71,240	74,358	79,780	75,417	53,095
Total equity			680,727	690,673	720,613	685,960	592,070
Total liabilities and capital			1,273,893	1,350,105	1,426,230	1,393,869	1,353,616

(3) Consolidated statements of income

(Millions of yen)

1) Japanese GAAP

	131st Period	132nd Period	133rd Period	134th Period	135th Period	136th Period	137th Period	138th Period	139th Period
	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Sales	1,190,371	1,170,876	1,015,215	972,648	948,705	951,359	1,006,630	1,184,100	1,091,414
Cost of sales	(833,123)	(785,578)	(612,237)	(603,420)	(600,630)	(635,594)	(659,509)	(769,230)	(704,337)
Gross profit	357,247	385,298	402,978	369,228	348,076	315,765	347,121	414,870	387,076
Selling expenses, general and administrative expenses	(316,420)	(321,264)	(333,604)	(296,644)	(276,844)	(253,957)	(272,601)	(323,989)	(301,736)
Operating profit	40,827	64,034	69,374	72,584	71,232	61,807	74,519	90,880	85,339
Interest expenses	(4,774)	(3,468)	(2,440)	(2,167)	(1,931)	(2,032)	(2,140)	(2,269)	(2,473)
Commission paid	-	-	-	-	-	-	-	(72)	(65)
Interest income and dividend income	2,000	2,174	2,171	2,821	2,902	3,196	4,020	4,164	4,348
Exchange gains (losses)	(12,429)	2,639	(205)	(7)	552	699	1,675	583	(177)
Reversal to income of accrued severance indemnities (benefits)	61	16	-	-	-	-	-	-	-
Loss on devaluation of securities	(799)	(64)	(7,416)	(607)	(2,346)	(52)	(3)	(25)	(89)
Loss on devaluation of investments in affiliates	(257)	(322)	(92)	(24)	(9)	(381)	(624)	(710)	(582)
Gain (loss) on sales of securities	286	66	900	526	(36)	-	-	-	-
Gain on sales of shares of subsidiaries and associates	-	-	-	-	18,201	2,315	-	24,298	(205)
Gain on transfer of benefit obligation relating to employees' pension fund	-	-	-	-	27,752	236	-	-	-
Gain on termination of retirement benefit system	-	-	-	-	-	-	9,290	-	-
Gain on business combination achieved in stages	-	-	-	-	-	-	-	18,027	-
Impairment loss	(18,838)	(14,325)	(8,503)	(1,106)	(14,562)	(624)	(10,486)	(7,467)	(1,965)
Loss on liquidation of affiliates	-	(178)	-	-	-	(859)	-	(6,937)	(970)
Gain (loss) on sales of property, plant and equipment	-	-	-	-	908	3,081	1,269	725	5,034
Gain on liquidation of affiliates	-	-	-	-	-	1,005	-	272	-
Equity in earnings of affiliates	2,524	3,461	2,990	2,401	3,058	3,360	5,177	1,558	4,345
Loss on disposal of property, plant and equipment	(3,401)	(4,536)	(1,356)	(3,320)	(2,951)	(1,222)	(1,757)	(2,799)	(3,713)
Pharmaceutical business restructuring charges	-	-	-	-	-	-	-	(16,623)	-
Litigation expenses	-	-	-	-	-	-	-	-	1,012
Others	(1,943)	(4,705)	(6,978)	990	(1,943)	2,032	(1,892)	(3,452)	(4,712)
Non-operating income (expenses), extraordinary gains (losses)	(37,570)	(19,242)	(20,929)	(493)	29,595	10,754	4,529	9,272	(214)
Income (loss) before income taxes and minority interests	3,256	44,791	48,444	72,091	100,828	72,561	79,049	100,153	85,125
Income tax, municipal tax, and business tax	(14,402)	(21,741)	(18,150)	(20,881)	(39,716)	(15,293)	(18,932)	(24,907)	(21,561)
Deferred income taxes	2,879	(681)	5,581	(3,631)	(6,015)	(7,679)	(4,741)	(2,140)	771
Total income taxes	(11,522)	(22,423)	(12,568)	(24,513)	(45,732)	(22,972)	(23,673)	(27,047)	(20,790)
Net income (loss)	-	-	35,876	47,578	55,095	49,588	55,375	73,105	64,334
Profit attributable to non-controlling interests	(1,961)	(5,721)	(5,475)	(5,823)	(6,722)	(7,429)	(8,880)	(9,678)	(11,739)
Profit (loss) attributable to owners of the parent company	(10,227)	16,646	30,400	41,754	48,373	42,159	46,495	63,427	52,595

	133rd Period	134th Period	135th Period	136th Period	137th Period	138th Period	139th Period
(Consolidated comprehensive income statement)	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Net income	35,876	47,578	55,095	49,588	55,375	73,105	64,334
Unrealized holding gain on securities	1,677	1,227	6,363	3,479	8,929	(4,688)	(170)
Unrealized gain (loss) from hedging instruments	34	(9)	(159)	10	143	(1,509)	454
Translation adjustments	(16,713)	(14,831)	41,462	14,793	34,129	(57,756)	1,881
Adjustments for retirement benefits	-	-	-	5,650	6,110	(11,159)	(5,227)
Adjustment in pension liabilities of overseas subsidiaries	5	(151)	478	-	-	-	-
Share of other comprehensive income of equity-method affiliates	(626)	(567)	1,339	722	1,459	2,387	697
Total other comprehensive income	(15,622)	(14,332)	49,485	24,657	50,771	(72,724)	(2,366)
Comprehensive income	20,253	33,245	104,581	74,245	106,147	380	61,968
(Breakdown)							
Comprehensive income attributable to owners of the parent company	16,717	28,413	90,761	66,846	89,900	(591)	49,870
Comprehensive income attributable to non-controlling interests	3,536	4,831	13,819	7,399	16,247	972	12,098

(Millions of yen)

2) IFRS Standards

		138th Period	139th Period	140th Period	141st Period	142nd Period
		FY2015	FY2016	FY2017	FY2018	FY2019
Sales		1,149,427	1,091,195	1,114,784	1,114,308	1,100,039
Cost of sales		757,135	704,177	720,118	719,299	696,166
Gross profit		392,291	387,018	394,666	395,008	403,873
Share of profit of associates and joint ventures		1,169	2,537	3,966	(515)	(2,444)
Selling expenses		174,440	169,448	176,319	174,263	172,079
Research and development expenses		26,591	27,134	27,833	27,823	27,596
General and administrative expenses		94,284	96,119	98,807	99,167	102,516
Business profit		98,144	96,852	95,672	93,237	99,236
Other operating income		23,868	9,541	7,854	6,009	7,572
Other operating expenses		22,335	22,776	24,821	45,604	58,035
Operating profit		99,678	83,617	78,706	53,642	48,773
Finance income		5,292	7,283	9,578	8,116	8,030
Finance expenses		6,192	4,216	7,465	7,060	8,009
Profit before income taxes		98,778	86,684	80,819	54,698	48,795
Income taxes		20,635	21,717	15,330	17,697	20,384
Profit from continuing operations		78,143	64,966	65,489	37,001	28,410
Profit from discontinued operations		2,788	-	2,684	2,002	558
Profit		80,931	64,966	68,174	39,004	28,969
Attributable to:						
	Owners of the parent company	71,292	53,065	60,124	29,698	18,837
	Non-controlling interests	9,639	11,901	8,049	9,306	10,132
Profit from continuing operations attributable to owners of the parent company		68,504	53,065	57,533	27,509	18,643
Profit from discontinued operations attributable to owners of the parent company		2,788	-	2,590	2,188	193
Profit attributable to owners of the parent company		71,292	53,065	60,124	29,698	18,837
(Appendix) Breakdown						
Selling expenses	Logistics expenses	46,432	43,787	51,826	52,857	51,007
	Advertisement	32,371	35,148	35,583	33,895	35,923
	Sales promotion expenses	27,611	26,399	25,400	22,971	22,121
	Sales commissions	3,253	2,794	2,966	2,787	2,566
	Employee benefits expenses	42,396	39,996	37,738	40,247	39,201
	Depreciation and amortization expenses	2,167	2,020	2,050	2,221	5,309
	Other	20,207	19,301	20,753	19,283	15,948
Total selling expenses		174,440	169,448	176,319	174,263	172,079
Total research and development expenses	Employee benefits expenses	12,760	12,717	12,996	12,952	12,456
	Depreciation and amortization expenses	2,024	2,201	2,323	2,619	2,807
	Subcontracting expenses and consumales expenses	6,407	6,979	6,901	6,848	7,147
	Other	5,399	5,236	5,611	5,403	5,185
Total research and development expenses		26,591	27,134	27,833	27,823	27,596
General and administrative expenses	Employee benefits expenses	51,948	53,496	55,321	55,303	56,658
	Depreciation and amortization expenses	9,721	8,006	8,466	8,725	10,789
	Other	32,615	34,616	35,019	35,138	35,068
Total general and administrative expenses		94,284	96,119	98,807	99,167	102,516
Other operating income	Gain on step acquisitions	18,112	-	-	-	-
	Foreign exchange gain	1,160	-	-	-	-
	Gain on sales of property, plant and equipment	879	5,312	450	626	1,492
	Lease revenue	-	-	1,429	1,487	1,577
	Interest on refund	-	-	564	236	30
	Insurance fee	-	-	114	311	121
	Reversal of provision for loss on litigation	-	-	-	-	863
	Reversal of provision for loss on contract	-	-	-	-	1,111
	Others	3,716	4,229	5,295	3,347	2,376
Total other operating income		23,868	9,541	7,854	6,009	7,572

2) IFRS Standards

(Millions of yen)

		138th Period	139th Period	140th Period	141st Period	142nd Period
		FY2015	FY2016	FY2017	FY2018	FY2019
Other operating expenses	Impairment loss	7,124	1,965	11,681	18,134	30,728
	Impairment loss on shares of associates and joint ventures	-	-	-	14,107	4,232
	Loss on sales of shares of subsidiaries and associates	5,603	626	-	-	-
	Loss on disposal of property, plant and equipment	2,796	3,657	2,958	3,178	3,559
	Litigation expenses	-	-	1,437	658	578
	Foreign exchange loss	-	1,272	1,103	210	49
	Provision for loss on contract	-	6,451	610	368	-
	Business restructuring charges	-	-	315	2,448	1,785
	Valuation loss on stock purchase agreement	-	2,037	-	-	6,525
	Environmental measures expenses	1,013	377	-	-	-
	Fees related special second career program	-	-	-	-	6,525
	Others	5,798	6,389	6,712	6,497	10,575
Total other operating expenses		22,335	22,776	24,821	45,604	58,035
Financial income	Interest income	2,825	3,162	4,405	4,375	4,409
	Dividend income	1,317	1,217	1,336	1,383	1,493
	Gain on valuation of derivatives	-	975	-	2,087	1,790
	Foreign exchange gain	1,094	1,303	3,108	-	-
	Others	55	625	728	270	338
Total financial income		5,292	7,283	9,578	8,116	8,030
Financial expenses	Interest expenses	2,326	2,532	3,058	3,347	3,804
	Loss on valuation of derivatives	2,732	-	2,959	-	-
	Foreign exchange loss	-	-	-	2,025	2,292
	Unwinding of discount on provisions arising from passage of time	4	3	2	8	2
	Loss allowance for expected credit loss	149	357	13	9	89
	Others	978	1,322	1,432	1,670	1,820
Total financial expenses		6,192	4,216	7,465	7,060	8,009

(4) Consolidated statements of cash flows

(Millions of yen)

1) Japanese GAAP

	131st Period	132nd Period	133rd Period	134th Period	135th Period	136th Period	137th Period	138th Period	139th Period
	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Cash flows from operating activities									
Income (loss) before income taxes and minority interests	3,256	44,791	48,444	72,091	100,828	72,561	79,049	100,153	85,125
Depreciation	55,192	55,382	49,825	43,717	42,463	45,746	43,376	50,920	46,907
Impairment loss	18,838	14,325	8,503	1,106	14,562	624	10,486	7,467	1,965
Amortization of goodwill	5,497	5,000	4,505	4,503	2,265	1,589	2,201	7,093	6,620
Increase (decrease) in allowance for doubtful accounts	(507)	228	(85)	(211)	(210)	252	(56)	40	671
Increase (decrease) in bonus reserve	181	387	1,552	227	(237)	354	1,461	1,639	308
Increase (decrease) in bonus reserve for directors and others	(114)	195	33	(2)	(16)	(5)	97	7	(123)
Increase (decrease) in liabilities for retirement benefits	-	-	-	-	-	(3,005)	(1,957)	(5,526)	(3,783)
Increase (decrease) in bonus reserve for directors and others	2,134	4,988	6,036	4,095	(3,688)	-	-	-	-
Increase (decrease) in allowance for directors' retirement benefits	(638)	(204)	220	(314)	(240)	(103)	12	(280)	32
Increase (decrease) in provision for environmental measures	1	187	170	(67)	52	(38)	306	(62)	(23)
Increase (decrease) in provision for allowance of investment loss	-	-	264	209	107	152	90	217	-
Increase (decrease) in provision for loss on guarantees	-	-	-	-	-	-	564	116	(681)
Insurance income	-	-	(182)	(6,012)	(1,800)	(1,189)	(330)	-	-
Interest and dividend income	(2,000)	(2,174)	(2,171)	(2,821)	(2,902)	(3,196)	(4,020)	(4,164)	(4,348)
Interest expense	4,774	3,468	2,440	2,167	1,931	2,032	2,140	2,269	2,473
Equity in earnings of affiliates	(2,524)	(3,461)	(2,990)	(2,401)	(3,058)	(3,360)	(5,177)	(1,558)	(4,345)
Loss (gain) on sales and disposal of tangible fixed assets	2,674	4,686	1,284	3,927	2,174	(1,430)	598	2,074	(1,321)
Gain on sales of shares of subsidiaries and associates	(437)	-	-	-	(18,201)	(2,315)	-	(24,298)	205
Loss on liquidation of affiliates	-	-	-	-	-	-	-	6,937	970
Pharmaceutical business restructuring charges	-	-	-	-	-	-	-	16,623	-
Gain on business combination achieved in stages	-	-	-	-	-	-	-	(18,027)	-
Gain on termination of retirement benefit system	-	-	-	-	-	-	(9,290)	-	-
(Gain) loss on sales of securities	174	(66)	(900)	(526)	37	(54)	(12)	14	(5,659)
Loss on devaluation of securities	799	64	7,416	607	2,346	52	3	-	-
Loss on devaluation of investments in affiliates	257	322	-	-	-	-	-	-	-
Gain on liquidation of affiliates	-	-	-	-	-	(1,005)	-	-	-
Loss (gain) on transfer of benefit obligation relating to employees' pension fund	-	-	-	-	(27,752)	(236)	-	-	-
Notes and accounts receivable	(3,882)	(5,340)	(2,054)	(14,098)	15,158	2,095	92	12,494	(7,323)
Notes and accounts payable	(5,256)	4,114	5,527	10,562	(18,516)	(6,212)	2,605	(2,039)	1,315
Increase (decrease) in inventories	(20,798)	2,381	5,312	(16,040)	(7,048)	(1,377)	(4,768)	3,423	2,883
Increase (decrease) in accrued consumption tax	1,600	(374)	887	(1,814)	1,863	2,501	3,258	-	-
Increase (decrease) in other current assets	-	-	1,849	(3,677)	1,180	5,073	(9,232)	2,872	4,185
Increase (decrease) in other current liabilities	-	-	-	-	6,699	(6,986)	1,642	1,408	(123)
Others	7,137	(5,516)	3,272	5,335	(1,518)	(1,447)	4,129	(12,881)	(640)
Subtotal	66,360	123,387	139,165	100,563	106,480	101,070	117,270	146,935	131,743
Insurance proceeds	-	-	182	5,087	2,764	1,189	100	356	1,532
Retirement benefits for employment transfers paid, etc.	-	-	-	-	-	(3,080)	-	-	-
Interest and dividends received	3,164	3,040	3,521	4,166	3,697	4,559	5,370	5,901	4,859
Interest paid	(4,938)	(3,704)	(2,518)	(2,185)	(1,965)	(2,034)	(2,166)	(2,191)	(2,446)
Income taxes paid	(12,886)	(16,799)	(27,633)	(14,318)	(22,475)	(40,214)	(11,344)	(21,947)	(27,665)
Refund of income taxes for prior periods	-	-	-	-	-	1,526	28	-	-
Other	-	-	-	-	-	-	-	(3,835)	-
Net cash provided by operating activities	51,699	105,924	112,716	93,312	88,501	63,017	109,259	125,219	108,024

(Millions of yen)

1) Japanese GAAP

	131st Period	132nd Period	133rd Period	134th Period	135th Period	136th Period	137th Period	138th Period	139th Period
	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Cash flows from investing activities									
Purchase of property, plant and equipment	(56,355)	(38,273)	(40,634)	(45,401)	(60,691)	(47,864)	(45,056)	(51,396)	(56,090)
Proceeds from sales of property, plant and equipment	1,059	494	1,507	1,412	1,134	6,448	1,819	1,263	6,406
Purchase of intangible assets	(4,679)	(23,352)	(3,488)	(3,659)	(5,045)	(5,391)	(3,875)	(4,430)	(30,131)
Acquisition of investments in securities	(273)	(634)	(1,020)	(214)	(324)	(62)	(129)	(2,369)	(2,040)
Proceeds from sales of investments in securities	135	97	3,757	2,102	241	101	15	13	8,262
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	-	-	-	-	-	-	(91,461)	-	-
Purchase of shares in subsidiaries resulting in change in scope of consolidation	-	-	-	-	-	(15,708)	-	(26,553)	-
Proceeds from sales of shares in subsidiaries resulting in change in scope of consolidation	-	-	-	-	80,890	-	-	4,133	2,235
Proceeds from sales of shares in associates and joint ventures	480	-	-	-	-	7,572	-	32,500	916
Purchase of shares in associates and joint ventures	(499)	(679)	(149)	(1,414)	(3,650)	(5,104)	(2,456)	(6,616)	(63,979)
Increase (decrease) in term deposits	(1,376)	(620)	(5,487)	4,435	1,862	502	(572)	(201)	(564)
Payments for long-term loans receivable	-	-	-	-	(108)	(3,942)	(150)	-	-
Others	(978)	(359)	(366)	1,037	892	(46)	1,475	(166)	(6,763)
Total net cash used in investing activities	(62,487)	(63,327)	(45,882)	(41,701)	15,201	(63,497)	(140,391)	(53,824)	(141,749)
Cash flows from financing activities									
Increase (decrease) in short-term borrowings	341	(17,387)	6,922	2,122	(6,026)	376	72,939	(86,107)	70
Increase (decrease) in commercial paper	(5,000)	-	-	-	-	-	15,000	(15,000)	-
Proceeds from long-term borrowings	3,034	17,013	52	23	115	45,000	3,022	116,011	-
Repayments of long-term borrowings	(2,951)	(3,208)	(5,956)	(5,225)	(4,344)	(4,137)	(7,025)	(22,381)	(11,058)
Proceeds from issuance of corporate bonds	34,986	-	-	-	-	-	-	70,000	80,000
Redemption of corporate bonds	(20,000)	-	(15,000)	-	-	(20,000)	(15,000)	(15,000)	-
Dividends paid	(11,172)	(11,154)	(11,162)	(10,997)	(10,604)	(12,437)	(11,855)	(15,982)	(17,242)
Distribution of dividends to non-controlling shareholders	-	-	-	-	(2,226)	(2,840)	(2,794)	(3,693)	(3,927)
Increase (decrease) in money held in trusts for repurchase of treasury stock	-	-	-	-	-	(2,520)	2,520	-	-
Purchase of treasury stock	(1,107)	(69)	(87)	(20,045)	(50,225)	(57,584)	(2,707)	(30,187)	(30,034)
Sales of treasury stock	-	-	-	-	2	2	2	1	-
Others	(252)	(3,204)	(661)	(3,333)	(1,109)	(1,108)	(1,279)	(304)	(615)
Total net cash provided by (used in) financing activities	(2,119)	(18,011)	(25,893)	(37,456)	(74,419)	(55,248)	52,823	(3,288)	16,175
Effect of currency rate changes on cash and cash equivalents	(2,824)	2,717	(2,245)	(1,356)	8,838	958	12,071	(14,180)	249
Net change in cash and cash equivalents	(15,732)	27,303	38,695	12,798	38,122	(54,770)	33,762	53,925	(17,300)
Cash and cash equivalents at beginning of the year	83,164	67,790	95,063	133,744	146,647	184,770	130,028	165,160	217,791
Increase due to inclusion of subsidiaries in consolidation	358	-	9	-	-	-	-	-	-
Increase in cash and equivalents resulting from change of fiscal year end of consolidated subsidiaries	-	-	-	-	-	-	13	(1,112)	-
Decrease due to inclusion of subsidiaries in consolidation	-	(30)	(23)	-	-	-	-	(460)	(19,346)
Increase in cash and cash equivalents on merger of non-consolidated subsidiaries	-	-	-	103	-	28	1,356	278	-
Cash and cash equivalents at end of the year	67,790	95,063	133,744	146,647	184,770	130,028	165,160	217,791	181,144
Capital expenditure / Investment (Inc. acquisition of intangible assets)	58,293	44,117	45,772	56,778	61,590	50,602	50,927	58,867	89,692
Depreciation	55,192	55,382	49,825	43,717	42,463	45,746	43,376	50,920	46,907

(Millions of yen)

2) IFRS Standards

		138th Period	139th Period	140th Period	141st Period	142nd Period
		FY2015	FY2016	FY2017	FY2018	FY2019
Net cash provided by operating activities						
	Profit before income taxes	98,778	86,684	80,819	54,698	48,795
	Profit before income taxes from discontinued operations	11,064	-	4,009	1,931	680
	Depreciation and amortization	50,852	46,273	51,783	52,485	61,986
	Impairment loss	15,043	1,965	11,681	18,384	30,728
	Impairment loss on shares of associates and joint ventures	11,784	-	-	14,107	4,232
	Pharmaceutical business restructuring charges	11,784	-	-	-	-
	Increase (decrease) in employee benefits	(3,859)	(2,853)	(2,560)	(1,823)	5,969
	Increase (decrease) in provisions	1,507	5,939	1,202	975	(4,433)
	Interest income	(2,846)	(3,162)	(4,405)	(4,373)	(4,401)
	Dividend income	(1,317)	(1,217)	(1,341)	(1,351)	(1,506)
	Interest expense	2,310	2,532	3,042	3,342	3,711
	Share of profit of associates and joint ventures	(1,585)	(2,537)	(3,981)	560	2,444
	Loss on disposal of property, plant and equipment	2,926	3,657	2,973	3,414	3,886
	Gain on sales of property, plant and equipment	(878)	(5,312)	(2,712)	1806	(1,492)
	Loss on sales of property, plant and equipment	-	-	-	554	1,846
	Gain on sales of shares of subsidiaries	-	-	(40)	(74)	(559)
	Gain on sales of shares of subsidiaries and associates	(27,570)	(593)	-	-	-
	Loss on sales of shares of subsidiaries and associates	5,603	626	-	688	0
	Gain on business combination achieved in stages	(18,112)	-	-	-	-
	Environmental measures expenses	1,013	377	859	1,244	440
	Increase (decrease) in trade and other receivables	13,800	(4,174)	(9,329)	(644)	3,754
	Increase (decrease) in trade and other payables	(2,687)	(1,478)	20,720	3,375	(8,919)
	Increase (decrease) in inventories	1,845	3,216	(11,287)	(3,877)	(2,092)
	Increase (decrease) in accrued consumption tax	(716)	570	(1,588)	492	(1,923)
	Increase (decrease) in other current assets	4,445	1,489	4,097	(236)	(2,250)
	Others	(14,197)	653	2,351	1,264	(8,427)
	Subtotal	147,203	132,655	146,295	143,334	132,466
	Insurance proceeds	356	1,532	-	-	-
	Interest received	3,436	3,121	3,619	4,378	4,403
	Dividends received	2,459	1,738	2,976	2,111	2,661
	Interest paid	(2,197)	(2,474)	(2,922)	(3,239)	(3,522)
	Income taxes paid	(21,947)	(27,665)	(23,313)	(23,328)	(21,152)
Total net cash provided by operating activities		129,311	108,907	126,655	123,256	114,856
Cash flows from investing activities						
	Purchase of property, plant and equipment	(51,415)	(56,055)	(70,727)	(70,185)	(73,703)
	Proceeds from sales of property, plant and equipment	1,270	6,406	3,693	4,441	1,264
	Purchase of intangible assets	(5,039)	(30,138)	(7,239)	(9,822)	(8,338)
	Purchase of financial assets	(2,369)	(7,242)	(1,869)	(3,495)	(26)
	Proceeds from sales of financial assets	13	8,664	3,082	6,940	11,621
	Purchase of shares in subsidiaries resulting in change in scope of consolidation	(26,553)	-	(25,307)	-	(3,809)
	Proceeds from sale of shares in subsidiaries resulting in change in scope of consolidation	4,133	2,235	386	3,276	2,754
	Purchase of shares in investments accounted for using equity method	-	-	(240)	-	(516)
	Proceeds from sales of shares in investments accounted for using equity method	-	-	-	-	-
	Purchase of shares in associates and joint ventures	(6,616)	(63,979)	-	-	-
	Proceeds from sales of shares in associates and joint ventures	32,500	916	-	-	-
	Others	(4,667)	(3,109)	(881)	(4,078)	4,100
Total net cash used in investing activities		(58,745)	(142,299)	(99,104)	(72,923)	(66,651)

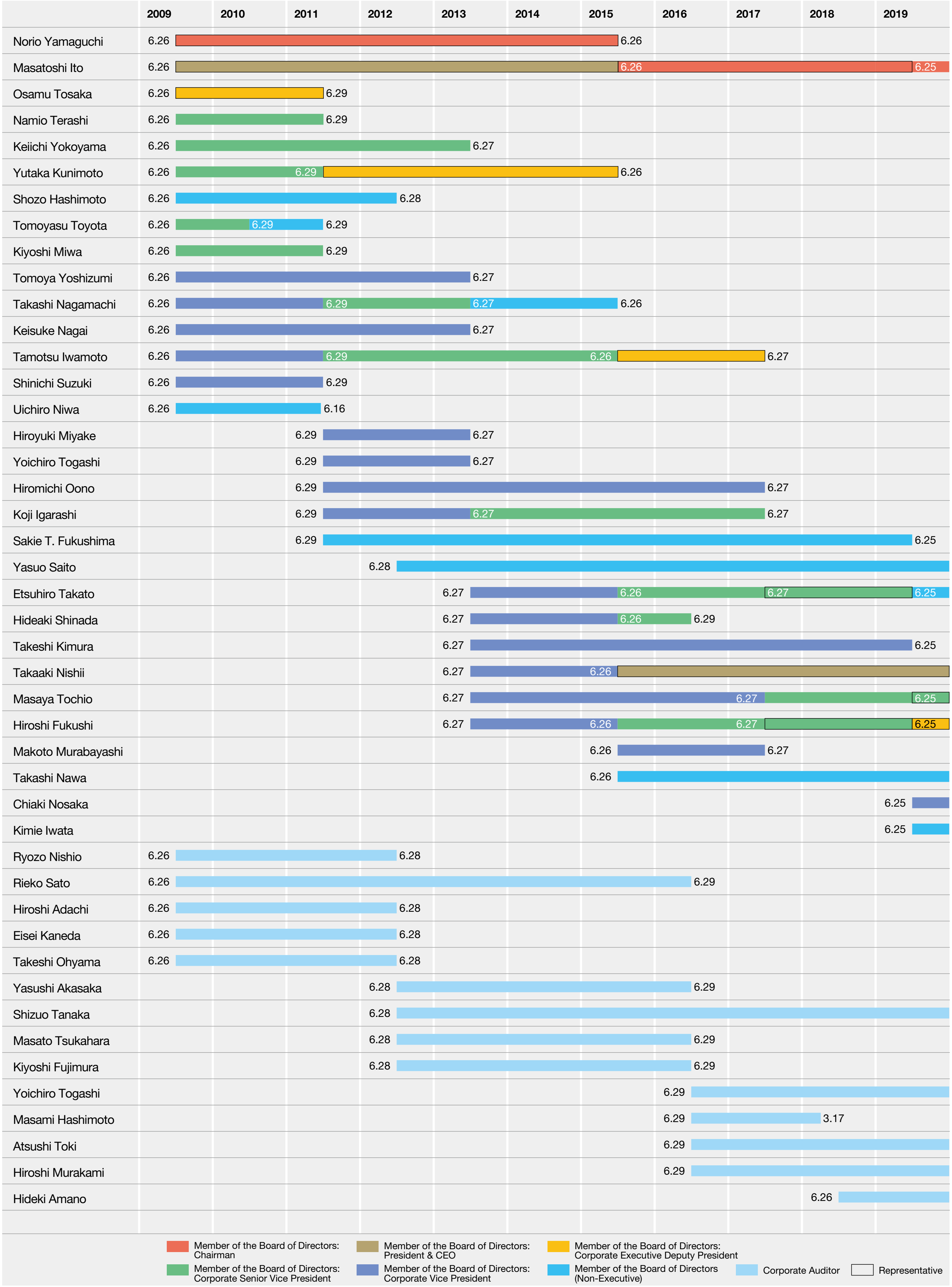
(Millions of yen)

2) IFRS Standards

		138th Period	139th Period	140th Period	141st Period	142nd Period
		FY2015	FY2016	FY2017	FY2018	FY2019
Cash flows from financing activities						
	Net change in short-term borrowings	(85,172)	(1,112)	3,313	(3,283)	(1,759)
	Net change in commercial paper	(15,000)	-	-	-	40,000
	Proceeds from long-term borrowings	115,856	-	23,388	8,543	3,545
	Repayments of long-term borrowings	(22,381)	(11,058)	(24,174)	(11,962)	(13,735)
	Proceeds from issuance of corporate bonds	69,703	79,690	-	-	-
	Redemption of corporate bonds	(15,000)	-	-	-	-
	Dividends paid	(15,982)	(17,242)	(17,065)	(18,455)	(17,555)
	Dividends paid to non-controlling interests	(3,693)	(3,927)	(5,893)	(4,889)	(4,789)
	Purchase of treasury stock	(30,187)	(30,034)	(2,690)	(40,062)	(6)
	Purchase of shares in subsidiaries not resulting in change of scope of consolidation	(644)	(1,017)	(217)	(8,640)	(49,274)
	Expenditure due to the repayment of leases	-	-	-	(1,119)	(8,835)
	Others	(318)	(557)	(611)	947	103
Total net cash provided by (used in) financing activities		(2,820)	14,738	(23,951)	(78,923)	(52,306)

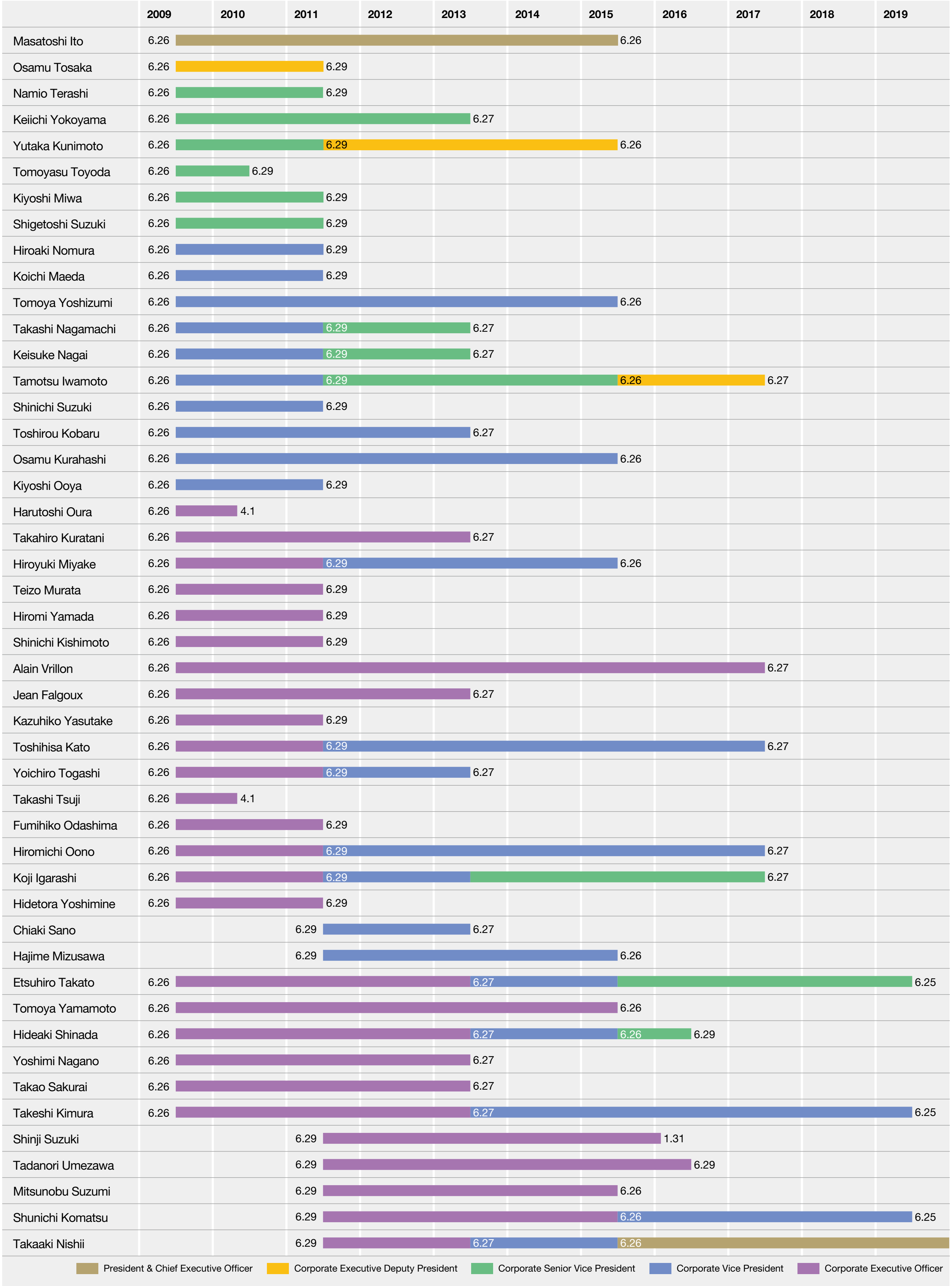
Effect of currency rate changes on cash and cash equivalents	(13,324)	169	(1,734)	(754)	(7,925)
Net change in cash and cash equivalents	54,420	(18,484)	1,865	(29,344)	(12,024)
Cash and cash equivalents at beginning of the year	169,413	204,487	186,003	187,869	153,725
Cash and cash equivalents included in assets of disposal groups classified as held for sale	(19,346)	-	-	(4,799)	-
Cash and cash equivalents at end of the year	204,487	186,003	187,869	153,725	141,701

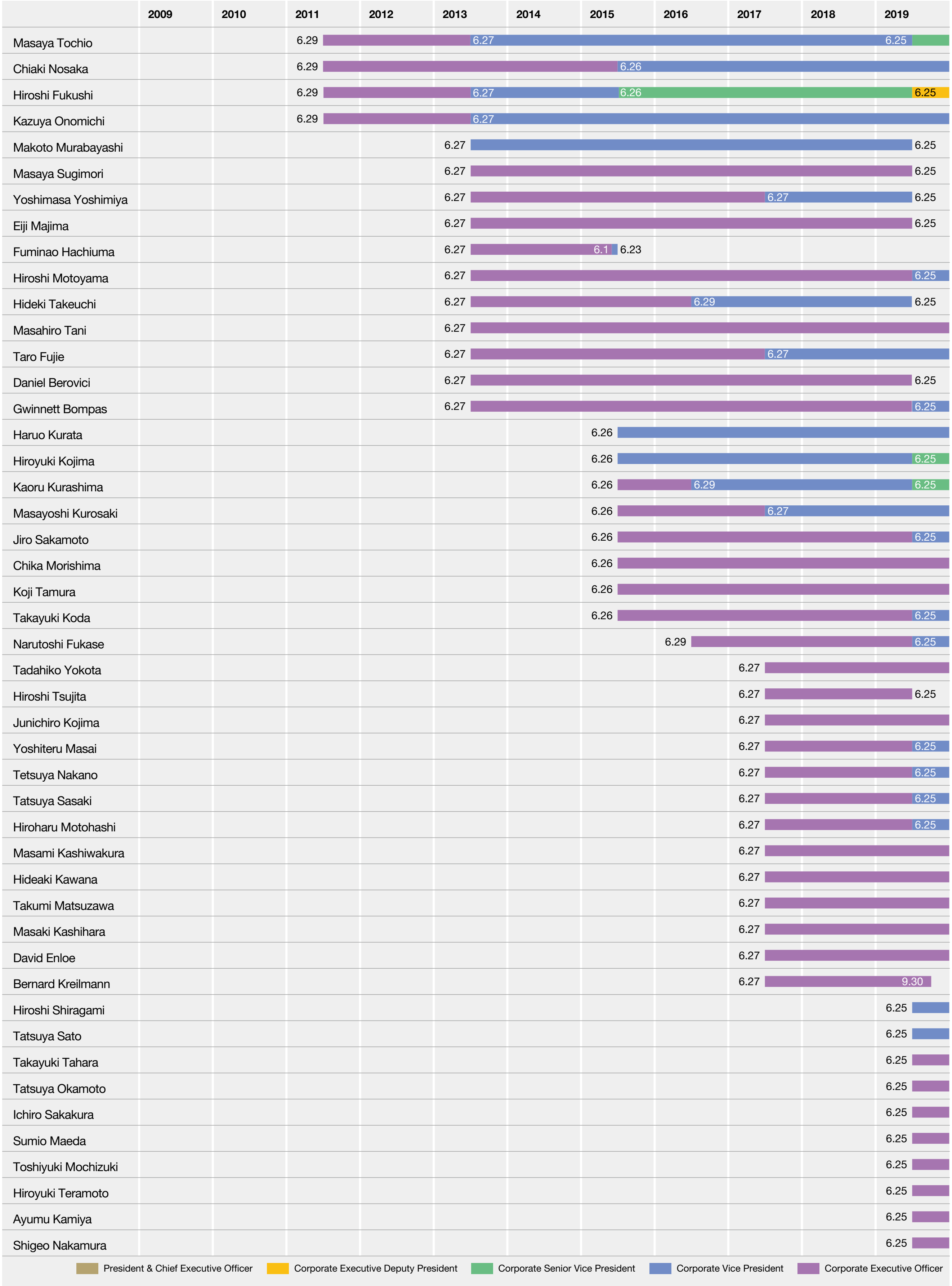
2. List of Director and Auditor Tenures



3. Executive Tenures and Changes in Number of Employees

(1) List of terms of office for corporate executive officers




2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
Masaya Tochio 6.29 6.27 6.25
Chiaki Nosaka 6.29 6.26
Hiroshi Fukushi 6.29 6.27 6.26 6.25
Kazuya Onomichi 6.29 6.27
Makoto Murabayashi 6.27 6.25
Masaya Sugimori 6.27 6.25
Yoshimasa Yoshimiya 6.27 6.27 6.25
Eiji Majima 6.27 6.25
Fuminao Hachiuma 6.27 6.1 6.23
Hiroshi Motoyama 6.27 6.25
Hideki Takeuchi 6.27 6.29 6.25
Masahiro Tani 6.27
Taro Fujie 6.27 6.27
Daniel Berovici 6.27 6.25
Gwinnett Bompas 6.27 6.25
Haruo Kurata 6.26
Hiroyuki Kojima 6.26 6.25
Kaoru Kurashima 6.26 6.29 6.25
Masayoshi Kurosaki 6.26 6.27
Jiro Sakamoto 6.26 6.25
Chika Morishima 6.26
Koji Tamura 6.26
Takayuki Koda 6.26 6.25
Narutoshi Fukase 6.29 6.25
Tadahiko Yokota 6.27
Hiroshi Tsujita 6.27 6.25
Junichiro Kojima 6.27
Yoshiteru Masai 6.27 6.25
Tetsuya Nakano 6.27 6.25
Tatsuya Sasaki 6.27 6.25
Hiroharu Motohashi 6.27 6.25
Masami Kashiwakura 6.27
Hideaki Kawana 6.27
Takumi Matsuzawa 6.27
Masaki Kashihara 6.27
David Enloe 6.27
Bernard Kreilmann 6.27 9.30
Hiroshi Shiragami 6.25
Tatsuya Sato 6.25
Takayuki Tahara 6.25
Tatsuya Okamoto 6.25
Ichiro Sakakura 6.25
Sumio Maeda 6.25
Toshiyuki Mochizuki 6.25
Hiroyuki Teramoto 6.25
Ayumu Kamiya 6.25
Shigeo Nakamura 6.25
President & Chief Executive Officer
Corporate Executive Deputy President
Corporate Senior Vice President
Corporate Vice President
Corporate Executive Officer

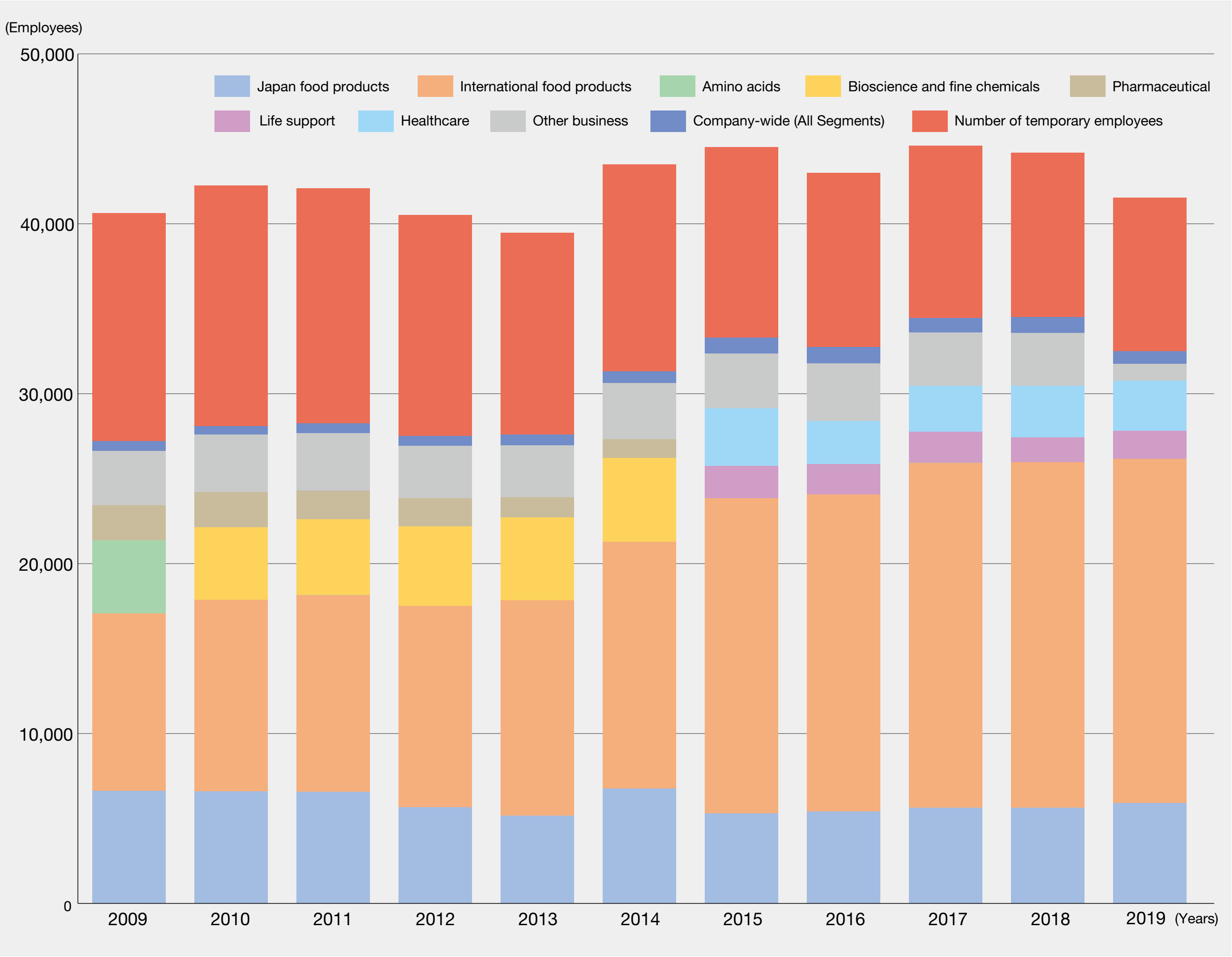
(2) Changes in the number of employees

1) Number of employees including those of consolidated companies

Fiscal year	Number of employees by segment *1									Number of employees of consolidated companies	Number of temporary employees of consolidated companies *1
	Japan food products	International food products	Amino acids	Bioscience and fine chemicals	Pharmaceutical	Life support	Healthcare	Other business *2	Company-wide (All Segments)		
2009	6,629	10,426	4,314		2,062			3,183	601	27,215	13,417
2010	6,612	11,252		4,278	2,042			3,401	499	28,084	14,170
2011	6,566	11,583		4,452	1,695			3,378	571	28,245	13,845
2012	5,655	11,852		4,682	1,651			3,090	588	27,518	12,984
2013	5,157	12,678		4,875	1,180			3,077	612	27,579	11,902
2014	6,760	14,513		4,945	1,087			3,307	700	31,312	12,170
2015	5,304	18,522				1,920	3,398	3,207	944	33,295	11,215
2016	5,414	18,648				1,807	2,535	3,377	953	32,734	10,252
2017	5,647	20,271				1,829	2,724	3,116	865	34,452	10,149
2018	5,638	20,310				1,472	3,047	3,113	924	34,504	9,682
2019	5,911	20,243				1,652	2,946	1,000	757	32,509	9,019

Note: *1 "Number of employees" refers to the number of employees at the end of each fiscal year. "Number of temporary employees" refers to the average number of such workers hired each year. They are not included in the number of employees.
*2 "Other Business" includes employees of business tie-ups between FY2010 and FY2014.

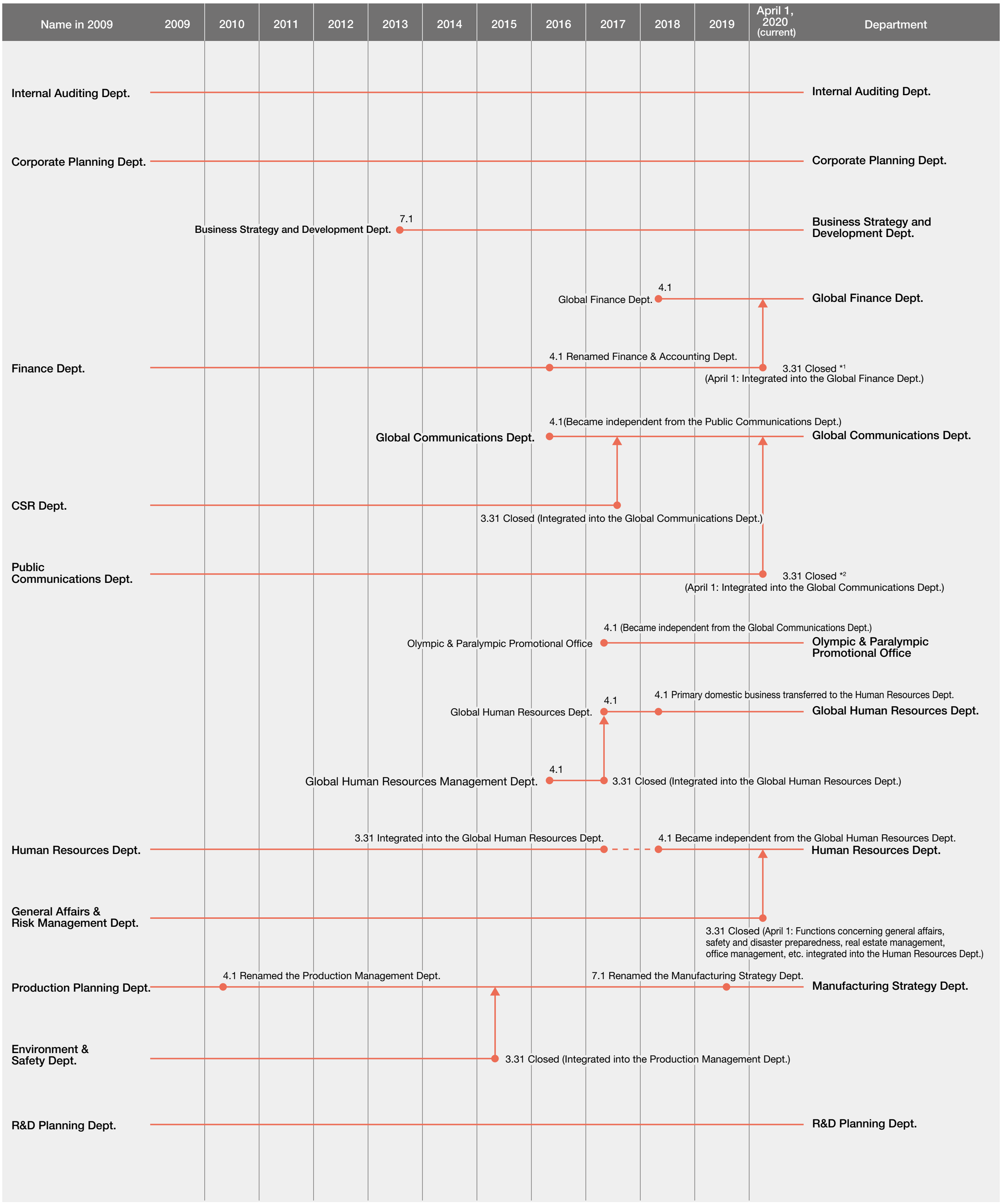
2) Changes in the number of employees, including consolidated companies



4. Diagram of HQ Organizational Changes and Affiliates

(1) Ajinomoto Co., Inc. organizational changes

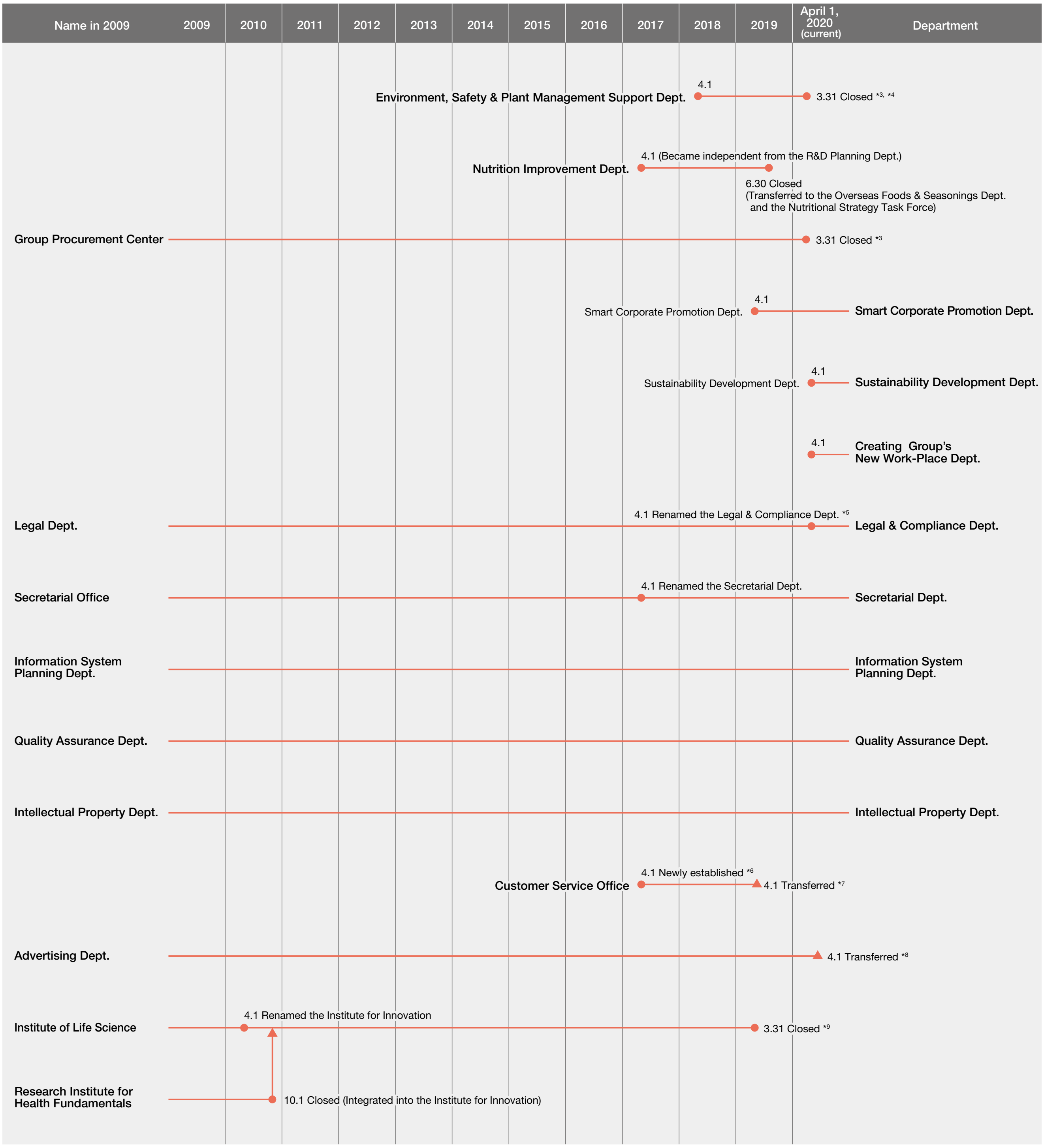
1) Corporate sector



[1] With the transfer of some financial and accounting functions to AJINOMOTO FINANCIAL SOLUTIONS, Inc., the Finance & Accounting Dept. was integrated into the Global Finance Dept.

[2] With the transfer of some public communicating functions to Ajinomoto Digital Business Partners, Co., Inc. (ADP), the Public Communications Dept. was integrated into the Global Communications Dept. CSR-related functions were transferred to the newly established Sustainability Development Dept.

1) Corporate sector



Name in 2009	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	April 1, 2020 (current)	Department
										Environment, Safety & Plant Management Support Dept. 4.1		3.31 Closed *3, *4	
									Nutrition Improvement Dept. 4.1 (Became independent from the R&D Planning Dept.)		6.30 Closed (Transferred to the Overseas Foods & Seasonings Dept. and the Nutritional Strategy Task Force)		
Group Procurement Center												3.31 Closed *3	
											Smart Corporate Promotion Dept. 4.1		**Smart Corporate Promotion Dept.**
												Sustainability Development Dept. 4.1	**Sustainability Development Dept.**
												4.1	**Creating Group's New Work-Place Dept.**
Legal Dept.												4.1 Renamed the Legal & Compliance Dept. *5	**Legal & Compliance Dept.**
Secretarial Office									4.1 Renamed the Secretarial Dept.				**Secretarial Dept.**
Information System Planning Dept.													**Information System Planning Dept.**
Quality Assurance Dept.													**Quality Assurance Dept.**
Intellectual Property Dept.													**Intellectual Property Dept.**
									Customer Service Office 4.1 Newly established *6		4.1 Transferred *7		
Advertising Dept.												4.1 Transferred *8	
Institute of Life Science		4.1 Renamed the Institute for Innovation									3.31 Closed *9		
Research Institute for Health Fundamentals		10.1 Closed (Integrated into the Institute for Innovation)											

*3 The Sustainability Development Dept. was established by integrating the Environmental Support Group of the Environment, Safety & Plant Management Support Dept. (the ESP Dept.) and the Nutritional Strategy Task Force. The functions of formulating procurement policies by the Manufacturing Strategy Dept. and the Group Procurement Center have been integrated. The remaining functions of the Group Procurement Center were transferred to ADP.

*4 With the establishment of the Sustainability Development Dept., the Manufacturing Strategy Dept. has integrated the ESP Dept. (Safety & Plant Management Group).

*5 With the transfer of some functions of the General Affairs & Risk Management Dept. to ADP, the other functions, which included compliance, risk management, and shareholder relations have been integrated into the Legal Dept. and the name has been changed to the Legal & Compliance Dept.

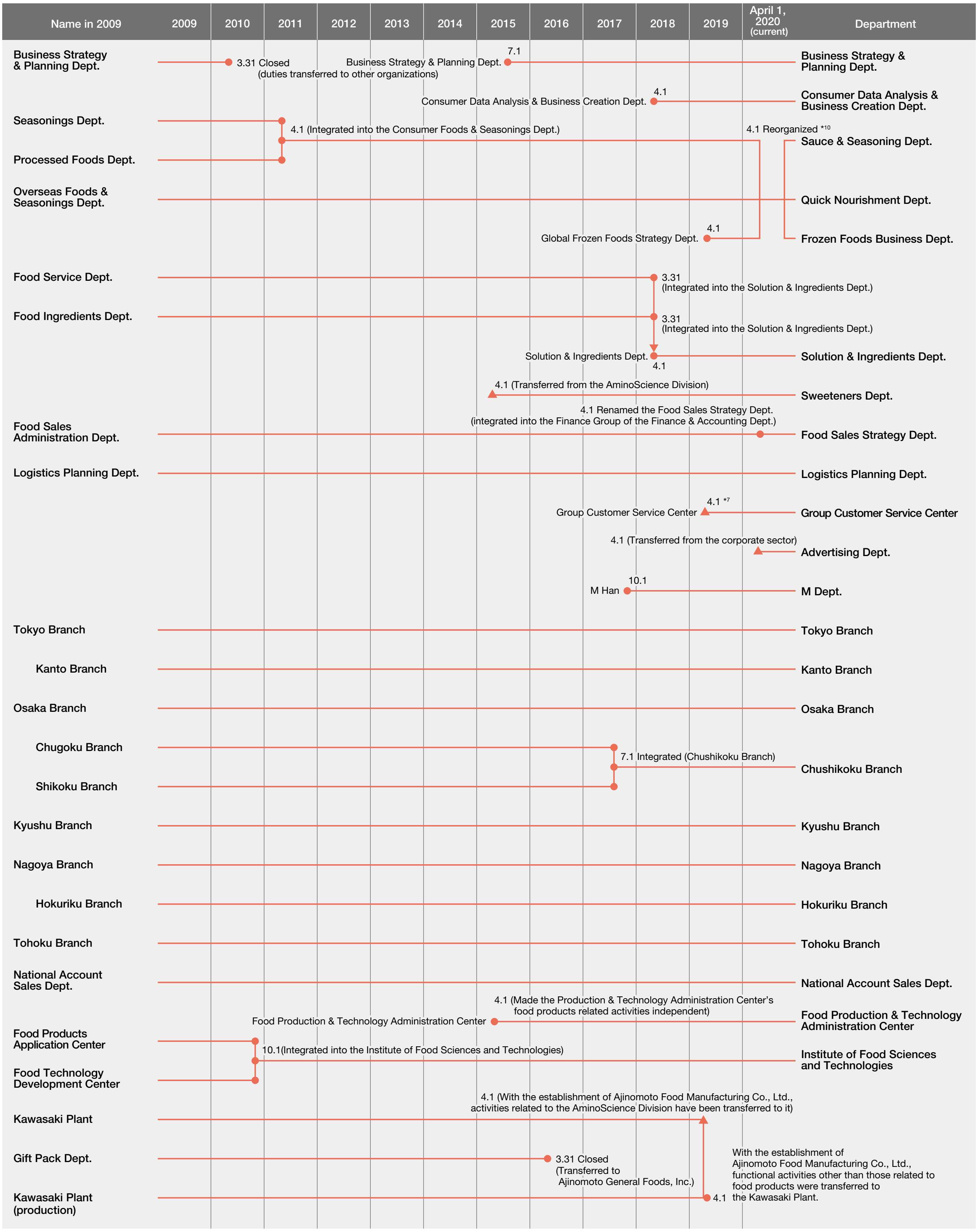
*6 Became independent from the Quality Assurance Dept., with its own organizational structure.

*7 The Customer Service Office was transferred from the Corporate Service Division to the Food Products Division, and the consumer service functions of Ajinomoto Frozen Foods Co., Inc. and Ajinomoto AGF, Inc. were integrated and renamed the Group Customer Service Center.

*8 The Advertising Dept. was transferred to the Food Products Division with the aim of strengthening collaboration between the food product related departments and the Consumer Data Analysis and Business Creation Dept.

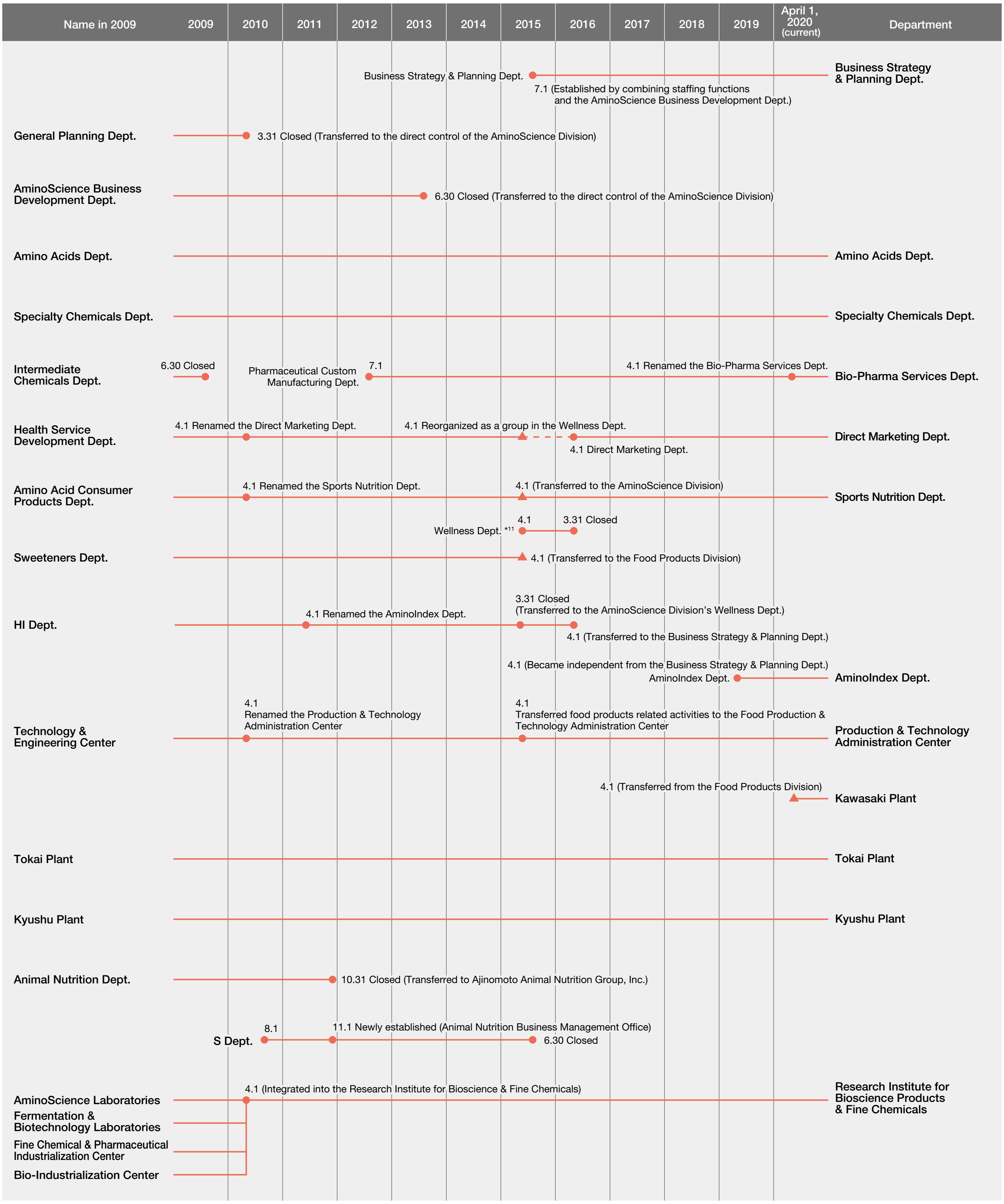
*9 Integrated into organizations such as the Research Institute for Bioscience Products & Fine Chemicals, the Institute of Food Sciences and Technologies, the Information System Planning Dept., and the Production & Technology Administration Center.

2) Food products division



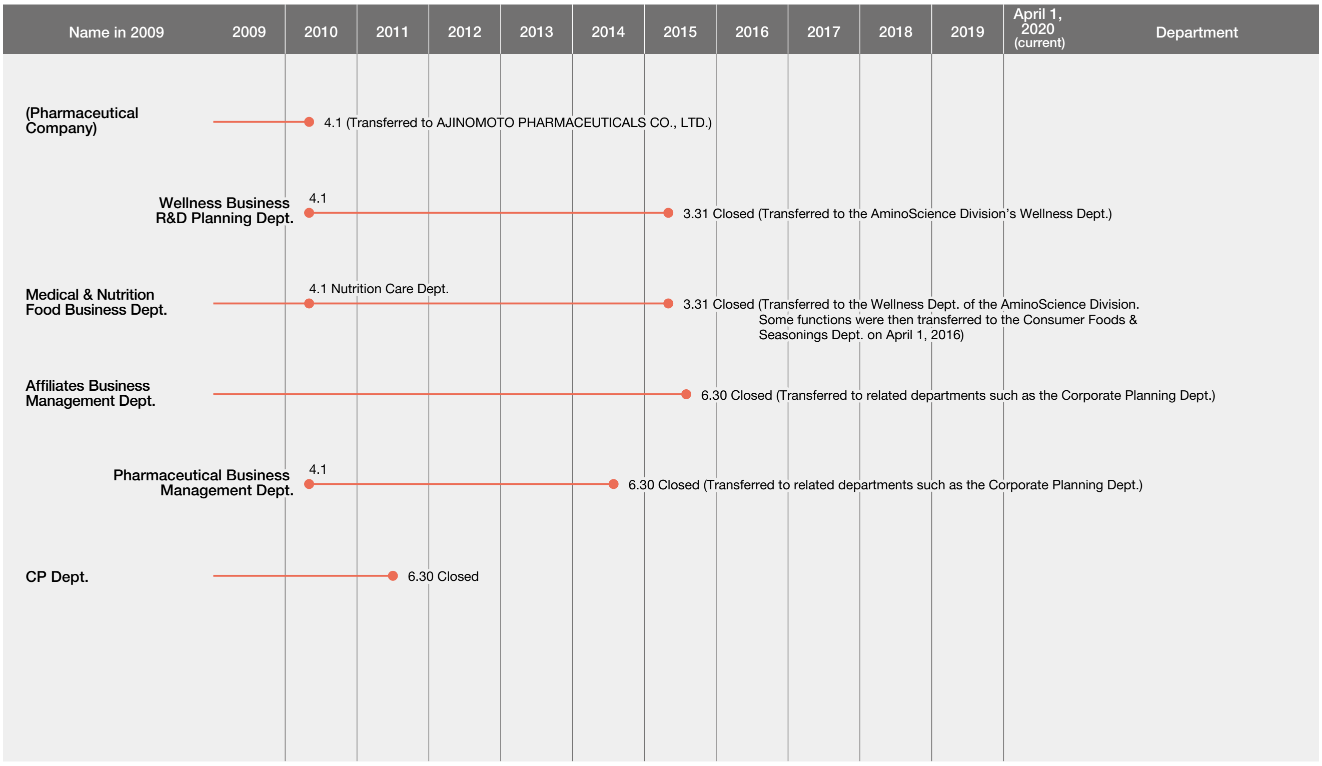
*10 The domestic and overseas consumer foods framework has been shifted to a system with the business activities at the core. This has involved the restructuring of the organizational systems of three key business areas (savory foods, nutritional and packaged foods, and frozen Asian foods and desserts), as well as the establishment of the Sauce & Seasoning Dept., the Quick Nourishment Dept., and the Frozen Foods Business Dept.

3) AminoScience division



*11 The department was newly established to supervise the various departments with the reorganization of the Wellness Business Division.

4) Other business (affiliated company business)



(Pharmaceutical Company) — 4.1 (Transferred to AJINOMOTO PHARMACEUTICALS CO., LTD.)

Wellness Business R&D Planning Dept. — 4.1 — 3.31 Closed (Transferred to the AminoScience Division's Wellness Dept.)

Medical & Nutrition Food Business Dept. — 4.1 Nutrition Care Dept. — 3.31 Closed (Transferred to the Wellness Dept. of the AminoScience Division. Some functions were then transferred to the Consumer Foods & Seasonings Dept. on April 1, 2016)

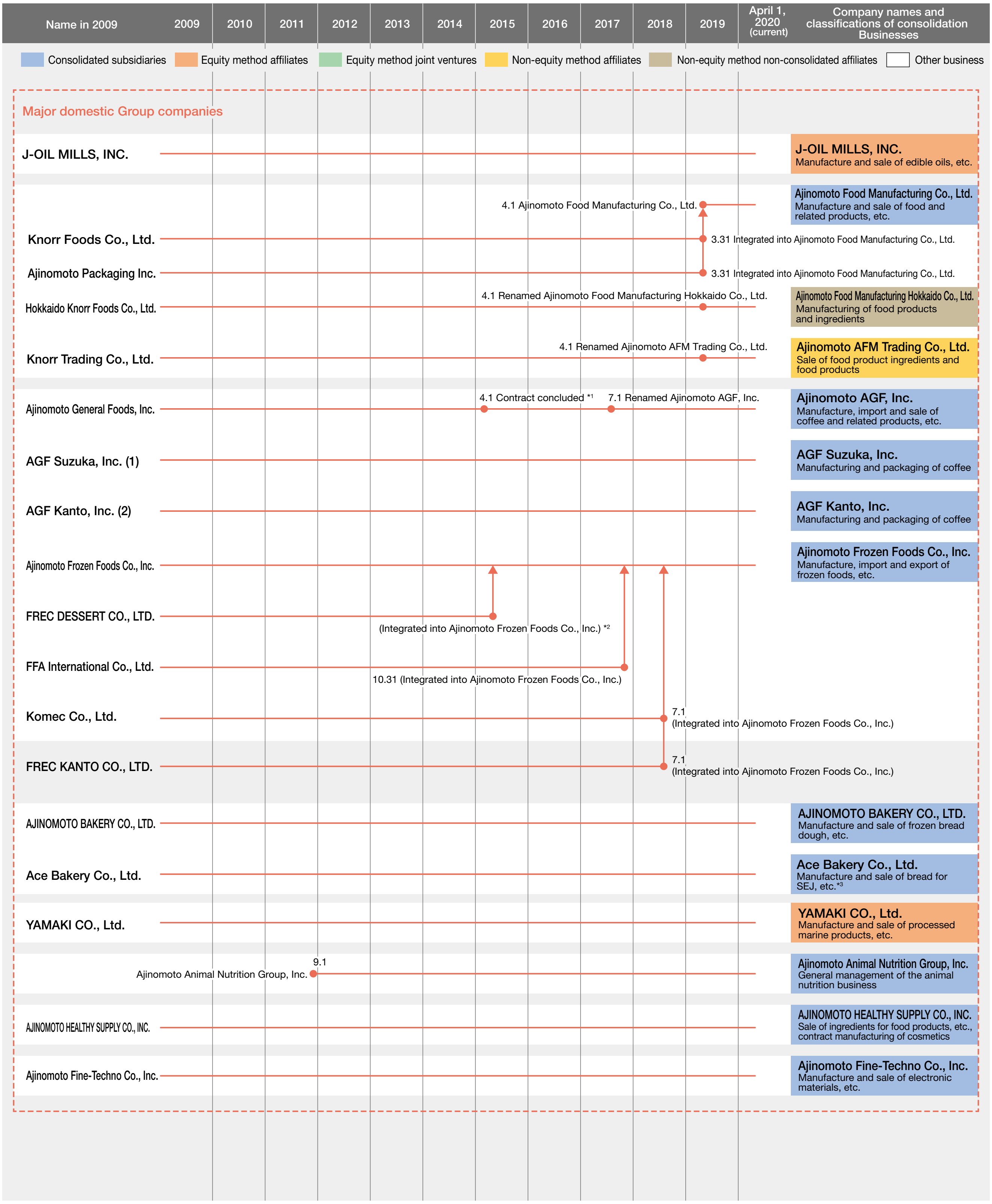
Affiliates Business Management Dept. — 6.30 Closed (Transferred to related departments such as the Corporate Planning Dept.)

Pharmaceutical Business Management Dept. — 4.1 — 6.30 Closed (Transferred to related departments such as the Corporate Planning Dept.)

CP Dept. — 6.30 Closed

(2) History of group companies in Japan

Order of companies complies with the internal rules of Ajinomoto Co., Inc.



🟦 Consolidated subsidiaries 🟧 Equity method affiliates 🟩 Equity method joint ventures 🟨 Non-equity method affiliates 🟫 Non-equity method non-consolidated affiliates ⬜ Other business

Major domestic Group companies

Name in 2009	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	April 1, 2020 (current) Company names and classifications of consolidation Businesses
J-OIL MILLS, INC.												🟧 **J-OIL MILLS, INC.** Manufacture and sale of edible oils, etc.
											4.1 Ajinomoto Food Manufacturing Co., Ltd.	🟦 **Ajinomoto Food Manufacturing Co., Ltd.** Manufacture and sale of food and related products, etc.
Knorr Foods Co., Ltd.											3.31 Integrated into Ajinomoto Food Manufacturing Co., Ltd.	
Ajinomoto Packaging Inc.											3.31 Integrated into Ajinomoto Food Manufacturing Co., Ltd.	
Hokkaido Knorr Foods Co., Ltd.											4.1 Renamed Ajinomoto Food Manufacturing Hokkaido Co., Ltd.	🟫 **Ajinomoto Food Manufacturing Hokkaido Co., Ltd.** Manufacturing of food products and ingredients
Knorr Trading Co., Ltd.											4.1 Renamed Ajinomoto AFM Trading Co., Ltd.	🟨 **Ajinomoto AFM Trading Co., Ltd.** Sale of food product ingredients and food products
Ajinomoto General Foods, Inc.							4.1 Contract concluded [*1]		7.1 Renamed Ajinomoto AGF, Inc.			🟦 **Ajinomoto AGF, Inc.** Manufacture, import and sale of coffee and related products, etc.
AGF Suzuka, Inc. (1)												🟦 **AGF Suzuka, Inc.** Manufacturing and packaging of coffee
AGF Kanto, Inc. (2)												🟦 **AGF Kanto, Inc.** Manufacturing and packaging of coffee
Ajinomoto Frozen Foods Co., Inc.												🟦 **Ajinomoto Frozen Foods Co., Inc.** Manufacture, import and export of frozen foods, etc.
FREC DESSERT CO., LTD.							(Integrated into Ajinomoto Frozen Foods Co., Inc.) [*2]					
FFA International Co., Ltd.									10.31 (Integrated into Ajinomoto Frozen Foods Co., Inc.)			
Komec Co., Ltd.										7.1 (Integrated into Ajinomoto Frozen Foods Co., Inc.)		
FREC KANTO CO., LTD.										7.1 (Integrated into Ajinomoto Frozen Foods Co., Inc.)		
AJINOMOTO BAKERY CO., LTD.												🟦 **AJINOMOTO BAKERY CO., LTD.** Manufacture and sale of frozen bread dough, etc.
Ace Bakery Co., Ltd.												🟦 **Ace Bakery Co., Ltd.** Manufacture and sale of bread for SEJ, etc.[*3]
YAMAKI CO., Ltd.												🟧 **YAMAKI CO., Ltd.** Manufacture and sale of processed marine products, etc.
			9.1 Ajinomoto Animal Nutrition Group, Inc.									🟦 **Ajinomoto Animal Nutrition Group, Inc.** General management of the animal nutrition business
AJINOMOTO HEALTHY SUPPLY CO., INC.												🟦 **AJINOMOTO HEALTHY SUPPLY CO., INC.** Sale of ingredients for food products, etc., contract manufacturing of cosmetics
Ajinomoto Fine-Techno Co., Inc.												🟦 **Ajinomoto Fine-Techno Co., Inc.** Manufacture and sale of electronic materials, etc.

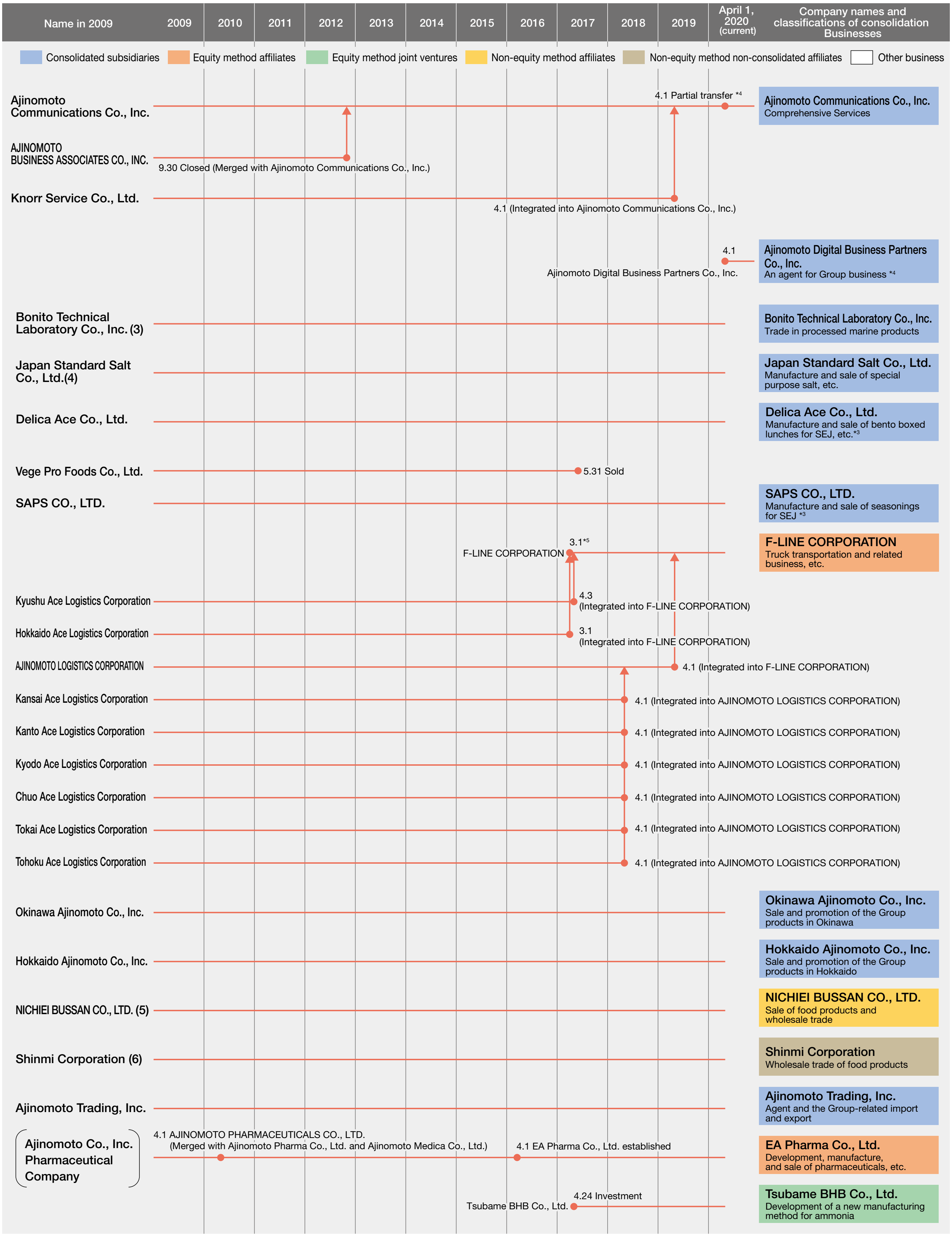
*1 Acquired 50% share in Mondelēz International, Inc. of the U.S. making it a fully owned subsidiary.

*2 When Ajinomoto Frozen Foods Co., Inc. expanded its No. 1 Factory at the Kanto Plant, they started manufacturing the products that the FREC DESSERT CO., LTD. head office plant had produced.

*3 SEVEN-ELEVEN JAPAN CO., LTD. is written as SEJ.

Since subsidiaries (1) to (9) were not mentioned in “The First 100 Years of the Ajinomoto Group” published in 2009. The dates of establishment or capital participation are listed below.
(1) Established on August 8, 1988. (2) Established on September 22, 1995. (3) Established on May 1, 1997. (4) Capital participation: June 28, 1996. (5) Established on April 1, 1950.
(6) Established on April 16, 1956. (7) Established in September, 1963. (8) Established on March 25, 1986. (9) Established on December 1, 2002.

(2) History of group companies in Japan



*4 A new company funded 67% by Ajinomoto Co., Inc. and 33% by Accenture Japan Ltd. It has taken charge of some of the human resources, general affairs, public communications, and procurement functions of Ajinomoto Co., Inc., the general affairs operations of the various headquarter organizations and part of the Support Division of Ajinomoto Communications Co., Inc.

*5 Succeeded the corporation established on October 2, 1952.

(2) History of group companies in Japan

🟦 Consolidated subsidiaries 🟧 Equity method affiliates 🟩 Equity method joint ventures 🟨 Non-equity method affiliates 🟫 Non-equity method non-consolidated affiliates ⬜ Other business

Name in 2009	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	April 1, 2020 (current)	Company names and classifications of consolidation Businesses
Nippon Protein Co., Ltd.													🟦 Nippon Protein Co., Ltd. Manufacture and sale of cysteines
										6.1 Ajinomoto Kohjin Bio Co., Ltd.			🟦 Ajinomoto Kohjin Bio Co., Ltd. Manufacture and sale of cell culture mediums for regenerative medicine
								7.15 Investment J-CYSTEINE CO., LTD					🟨 J-CYSTEINE CO., LTD Manufacture and sale of L-cysteine hydrochloride
Kawaken Fine Chemicals Co., Ltd.													🟧 Kawaken Fine Chemicals Co., Ltd. Manufacture and sale of surfactants, etc.
								12.21 Contract concluded *6 GeneDesign, Inc.					🟫 GeneDesign, Inc. Manufacture and sale of pharmaceutical products, etc.
A-Direct Co., Inc.											4.1 Renamed Ajinomoto Direct Co., Inc.		🟦 Ajinomoto Direct Co., Inc. Sale and promotion of supplements, etc.
JINO Co., Ltd.									6.30 (Integrated into A-Direct Co., Inc.)				
ACE KOUNAI SERVICE CORPORATION											4.1 (Overseeing organization changed from Ajinomoto Packaging Inc. to the Kyushu Plant of Ajinomoto Co., Inc.)		🟦 ACE KOUNAI SERVICE CORPORATION Product packaging, on-site receiving, etc.
Hayama Marina Co., Ltd. (7)													🟨 Hayama Marina Co., Ltd. Yacht harbor and related businesses
Ajinomoto Treasury Management, Inc.												4.1 Renamed to AJINOMOTO FINANCIAL SOLUTIONS, Inc. Engaged in all the financial operations of the Finance & Accounting Dept. of Ajinomoto Co., Inc. (including the financial operations of ATM Company and Ajinomoto Food Manufacturing Co., Ltd.), in addition to being entrusted with the financial operations of Ajinomoto Communications Co., Inc.	🟦 AJINOMOTO FINANCIAL SOLUTIONS, Inc. Group Finance and Accounting
Ajinomoto Engineering Corporation													🟦 Ajinomoto Engineering Corporation Design and construction of various equipments
ELTEX Co. Ltd. (8)													🟧 ELTEX Co., Ltd. Design and construction of instrumentation equipments
								11.4 Ajinomoto Mirai Co., Ltd.					🟫 Ajinomoto Mirai Co., Ltd. Cleaning Services
Ajinomoto System Techno Corporation				4.1 Renamed NRI System Techno, Ltd.									🟧 NRI System Techno Ltd. Various work related to information systems
Intellectual Property Expert Co., Ltd. (9)													🟫 Intellectual Property Expert Co., Ltd. Various work related to intellectual property
AJINOMOTO NUTRITION FOODS Co., Ltd.		4.1 Transfer of capital (100% investment)						11.30 Dissolved					
Calpis Co., Ltd.				10.1 Sold									
Calpis Business Support Co., Ltd.				10.1 Sold									
Calpis Logistics Co., Ltd.				10.1 Sold									
Calpis Foods Service Co., Ltd.				10.1 Sold									
CA Real Estate Co., Ltd.				10.1 Sold									
GABAN Co., Ltd.								6.30 Sold all shares					

*6 Established on December 20, 2000, capital participation on December 21, 2016. Business details: 1. Manufacture and sale of pharmaceuticals 2. Manufacture and sale of cosmetics 3. Manufacture and sale of quasi-drugs 4. Manufacture and sale of medical equipment 5. Manufacture and sale of physics and chemistry equipment 6. Import, manufacture and sale of life science research reagents and materials 7. Outsourcing of work related to life science research 8. All work related to the preceding items.

(3) History of group companies overseas

Order of companies complies with the internal rules of Ajinomoto Co., Inc.

🟦 Consolidated subsidiaries 🟧 Equity method affiliates 🟩 Equity method joint ventures 🟨 Non-equity method affiliates 🟫 Non-equity method non-consolidated affiliates ☐ Other business

Name in 2009	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	April 1, 2020 (current)	Company names and classifications of consolidation Country and businesses
							1.5 Ajinomoto SEA Regional Headquarters Co., Ltd.						☐ **Ajinomoto SEA Regional Headquarters Co., Ltd.** Thailand: SEA headquarters for consumer foods business
SHANGHAI AJINOMOTO FOOD RESEARCH AND DEVELOPMENT CENTER CO., LTD.													🟦 **SHANGHAI AJINOMOTO FOOD RESEARCH AND DEVELOPMENT CENTER CO., LTD.** China: Development and accumulation of technologies related to the analysis of food products
New Season Foods, Inc. (1)													🟫 **New Season Foods, Inc.** USA: Manufacture of soup ingredients
XIAMEN AJIRAKU IDEAL FOODS CO., LTD. (2)													🟫 **XIAMEN AJIRAKU IDEAL FOODS CO., LTD.** China: Manufacture and sale of processed agricultural materials
Shanghai Ajinomoto Seasonings Co., Ltd.													🟦 **Shanghai Ajinomoto Seasonings Co., Ltd.** China: Manufacture and sale of seasonings and food products, etc.
AJINOMOTO TAIWAN INC.													🟦 **AJINOMOTO TAIWAN INC.** Taiwan: Import and sale of seasonings and food products
WEST AFRICAN SEASONINGS COMPANY LIMITED													🟦 **WEST AFRICAN SEASONINGS COMPANY LIMITED** Nigeria: Manufacture and sale of seasonings
				1.20 AJINOMOTO AFRIQUE DE L'OUEST S.A.									🟦 **AJINOMOTO AFRIQUE DE L'OUEST S.A.** Cote d'Ivoire: Packaging and sale of *AJI-NO-MOTO®*
AJINOMOTO CO., (THAILAND) LTD.													🟫 **AJINOMOTO CO., (THAILAND) LTD.** Thailand: Manufacture and sale of seasonings, food products, animal feed, etc.
AJINOMOTO SALES (THAILAND) CO., LTD.													🟦 **AJINOMOTO SALES (THAILAND) CO., LTD.** Thailand: Sale of seasonings, instant noodles, beverages, animal feed, etc.
												2.28 Ajinomoto Business Center (Thailand) Co., Ltd. established	🟦 **Ajinomoto Business Center (Thailand) Co., Ltd.** Thailand: Shared service center for the Group companies
Ajinomoto Calpis Beverage (Thailand) Co., Ltd.				10.1 Company name changed due to sale of Calpis Co., Ltd.									🟦 **ABBT Co., Ltd.** Thailand: Real estate maintenance
BANGKOK ANIMAL RESEARCH CENTER CO., LTD.													🟦 **BANGKOK ANIMAL RESEARCH CENTER CO., LTD.** Thailand: Livestock rearing and research
FD Green (Thailand) Co., Ltd.													🟦 **FD Green (Thailand) Co, Ltd.** Thailand: Manufacture and sale of fertilizer and feed, cultivation of agricultural products
Ace Pack (Thailand) Co., Ltd.													🟦 **Ace Pack (Thailand) Co., Ltd.** Thailand: Holds stock in Fuji Ace Co., Ltd. and other functions
SI AYUTTHAYA REALESTATE CO.,LTD.													🟦 **SI AYUTTHAYA REALESTATE CO.,LTD.** Thailand: Real estate and building maintenance
Erawan Industrial Development Co., Ltd.													🟦 **Erawan Industrial Development Co., Ltd.** Thailand: Holds real estate and stocks, supplies raw materials
SIAM TOKAI CO., LTD.													🟨 **SIAM TOKAI CO., LTD.** Thailand: Distribution of agricultural and marine products
AB Logistics (Thailand) Co., Ltd.												4.1 Name changed to Yusen Food Supply Chain (Thailand) Co., Ltd.	🟦 **Yusen Food Supply Chain (Thailand) Co., Ltd.** Thailand: Logistics services such as cargo import and export, etc.
Myanmar Ajinomoto Industry Co., Ltd.												Currently idle	🟦 **Myanmar Ajinomoto Industry Co., Ltd.** Myanmar: Currently idle
Myanmar Ajinomoto Co., Ltd. (3)												Currently idle	🟦 **Myanmar Ajinomoto Co., Ltd.** Myanmar: Currently idle
								2.17 Myanmar Ajinomoto Foods CO., LTD.					🟦 **Myanmar Ajinomoto Foods CO., LTD.** Myanmar: Packaging and sale of *AJI-NO-MOTO®*
			8.14 AJINOMOTO BANGLADESH LIMITED										🟫 **AJINOMOTO BANGLADESH LIMITED** Bangladesh: Packaging and sale of *AJI-NO-MOTO®*, etc.

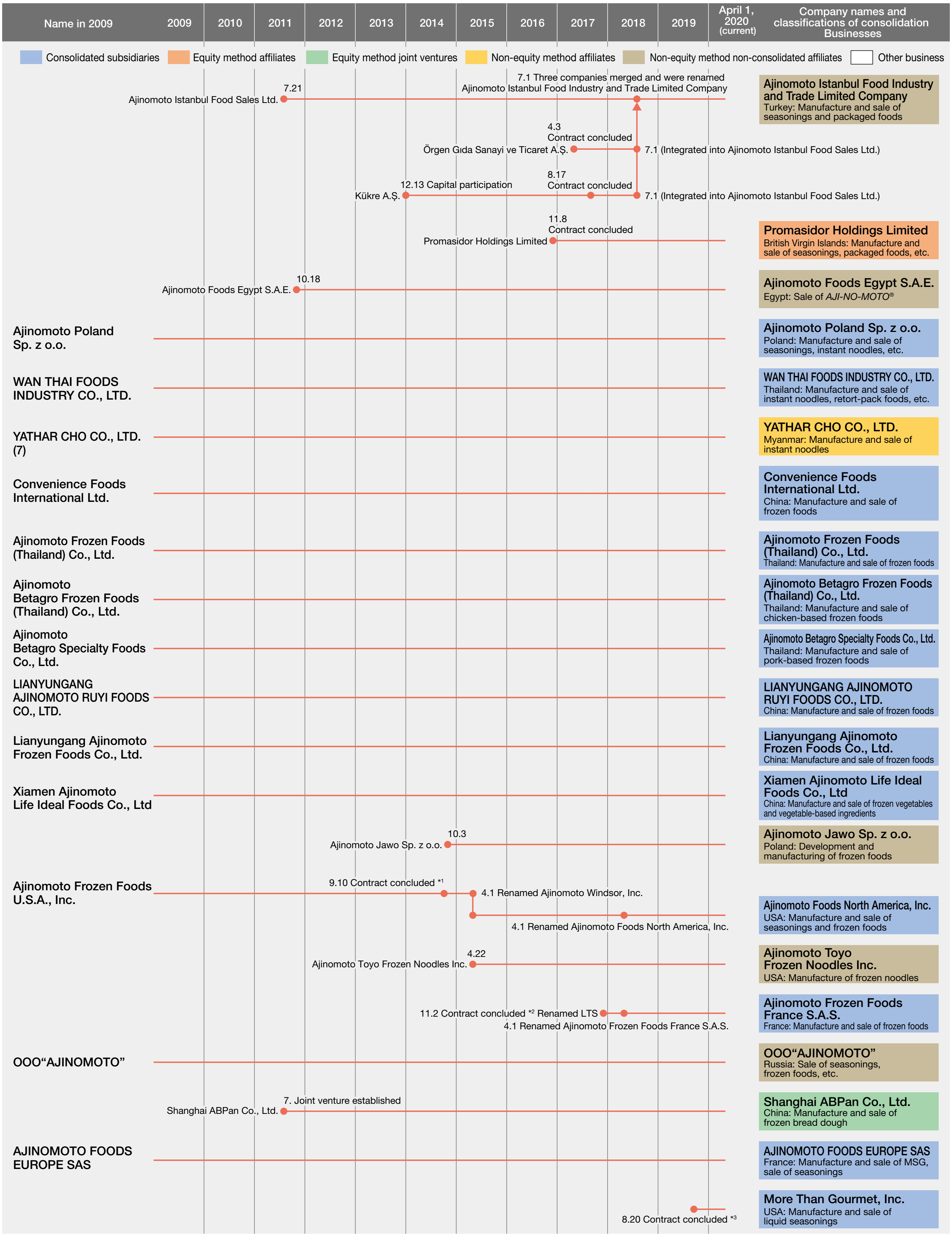
Since subsidiaries (1) to (10) were not mentioned in "The First 100 Years of the Ajinomoto Group" published in 2009. The dates of establishment or capital participation are listed below.
(1) Capital participation on March 1, 2007. (2) Established on March 10, 2006. (3) Established on March 24, 1995. (4) Established on October 1, 1990. (5) Established on July 10, 2007.
(6) Established on November 1, 1975. (7) Established April 1, 1995. (8) Established on July 1, 1987. (9) Established on August 28, 2002. (10) Established January 21, 1992.

(3) History of group companies overseas

🟦 Consolidated subsidiaries 🟧 Equity method affiliates 🟩 Equity method joint ventures 🟨 Non-equity method affiliates 🟫 Non-equity method non-consolidated affiliates ☐ Other business

Name in 2009	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	April 1, 2020 (current)	Company names and classifications of consolidation Businesses
AJINOMOTO INDIA PRIVATE LIMITED													🟫 AJINOMOTO INDIA PRIVATE LIMITED India: Manufacture and sale of seasonings
AJINOMOTO PHILIPPINES CORPORATION													🟦 AJINOMOTO PHILIPPINES CORPORATION Philippines: Manufacturing and sale of seasonings
AJINOMOTO PHILIPPINES FLAVOR FOOD INC. (4)													🟫 AJINOMOTO PHILIPPINES FLAVOR FOOD INC. Philippines: Outsourced packaging of seasonings, etc.
AJINOMOTO PHILIPPINES GLOBAL FOOD INC.									5. (Absorbed by AJINOMOTO PHILIPPINES FLAVOR FOOD INC.)				
AT ALLIANCE & HOLDINGS COMPANY Inc. (5)													🟨 AT ALLIANCE & HOLDINGS COMPANY Inc. Philippines: Real estate rental
Union Hikari Fertilizer Industries, Inc. (6)													🟫 Union Hikari Fertilizer Industries, Inc. Philippines: Manufacture and sale of liquid fertilizer and animal feed
PT AJINOMOTO INDONESIA													🟦 PT AJINOMOTO INDONESIA Indonesia: Manufacture and sale of MSG, flavor seasonings, etc.
PT AJINOMOTO SALES INDONESIA													🟦 PT AJINOMOTO SALES INDONESIA Indonesia: Domestic sale of seasonings, etc.
P.T. AJINEX INTERNATIONAL													🟦 P.T. AJINEX INTERNATIONAL Indonesia: Manufacture and sale of MSG
							7.13 PT AJINOMOTO BAKERY INDONESIA						🟫 PT AJINOMOTO BAKERY INDONESIA Indonesia: Development, manufacture and sale of dough and frozen bakery products
Ajinomoto (Malaysia) Berhad													🟦 Ajinomoto (Malaysia) Berhad Malaysia: Manufacture and sale of seasonings and sweeteners
AJINOMOTO (SINGAPORE) PRIVATE LIMITED													🟦 AJINOMOTO (SINGAPORE) PRIVATE LIMITED Singapore: Import and sale of seasonings and packaged foods
AJINOMOTO VIETNAM CO., LTD.													🟦 AJINOMOTO VIETNAM CO., LTD. Vietnam: Manufacture and sale of seasonings and vinegar, etc.
	9.15 AJINOMOTO (CAMBODIA) CO., LTD.												🟫 AJINOMOTO (CAMBODIA) CO., LTD. Cambodia: Packaging and sale of *AJI-NO-MOTO*®
								8.29 Ajinomoto Lakson Pakistan (Private) Limited					🟫 Ajinomoto Lakson Pakistan (Private) Limited Pakistan: Import and sale of seasonings
Ajinomoto Interamericana Indústria e Comércio Ltda.	10. Renamed AJINOMOTO DO BRASIL INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA.	(Merged Ajinomoto Interamericana Indústria e Comércio Ltda.)											🟦 AJINOMOTO DO BRASIL INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA. Brazil: Manufacture and sale of seasonings, amino acids, etc.
AJINOMOTO DEL PERÚ S.A.													🟦 AJINOMOTO DEL PERÚ S.A. Peru: Manufacture and sale of seasonings, instant noodles, etc.
Sazonadores del Pacifico C. Ltda													🟦 Sazonadores del Pacifico C. Ltda Ecuador: Import and sale of seasonings, etc.
	1.20 Ajinomoto de México, S. de R.L. de C.V.												🟫 Ajinomoto de México, S. de R.L. de C.V. Mexico: Manufacture and sale of seasonings and packaged foods
Ajinomoto Korea, Inc.													🟦 Ajinomoto Korea, Inc. Korea: Import and sale of seasonings, etc.
										12.21 Ajinomoto Nongshim Foods Co., Ltd.			🟦 Ajinomoto Nongshim Foods Co., Ltd. Korea: Manufacture of packaged foods such as soup, etc.
							12.3 MARUCHAN AJINOMOTO INDIA PRIVATE LIMITED						🟨 MARUCHAN AJINOMOTO INDIA PRIVATE LIMITED India: Manufacture and sale of instant noodles
							1.20 MARUCHAN AJINOMOTO NIGERIA LIMITED	10.14 Contract terminated					

(3) History of group companies overseas

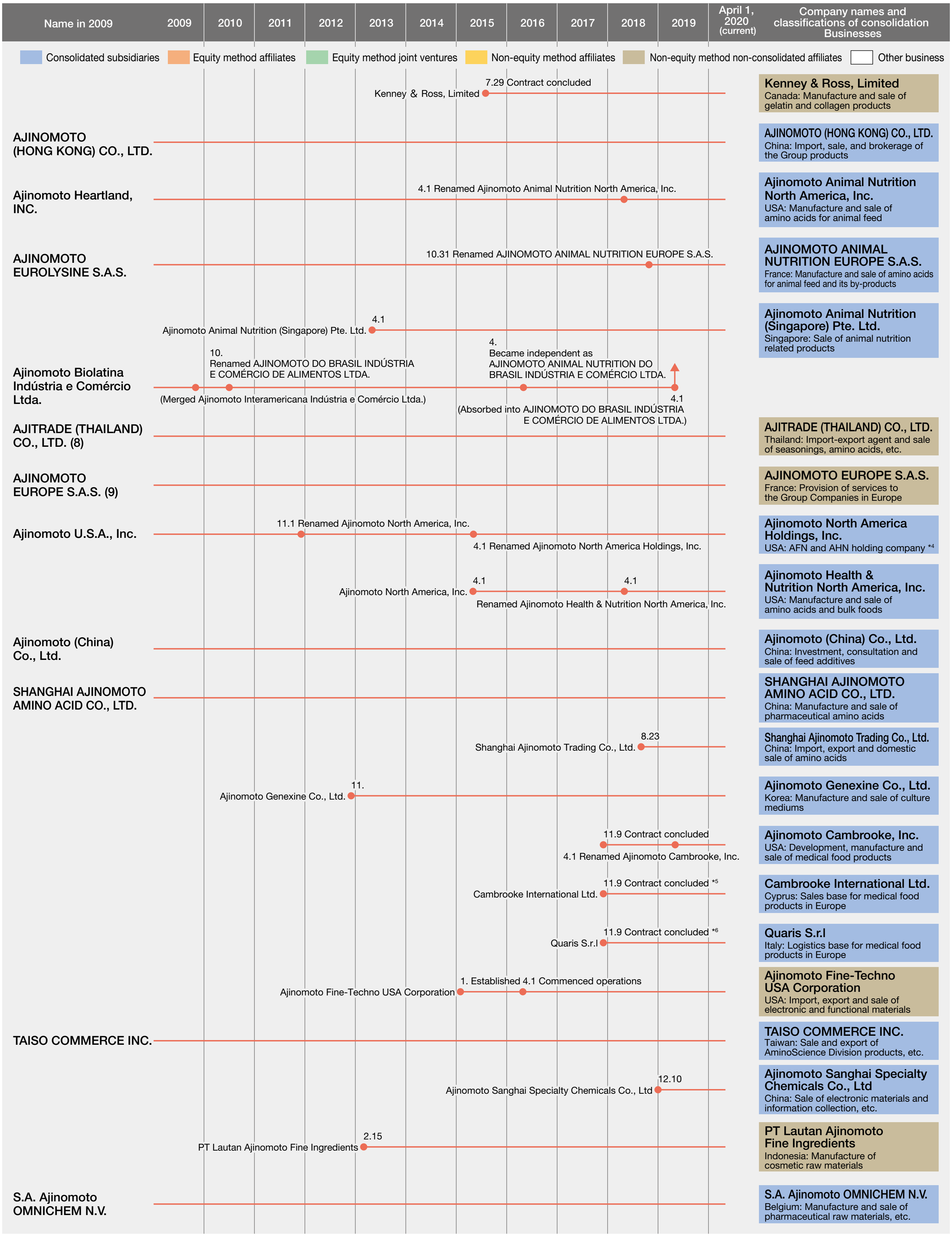


🟦 Consolidated subsidiaries 🟧 Equity method affiliates 🟩 Equity method joint ventures 🟨 Non-equity method affiliates 🟫 Non-equity method non-consolidated affiliates ☐ Other business

Name in 2009	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	April 1, 2020 (current)	Company names and classifications of consolidation Businesses
Ajinomoto Istanbul Food Sales Ltd.			7.21							7.1 Three companies merged and were renamed Ajinomoto Istanbul Food Industry and Trade Limited Company			🟫 **Ajinomoto Istanbul Food Industry and Trade Limited Company** Turkey: Manufacture and sale of seasonings and packaged foods
Örgen Gıda Sanayi ve Ticaret A.Ş.									4.3 Contract concluded	7.1 (Integrated into Ajinomoto Istanbul Food Sales Ltd.)			
Kükre A.Ş.					12.13 Capital participation				8.17 Contract concluded	7.1 (Integrated into Ajinomoto Istanbul Food Sales Ltd.)			
Promasidor Holdings Limited								11.8 Contract concluded					🟧 **Promasidor Holdings Limited** British Virgin Islands: Manufacture and sale of seasonings, packaged foods, etc.
Ajinomoto Foods Egypt S.A.E.			10.18										🟫 **Ajinomoto Foods Egypt S.A.E.** Egypt: Sale of *AJI-NO-MOTO*®
Ajinomoto Poland Sp. z o.o.													🟦 **Ajinomoto Poland Sp. z o.o.** Poland: Manufacture and sale of seasonings, instant noodles, etc.
WAN THAI FOODS INDUSTRY CO., LTD.													🟦 **WAN THAI FOODS INDUSTRY CO., LTD.** Thailand: Manufacture and sale of instant noodles, retort-pack foods, etc.
YATHAR CHO CO., LTD. (7)													🟨 **YATHAR CHO CO., LTD.** Myanmar: Manufacture and sale of instant noodles
Convenience Foods International Ltd.													🟦 **Convenience Foods International Ltd.** China: Manufacture and sale of frozen foods
Ajinomoto Frozen Foods (Thailand) Co., Ltd.													🟦 **Ajinomoto Frozen Foods (Thailand) Co., Ltd.** Thailand: Manufacture and sale of frozen foods
Ajinomoto Betagro Frozen Foods (Thailand) Co., Ltd.													🟦 **Ajinomoto Betagro Frozen Foods (Thailand) Co., Ltd.** Thailand: Manufacture and sale of chicken-based frozen foods
Ajinomoto Betagro Specialty Foods Co., Ltd.													🟦 **Ajinomoto Betagro Specialty Foods Co., Ltd.** Thailand: Manufacture and sale of pork-based frozen foods
LIANYUNGANG AJINOMOTO RUYI FOODS CO., LTD.													🟦 **LIANYUNGANG AJINOMOTO RUYI FOODS CO., LTD.** China: Manufacture and sale of frozen foods
Lianyungang Ajinomoto Frozen Foods Co., Ltd.													🟦 **Lianyungang Ajinomoto Frozen Foods Co., Ltd.** China: Manufacture and sale of frozen foods
Xiamen Ajinomoto Life Ideal Foods Co., Ltd													🟦 **Xiamen Ajinomoto Life Ideal Foods Co., Ltd** China: Manufacture and sale of frozen vegetables and vegetable-based ingredients
Ajinomoto Jawo Sp. z o.o.						10.3							🟫 **Ajinomoto Jawo Sp. z o.o.** Poland: Development and manufacturing of frozen foods
Ajinomoto Frozen Foods U.S.A., Inc.						9.10 Contract concluded *1	4.1 Renamed Ajinomoto Windsor, Inc.			4.1 Renamed Ajinomoto Foods North America, Inc.			🟦 **Ajinomoto Foods North America, Inc.** USA: Manufacture and sale of seasonings and frozen foods
Ajinomoto Toyo Frozen Noodles Inc.							4.22						🟫 **Ajinomoto Toyo Frozen Noodles Inc.** USA: Manufacture of frozen noodles
									11.2 Contract concluded *2 Renamed LTS	4.1 Renamed Ajinomoto Frozen Foods France S.A.S.			🟦 **Ajinomoto Frozen Foods France S.A.S.** France: Manufacture and sale of frozen foods
OOO“AJINOMOTO”													🟫 **OOO“AJINOMOTO”** Russia: Sale of seasonings, frozen foods, etc.
Shanghai ABPan Co., Ltd.			7. Joint venture established										🟩 **Shanghai ABPan Co., Ltd.** China: Manufacture and sale of frozen bread dough
AJINOMOTO FOODS EUROPE SAS													🟦 **AJINOMOTO FOODS EUROPE SAS** France: Manufacture and sale of MSG, sale of seasonings
											8.20 Contract concluded *3		🟦 **More Than Gourmet, Inc.** USA: Manufacture and sale of liquid seasonings

*1 Concluded an equity purchase agreement based on an agreement to acquire Windsor Quality Holdings, LP in the U.S.; acquisition completed in November of the same year.
*2 Acquired LABEYRIE TRAITRUR SURGELES S.A.S, a French company that manufactures and sells frozen foods.
*3 Acquired the 50.1% share in the U.S.'s liquid seasonings manufacturer More Than Gourmet Holdings, Inc.

(3) History of group companies overseas



🟦 Consolidated subsidiaries 🟧 Equity method affiliates 🟩 Equity method joint ventures 🟨 Non-equity method affiliates 🟫 Non-equity method non-consolidated affiliates ⬜ Other business

Name in 2009	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	April 1, 2020 (current)	Company names and classifications of consolidation Businesses
							Kenney ＆ Ross, Limited 7.29 Contract concluded						🟫 **Kenney & Ross, Limited** Canada: Manufacture and sale of gelatin and collagen products
AJINOMOTO (HONG KONG) CO., LTD.													🟦 **AJINOMOTO (HONG KONG) CO., LTD.** China: Import, sale, and brokerage of the Group products
Ajinomoto Heartland, INC.										4.1 Renamed Ajinomoto Animal Nutrition North America, Inc.			🟦 **Ajinomoto Animal Nutrition North America, Inc.** USA: Manufacture and sale of amino acids for animal feed
AJINOMOTO EUROLYSINE S.A.S.										10.31 Renamed AJINOMOTO ANIMAL NUTRITION EUROPE S.A.S.			🟦 **AJINOMOTO ANIMAL NUTRITION EUROPE S.A.S.** France: Manufacture and sale of amino acids for animal feed and its by-products
					Ajinomoto Animal Nutrition (Singapore) Pte. Ltd. 4.1								🟦 **Ajinomoto Animal Nutrition (Singapore) Pte. Ltd.** Singapore: Sale of animal nutrition related products
Ajinomoto Biolatina Indústria e Comércio Ltda.	(Merged Ajinomoto Interamericana Indústria e Comércio Ltda.)	10. Renamed AJINOMOTO DO BRASIL INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA.						4. Became independent as AJINOMOTO ANIMAL NUTRITION DO BRASIL INDÚSTRIA E COMÉRCIO LTDA.			4.1 (Absorbed into AJINOMOTO DO BRASIL INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA.)		
AJITRADE (THAILAND) CO., LTD. (8)													🟫 **AJITRADE (THAILAND) CO., LTD.** Thailand: Import-export agent and sale of seasonings, amino acids, etc.
AJINOMOTO EUROPE S.A.S. (9)													🟫 **AJINOMOTO EUROPE S.A.S.** France: Provision of services to the Group Companies in Europe
Ajinomoto U.S.A., Inc.			11.1 Renamed Ajinomoto North America, Inc.				4.1 Renamed Ajinomoto North America Holdings, Inc.						🟦 **Ajinomoto North America Holdings, Inc.** USA: AFN and AHN holding company *4
							Ajinomoto North America, Inc. 4.1			4.1 Renamed Ajinomoto Health & Nutrition North America, Inc.			🟦 **Ajinomoto Health & Nutrition North America, Inc.** USA: Manufacture and sale of amino acids and bulk foods
Ajinomoto (China) Co., Ltd.													🟦 **Ajinomoto (China) Co., Ltd.** China: Investment, consultation and sale of feed additives
SHANGHAI AJINOMOTO AMINO ACID CO., LTD.													🟦 **SHANGHAI AJINOMOTO AMINO ACID CO., LTD.** China: Manufacture and sale of pharmaceutical amino acids
										Shanghai Ajinomoto Trading Co., Ltd. 8.23			🟦 **Shanghai Ajinomoto Trading Co., Ltd.** China: Import, export and domestic sale of amino acids
				Ajinomoto Genexine Co., Ltd. 11.									🟦 **Ajinomoto Genexine Co., Ltd.** Korea: Manufacture and sale of culture mediums
									11.9 Contract concluded		4.1 Renamed Ajinomoto Cambrooke, Inc.		🟦 **Ajinomoto Cambrooke, Inc.** USA: Development, manufacture and sale of medical food products
									Cambrooke International Ltd. 11.9 Contract concluded *5				🟦 **Cambrooke International Ltd.** Cyprus: Sales base for medical food products in Europe
									Quaris S.r.l 11.9 Contract concluded *6				🟦 **Quaris S.r.l** Italy: Logistics base for medical food products in Europe
							Ajinomoto Fine-Techno USA Corporation 1. Established	4.1 Commenced operations					🟫 **Ajinomoto Fine-Techno USA Corporation** USA: Import, export and sale of electronic and functional materials
TAISO COMMERCE INC.													🟦 **TAISO COMMERCE INC.** Taiwan: Sale and export of AminoScience Division products, etc.
											Ajinomoto Sanghai Specialty Chemicals Co., Ltd 12.10		🟦 **Ajinomoto Sanghai Specialty Chemicals Co., Ltd** China: Sale of electronic materials and information collection, etc.
					PT Lautan Ajinomoto Fine Ingredients 2.15								🟫 **PT Lautan Ajinomoto Fine Ingredients** Indonesia: Manufacture of cosmetic raw materials
S.A. Ajinomoto OMNICHEM N.V.													🟦 **S.A. Ajinomoto OMNICHEM N.V.** Belgium: Manufacture and sale of pharmaceutical raw materials, etc.

*4 AFNA: Ajinomoto Foods North America, Inc., AHN: Ajinomoto Health & Nutrition North America, Inc.

*5 Has acted as the logistics base when selling medical food products manufactured by Cambrooke Therapeutics Inc. in Europe. Headquarters in Cyprus, fully owned by Cambrooke Therapeutics Inc.

*6 Has acted as the European sales base for medical foods manufactured by Cambrooke Therapeutics Inc., fully owned by Cambrooke Therapeutics Inc. Headquarters in Milan, Italy.

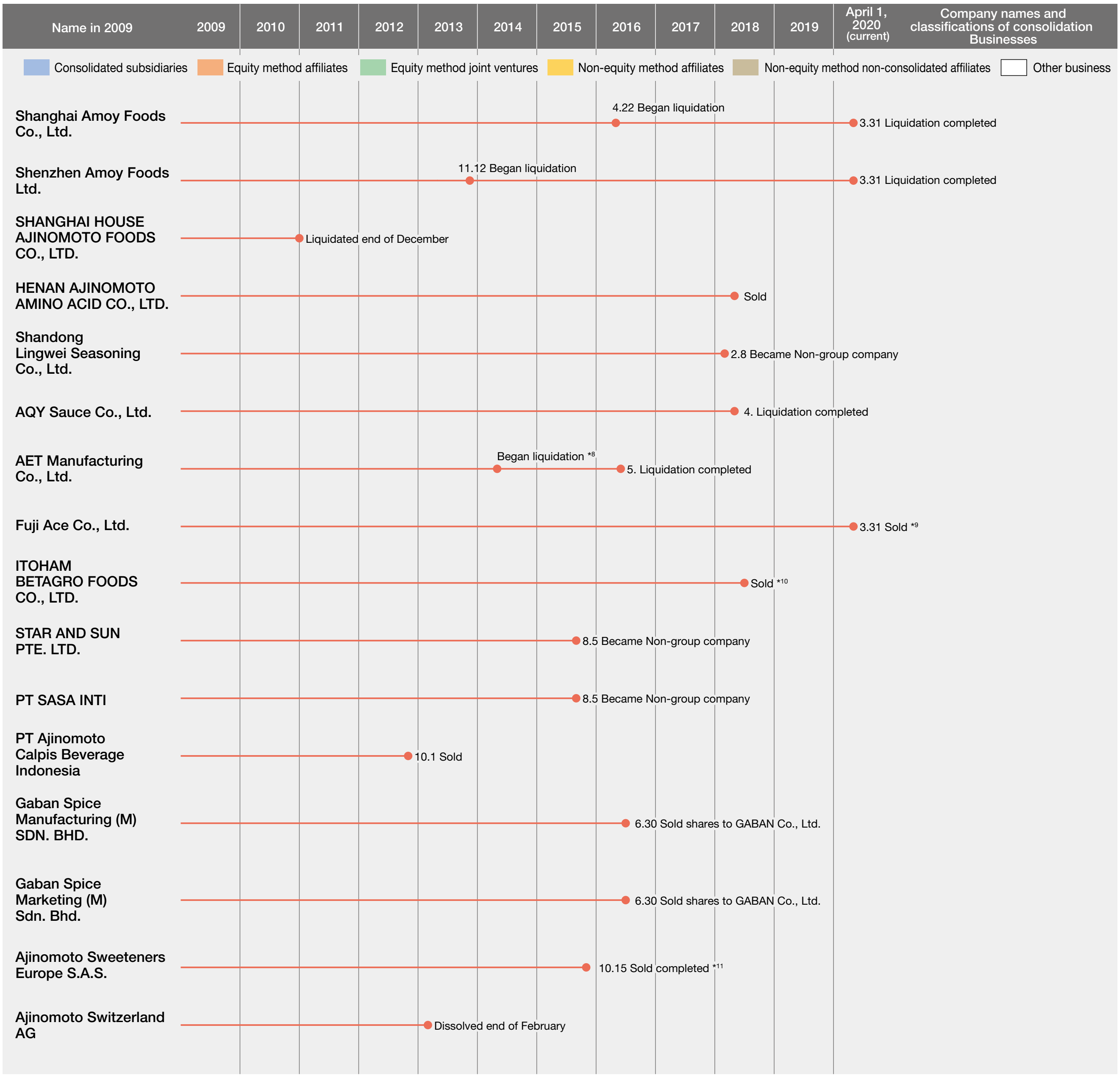
(3) History of group companies overseas

🟦 Consolidated subsidiaries 🟧 Equity method affiliates 🟩 Equity method joint ventures 🟨 Non-equity method affiliates 🟫 Non-equity method non-consolidated affiliates ⬜ Other business

Name in 2009	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	April 1, 2020 (current)	Company names and classifications of consolidation Businesses
									Agro2Agri, S.L. 10.3 Contract concluded				🟦 **Agro2Agri, S.L.** Spain: Manufacture and sale of amino acid-based agricultural raw materials
									DADELOS AGROSOLUTIONS, S.L. 10.3 Contract concluded				🟦 **DADELOS AGROSOLUTIONS, S.L.** Spain: Manufacture and sale of amino acid-based agricultural raw materials
									AGRITECNO FERTILIZANTES, S.L. 10.3 Contract concluded				🟦 **AGRITECNO FERTILIZANTES, S.L.** Spain: Manufacture and sale of amino acid-based agricultural raw materials
									AGRIGENTUM 3, S.L.U. 10.3 Contract concluded				🟦 **AGRIGENTUM 3, S.L.U.** Spain: Manufacture and sale of amino acid-based agricultural raw materials
									AGRITECNO EAST AFRICA 10.3 Contract concluded				🟦 **AGRITECNO EAST AFRICA** Kenya: Manufacture and sale of amino acid-based agricultural raw materials
									AGRITECNO WEST AFRICA 10.3 Contract concluded				🟦 **AGRITECNO WEST AFRICA** Cote d'Ivoire: Manufacture and sale of amino acid-based agricultural raw materials
									AgriTecno (Shanghai) Trading Co., Ltd. 10.3 Contract concluded				🟦 **AgriTecno (Shanghai) Trading Co., Ltd.** China: Manufacture and sale of amino acid-based agricultural raw materials
									OOO AGRITECNO 10.3 Contract concluded				🟦 **OOO AGRITECNO** Russia: Manufacture and sale of amino acid-based agricultural raw materials
									AGRITECNO USA LLC 10.3 Contract concluded	12. Closed			
									AGRITECNO MX FERTILIZANTES, SOCIEDAD ANONIMA DE CV 10.3 Contract concluded		8. Closed		
									AGRITECNO COLOMBIA EMPRESA UNIPERSONAL 10.3 Contract concluded				🟦 **AGRITECNO COLOMBIA EMPRESA UNIPERSONAL** Columbia: Manufacture and sale of amino acid-based agricultural raw materials
			Granules OmniChem Private Limited 9.2										🟫 **Granules OmniChem Private Limited** India: Manufacture of intermediate pharmaceuticals and active ingredients[*7]
					Ajinomoto Althea, Inc. 4.5 Contract concluded								🟦 **Ajinomoto Althea, Inc.** USA: Biopharmaceutical CDMO
AJINOMOTO ENGINEERING 2001 (THAILAND) CO.,LTD. (10)													🟫 **AJINOMOTO ENGINEERING 2001 (THAILAND) CO.,LTD.** Thailand: Engineering and equipment sales
ZAO "AJINOMOTO-GENETIKA Research Institute"													🟦 **ZAO "AJINOMOTO-GENETIKA Research Institute"** Russia: R&D for microorganisms to produce amino acid and nucleic acid
TAIWAN CALPIS CO., LTD.				10.1 Sold									
Amoy North America, Inc.							4.1 (Consolidated with Ajinomoto Windsor, Inc.)						
Calpis U.S.A., Inc.				10.1 Sold									
			AJIMEX SERVICIOS S.A. DE C.V. 12.1									3.31 Closed	
AJINOMOTO EMPREENDIMENTOS E PARTICIPACOES LTDA.										11. Liquidated			
Nissin-Ajinomoto Alimentos Ltda.							10.30 Sold						
Ajimpex, S.A.													🟫 **Ajimpex, S.A.** Panama: Import, export, and brokered trade of the Group Companies products
Amoy Food Ltd.										11.19 Contract concluded		4.1 Stock transferred	

*7 Approved on June 2, 2020 by the Indian government as a fully owned subsidiary (Company name: Ajinomoto Bio-Pharma Services India Private Limited).

(3) History of group companies overseas



*8 Resolution made to dissolve on March 31, 2015

*9 Agreed to conclude an agreement to transfer all shares of Fuji Ace Co., Ltd. (51% ownership) to Fuji Seal International, Inc.

*10 Transfer of shares approved on August 29, 2018.

*11 Transferred all outstanding shares to HYET Holding B.V., a holding company belonging to HYET Sweet B.V., a Dutch company that imports and sells sweeteners (sale completed on October 15, 2015). Ajinomoto Sweeteners Europe S.A.S. was established on November 27, 1991.

Timeline

5. Timeline

■ Primary management	■ Business activities in Japan	
	■ Business related	■ Product related
2009		
1.9 Announced non-operating expenses of 10 billion yen in Brazil 4.— Commenced a bonito tagging survey with the Fisheries Research Agency 5.11 Opened the Ajinomoto National Training Center in Tokyo. Agreed with the Japanese Olympic Committee to acquire the naming rights 6.26 Masatoshi Ito appointed President & CEO of Ajinomoto Co., Inc. 7.31 Published its CSR report 8.25 Recruitment for the "Food and Health" international support program 9.17 J-OIL MILLS, INC. published its 2009 CSR Report	5.11 Launched *MediMill®* and *AminoCare®* and started nutritional care business 7.24 Acquired manufacturing and marketing rights for pharmaceuticals to treat osteoporosis from Procter & Gamble (P&G) 10.1 Ajinomoto Co., Inc. and Calpis Co., Ltd.'s gift business integrated	2.19 Ajinomoto Frozen Foods Co., Inc. updated items like *Gyoza*, creating new value by making them even more delicious, safe, and secure 2.23 Launched *Kobuuma*, an umami seasoning made with kelp 2.23 Launched *amino VITAL® Water* 6.15 Launched the *Ajinomoto KK Asiamen* series 7.7 Launched *Black Tea Polyphenol*, a Health Fundamental Food 8.17 Launched *GABAN® Spice Dressing* 8.24 Launched *No-Mikata®* 8.24 Launched a Japanese, Western, and Chinese soup stocks with 30% less salt 8.24 *PAL SWEET®* was completely updated for the 25th anniversary of its launch 8.24 Launched *SUPER Citric Acid*, a powdered beverage containing citric and amino acids 8.— Launched a new and improved *Knorr® Cup Soup* variety 10.22 *amino VITAL®* recalled due to violation of usage standards stipulated by the Food Sanitation Act
2010		
1.28 Released a new corporate slogan: "Eat Well, Live Well." 1.28 Ghana Project (A social business developed with Royal DSM N.V. of the Netherlands) 2.22 Environmental Report won the 13th Environmental Communication Awards prize 4.1 Transitioned from a virtual company system to a business headquarters system 4.1 Established AJINOMOTO PHARMACEUTICALS CO., LTD. 6.23 Sumikazu Umeda became President & CEO of J-OIL MILLS, INC. 10.25 Commenced joint research with the United States Department of Agriculture (USDA) to solve the problem of obesity by focusing on the satiety delivered by Umami	3.10 Tokai Plant was subject to administrative dispositions and guidance regarding manufacturing equipment 5.18 Sales partnership with between Ajinomoto General Foods, Inc. and Starbucks Coffee Japan, Ltd. for coffee products for home use 9.24 Signed official sponsorship agreement with Japan Swimming Federation 10.1 Dashi Cafe opened in Yurakucho, Tokyo	2.18 Ajinomoto Frozen Foods Co., Inc. launches *Just Bake It Bakery* series 2.22 Launched *Knorr® Cup Soup cold* series 2.22 New variety launch and full update of *Pasta Do®* 2.— Launched *Blendy® Stick Cafe Au Lait* by Ajinomoto General Foods, Inc. 4.5 Launched *amino VITAL® Capsi* 8.20 Ajinomoto Frozen Foods Co., Inc. launches *Agezuni Sakutto-san* and the *Puchi Cake* series 8.24 Launched powdered *AquaSolita®*
2011		
3.14 The Ajinomoto Group provided a relief fund of 200 million yen and its products worth of 130 million yen in response to the Great East Japan Earthquake 6.15 J-OIL MILLS, INC. invested in FUJI OIL (THAILAND) CO., LTD. 7.19 Finalized repurchase of own stocks (5.5 million shares, 5.5 billion yen) 9.1 Established Ajinomoto Animal Nutrition Group, Inc. 9.30 Rated Global No. 1 in food products for 2 consecutive quarters by the U.S.'s Patent Board, Ltd. in an overall assessment of technological capability 11.24 Announced 30 million yen in support for those affected by Thailand flooding	3.1 Commenced outsourcing production of feed grade Threonine to FUFENG GROUP LTD. in China 4.— Commenced business with *AminoIndex® Cancer Risk Screening* (*AICS®*) 6.13 Concluded a joint venture agreement for frozen bread dough in Shanghai, China 9.8 An article on *AminoIndex® Cancer Risk Screening* (*AICS®*) published in the academic journal PLOS ONE 9.14 Generic drug patent infringement lawsuit concerning the osteoporosis pharmaceutical *Actonel®* 12.1 Received the Minister of the Environment Award for the Kawasaki Plant's "Efforts to utilize Humus (residue of defatted soybeans generated in the process of manufacturing liquid seasonings)"	1.6 Ajinomoto Frozen Foods Co., Inc. announced the start of development of the Ajina Eco logo 1.14 Launched *Puru Puru Amino* and *Collagen*, a Health Fundamental Food 1.— J-OIL MILLS, INC. launched *Rama Soft Low Sodium* 2.21 Launched *Hiyashi Dashi-Gayu* and *Toromi Okoku Vegetable Stir Fry* 6.15 Launched *AquaBalance*, a Health Fundamental Food Launched the *Knorr® Soup DELI®* series 8.22 Ajinomoto General Foods, Inc. launched *Blendy®* 8.— *Stick Cocoa Au Lait* Ajinomoto Frozen Foods Co., Inc.'s *Gyoza* became 9.4 their single best-selling item for 8 consecutive years. Launched an updated product for the Gyoza World campaign J-OIL MILLS, INC. launched *Rama Margarine For* 9.— *Butter Lovers*
2012		
3.27 Commenced joint procurement of coated paper board packaging from overseas with Ezaki Glico Co., Ltd. and House Foods Corp. 4.1 Concluded a strategic business alliance agreement for IT services with Nomura Research Institute, Ltd. and established NRI System Techno, Ltd. 5.29 Health solutions business tie-up with Kao Corporation (33.4% investment in Healthcare Committee Inc.) 5.31 Concluded a memorandum of understanding for a project improving nutrition of weaned children in Ghana with U.S. ID and JICA 7.25 Launched *AJINOMOTO® Park*, an interactive food community site 7.27 Confirmed the carbon footprints (CFP) value of 8 products including amino acid related products 8.6 Concluded a memorandum of understanding with Vietnam National University, Hanoi to establish an endowed chair for teacher training course for nutritionists 10.1 Sold all shares of Calpis Co., Ltd. to Asahi Group Holdings, Ltd.	2.13 Concluded an agreement for the joint development of bio-based nylons with Toray Industries, Inc. 2.23 Applied for approval permitting domestic manufacture and sale of *MOVIPREP®*, a new oral intestinal cleanser 3.28 Added frozen foods to the JOC Gold Partner program 4.16 Expanded application of the *AminoIndex® Cancer Risk Screening* (*AICS®*) to include gynecologic cancer 4.— Introduced a new wastewater treatment facility at the Kawasaki Plant and achieved one fifteenth of the legal limit 5.3 Acquired naming rights for Ajinomoto Field Nishigaoka 5.23 Ajinomoto Frozen Foods Co., Inc. rebuilt the Kanto Factory 1st Building 5.31 Concluded a contract with Bridgestone Corporation for joint development biomass-derived synthetic rubber 9.15 Presentation about the effects of high leucine essential amino acid mixtures on early recovery from muscle fatigue at the Japanese Society of Physical Fitness and Sports Medicine 11.7 Full-scale introduction of resource-saving fermentation technologies for animal feed grade amino acids 11.8 Confirmed the effects of the alanine and proline enriched carbohydrate compounds on increasing endurance 12.25 AJINOMOTO PHARMACETUCALS CO., LTD. established AY PHARMACETUCALS CO., LTD. with Yoshindo Inc.	2.19 Ajinomoto Frozen Foods Co., Inc. launched *Mochimochi Thick-Wrap Boiled Gyoza*, a natural thawing product in response to changes in the bento boxed lunch making market 2.20 Launched *Knorr® Gochiso Soup Pasta* 2.20 Launched *amino VITAL® Perfect Energy* 3.29 Launched *amino VITAL® Amino Protein* 4.12 *amino VITAL® GOLD* supplied to JOC teams 8.20 Ajinomoto Frozen Foods Co., Inc. further improved the quality of *Gyoza* 8.20 Launched *Nabe Cube®* nationwide 8.20 Launched *Pure Select® Kokuuma® Calorie 65% Cut* 8.20 Launched *Cook Do® Kyo-no Ohzara®* 8.27 Launched *amino VITAL® GOLD*

Overseas operations		What was happening in society
Business related	Product related	
2009		
3.6 Established ITOHAM BETAGRO FOODS CO., LTD. in Thailand (joint venture between ITOHAM FOODS INC., BETAGRO PUBLIC CO., LTD. and Hoei Bussan Co., Ltd.) 3.26 AJINOMOTO CO. (THAILAND) LTD., began operating a biomass boiler at the Kamphaeng Phet Plant, aiming to reduce CO_2 3.— Sold all shares of AJINOMOTO BIOITALIA S.p.A.		1.15 U.S. plane crash led to the ‘Miracle on the Hudson River’ 3.— Huge deficits in electronics, automobiles, etc. due to the global recession. Large staff lay-offs. 4.1 Meiji Seika Kaisha, Ltd. and Meiji Dairies Corporation merged to form the holding company Meiji Holdings Co., Ltd. 5.— New influenza strain, first infections in Japan 6.— In the U.S., the automakers General Motors (GM) and Chrysler collapsed 8. 3 The lay judge system was introduced in Japan and the first trial held at Tokyo District Court 9.1 Consumer Affairs Agency launched 9.— The Democratic Party of Japan took control of government (Yukio Hatoyama Cabinet) 11.— Business review (the DPJ government held a conference on administrative reform)
2010		
11.4 AJINOMOTO CO. (THAILAND) LTD. announced construction of its umami seasonings plant		1. 4 World’s tallest skyscraper completed in Dubai, United Arab Emirates 2.12 Vancouver Winter Olympics held 5.— Apple Inc. in the U.S. launched the iPad 6.13 The asteroid probe Hayabusa returned after 7 years 9.15 The Collision Incident with Chinese Boat occurred in the Senkaku Islands 12.4 Full JR Tohoku Shinkansen line opened
2011		
7.13 European businesses integrated into Ajinomoto Food Europe S.A.S. 7.14 Established Granules OmniChem Private Limited, a joint venture company for intermediate pharmaceuticals in India 7.— Established Ajinomoto Istanbul Food Sales Ltd. 8.— Established AJINOMOTO BANGLADESH LIMITED 10.— Established Ajinomoto Foods Egypt S.A.E. 12.— Established AJINOMOTO AFRIQUE DE L’OUEST S.A.	11.— AJINOMOTO CO. (THAILAND) LTD. launched *RosDee® Menu*, flavor seasonings that make creating spicy dishes easy	3.11 The Great East Japan Earthquake and the Fukushima Daiichi nuclear power plant disaster occurred 3.12 Full JR Kyushu Shinkansen line opened 3.15 Tokyo Electric Power Company Holdings, Inc. commenced planned blackouts 7.17 Japan won the FIFA Women’s World Cup for the first time (held in Germany) 7.— Extensive flooding occurred in Thailand, causing prolonged damage 10.26 All Nippon Airways Co., Ltd. (ANA) operated the first commercial flight of its Boeing 787
2012		
2.29 ZAO “AJINOMOTO-GENETIKA Research Institute” (AGRI) received the Russia’s National Award in Science and Technology for 2011 9.— PT AJINOMOTO INDONESIA made a capital investment for increased production of *Masako®* 10.1 Established PT LAUTAN AJINOMOTO FINE INGREDIENTS, an Indonesian joint venture company for Personal Care Ingredients 11.15 Established Ajinomoto Genexine Co., Ltd., a joint venture company in South Korea to produce media for biopharmaceutical manufacturing 11.— Nissin-Ajinomoto Alimentos Ltda. began operating a new plant in northeastern Brazil	4.— PT AJINOMOTO INDONESIA launched *Mayumi®* mayonnaise	5.22 Tokyo Sky Tree opened 7.27 London Olympics held from July 27 to August 12 8.— Law enacted increasing the consumption tax 10.1 The U.S. military’s Osprey aircraft deployed at MCAS Futenma in Okinawa 12.1 Professor Shinya Yamanaka of Kyoto University was awarded the Nobel Prize in Physiology or Medicine 12.16 The Liberal Democratic Party came to power with a landslide victory in the House of Representatives election. The coalition government of LDP and Komeito (Shinzo Abe’s cabinet) was inaugurated.

■ Primary management	■ Business activities in Japan	
	■ Business related	■ Product related
2013		
1.7 Concluded a contract with JOC for 2013 to 2016 2.28 J-OIL MILLS, INC. concluded a business alliance agreement with Tsuji Oil Mills Co., Ltd. 4.5 Finalized acquisition of all shares of Althea Technologies, Inc. 4.17 Received Intellectual Property Achievement Award from the Ministry of Economy, Trade and Industry and the Japan Patent Office 6.28 Confirmed increase in dividend on retained earnings (8 yen to 10 yen) 10.22 Conducted global environmental cleanup activities with the Smile Earth! program 10.30 Contract for the naming rights of *AJINOMOTO STADIUM* renewed 11.5 Acquired 50% share in Turkey's Kükre A.Ş. 11.14 Donation of 10 million yen in aid for typhoon damage in the Philippines 12.18 Agreed to establish a joint venture instant noodle business in North America, Nigeria and India with Toyo Suisan Kaisha, Ltd.	2.20 Concluded a supplier contract with the J League's F.C.TOKYO 7.4 Presented the mechanism of cystine and theanine at the Japan Society for Surgical Metabolism and Nutrition (July 4 and 5) 7.12 Published the *Kachimeshi®* recipe book 9.18 Sale of *Cystine and Theanine* expanded to medical institutions 9.20 Brick and mortar shop *JINO®* at Yaesu Underground Shopping Mall opened 11.2 Presented research results on *Amino L40®* for improving muscle synthesis in seniors at the Japanese Society for Amino Acid Sciences Academic Conference	2.18 Ajinomoto Frozen Foods Co., Inc. launched *Double Wrapped Shumai, Double Fried Rice*, etc. 2.— Ajinomoto General Foods, Inc. launched *Blendy® Stick Tea Heart* 2.— Ajinomoto Frozen Foods Co., Inc. improved the manufacturing methods of *Yawaraka Wakadori Kara-Age* (fried chicken) by double frying 4.12 Voluntary recall for *Pasta Do® for Arrabbiata sauce* 8.20 Ajinomoto Frozen Foods Co., Inc. launched *Yoshokutei®* Hamburg 11.20 Launched *Amino Aile®*
2014		
4.1 J-OIL MILLS, INC. and YAMAKI Co., Ltd. opened "Dashi x Oil," a special site 4.3 Concluded a joint venture agreement with Toyo Suisan Kaisha, Ltd. in India and Nigeria 6.19 Concluded a joint venture agreement with Toyo Suisan Kaisha, Ltd. in the U.S. 8.19 Joint implementation of the Ghana Project with the United Nations World Food Programme 8.— Installed a production line for commercial use products at AGF Suzuka, Inc. 11.5 Finalized acquisition of all shares in Windsor Quality Holdings, LP in the U.S.	2.13 Successfully developed *StemFit® AK03* 3.24 Established a manufacturing process for tyrosine by fermentation method 5.17 .21 Obtained approval for *ADVANTAME* as a food additive in Europe and the U.S. 5.30 - 6.1 Presentation on the method for detecting high-risk population for lifestyle-related disease using *AICS®* technology at Japan Society of Nutrition and Food Science 5.— Began operation of a new logistics center in Kuki City, Saitama 6.16 *ADVANTAME* designated as a food additive in Japan 8.8 Glutamyl-Valyl-Glycine designated as a food additive in Japan 9.25 Presented *AICS®* for its expanded application to pancreatic cancer at the annual meeting of the Japanese Cancer Association	1.4 Revised selling price and package size of *HON-DASHI®* 2.3 Launched *Toss Sala®* 2.20 Ajinomoto Frozen Foods Co., Inc. launched natural thawing cooked rice, etc. 3.17 Launched *AminoCare® Jelly Leucine 40* 4.1 Launched *JINO® AminoFine* series 5.19 Launched *AquaSolita®* bottled drinks 8.11 Launched *PAL SWEET® Biorigo®*, a Food for Specified Health Uses 8.22 Launched a *Knorr®Cup Soup* series with 40% less salt
2015		
2.2 Six food companies in Japan agreed to build a logistics platform 4.— Acquired all shares of Ajinomoto General Foods, Inc. held by Mondelēz International, Inc. in the U.S. 5.7 Completed the Kawasaki Plant tour facility 6.19 Takaaki Nishii replaced Masatoshi Ito as President & CEO of Ajinomoto Co., Inc. 6.23 Fuminao Hachiuma became president of J-OIL MILLS, INC. 8.18 Commenced a business partnership with T. HASEGAWA CO., LTD. working on natural flavors by fermentation process 10.15 Sold all shares of our aspartame manufacturing and sales company in France 10.30 Sold instant noodle joint venture in Brazil to NISSIN FOODS HOLDINGS CO., LTD. 12.7 Concluded an official partner contract with the Japanese Para-Sports Association	10.1 Launched *StemFit® AK02N* in Japan 12.— Ceased production of MSG in Japan	8.20 Launched *Cook Do® Okazu Gohan* 8.21 Launched *Knorr® Cup Soup Premium* 8.21 *Glyna®* acquired a qualification for a Food with Functional Claims (FFC) 8.— Ajinomoto General Foods, Inc. launched *Blendy® Stick Cafe Au Lait Yasuragi Caffeineless, Blendy® Stick Almond Milk Cocoa,* and *Blendy® Stick Aroma Caramel Tea Au Lait* 8.— Ajinomoto Frozen Foods Co., Inc. launched *The ★® Chahan* 10.31 Launched *Knorr® Zeitaku Vegetables*, only available through a proprietary website for direct sales
2016		
3.28 Concluded an official partner agreement for the Tokyo Olympic & Paralympic 4.1 Integrated gift business with Ajinomoto General Foods, Inc. 4.1 Established EA Pharma Co., Ltd. and transferred pharmaceutical business 4.1 Six food companies in Japan commenced joint shipping in Hokkaido 4.1 Changed number of share units 4.21 Provided a donation worth of 24 million yen in support for the Kumamoto earthquakes 6.30 Sold all shares of GABAN Co., Ltd. to House Foods Corp. 7.28 Commenced applying International Financial Reporting Standards (IFRS) 10.14 Commenced production and sales at a joint venture company with Toyo Suisan Kaisha, Ltd. in India. Dissolved joint venture in Nigeria 10.31 Completed purchase of all trademarks for lines including *MAXIM®* and *Blendy®* for which Ajinomoto General Foods, Inc. is a licensee 11.8 Acquired 33.33% share in Promasidor Holdings Limited 12.— Acquired all shares of GeneDesign, Inc.	2.8 Joint venture with Nippon Rika Co., Ltd. to strengthen production of L-cysteine hydrochloride 3.— Commenced Ajinomoto Co., Inc. and Mizkan Holdings Co., Ltd. joint round-trip rail transportation between Kanto and Kansai 4.1 Ajinomoto Fine-Techno Co., Inc. (AFT) established new U.S. base to strengthen its electronic materials business 4.28 Partial transfer of the medical food business to and sales tie-up with Nestlé Japan Ltd. 8.1 Started selling *StemFit® AK03N* for both iPS and ES cells in Japan 8.1 Filed lawsuits in Japan and Germany against CJ CheilJedang Corp. and three of its subsidiaries for infringement of an MSG process patent 11.3 Established Ajinomoto Mirai Co., Ltd., a new company that promotes the employment of people with disabilities	2.1 Launched *Oniku Yawaraka-no-Moto®* 2.1 Updated the *Cook Do®Arabikiniku-iri Mabo* series 8.— Updated *Knorr® Cup Soup* 12.— Ajinomoto Frozen Foods Co., Inc. launched *The ★® Shumai*

	Overseas operations		What was happening in society
	Business related	Product related	
2013	1.— AJINOMOTO BANGLADESH LIMITED began operating the Tongi packaging plant 4.1 Established AJINOMOTO ANIMAL NUTRITION (SINGAPORE) PTE. LTD. (AANS) 4.— AJINOMOTO AFRIQUE DE L'OUEST S.A. began operating its Yopougon Plant 6.— Ajinomoto Frozen Foods Co., Inc. began manufacturing *Gyoza* (Japanese-style dumplings) in Poland 7.15 Completion of the AJINOMOTO CO. (THAILAND) LTD. Ayutthaya Plant for integrated processes from MSG manufacturing to packaging 7.26 Patent infringement lawsuit brought against a competitor making lysine in Hong Kong. Won in October. 7.— AJINOMOTO CO. (THAILAND) LTD. completed facilities for increased production of its *Birdy®* beverage 8.— AJINOMOTO DO BRASIL INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA. made a capital investment for increasing production of the flavored seasoning *Sazon®* 10.— Completed a facility to increase production of amino acids for pharmaceuticals and foods in Shanghai	4.— Ajinomoto North America, Inc. launched *amino DEFENSE®* 11.— AJINOMOTO VIETNAM CO., LTD. launched *Birdy® 3in1*, instant coffee with coffee, powdered milk and sugar in a single pack	3.14 Xi Jinping chosen as president of China 3.15 Prime Minister Abe officially announced participation in TPP negotiations 4.4 Bank of Japan shifted to strong monetary-easing policy 4.— Shin Kabuki-za opened 4.— Abenomics commenced, yen weakened, and stocks rose due to monetary easing 6.22 Mt. Fuji registered as a World Heritage site 9.8 Determined that the 2020 Olympics would be held in Tokyo 12.5 "Washoku" traditional Japanese cuisine registered as UNESCO Intangible Cultural Heritage 12.6 Act on the Protection of Specially Designated Secrets passed
2014	3.— OOOAJINOMOTO expanded food business starting with frozen *Gyoza* 4.— PT LAUTAN AJINOMOTO FINE INGREDIENTS plant in Indonesia commenced operation 6.— PT AJINOMOTO INDONESIA completed expansion of a production line for liquid seasonings 7.— Established an office in Lahore, Pakistan 8.— Ajinomoto Genexin Co., Ltd. in South Korea plant commenced operation 11.— Ajinomoto Heartland, INC. commenced production of *AjiPro®-L*	5.— AJINOMOTO DO BRASIL INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA. launched *Satis!®*, an oil-free fried food seasoning 5.— AJINOMOTO (MALAYSIA) BERHAD launched *TUMIX®*, a flavor seasoning for making stewed items 6.— Ajinomoto North America, Inc. launched *CapsiAtra®* 6.— AJINOMOTO PHILIPPINES CORPORATION launched the flavor seasoning *PORKSAVOR®*	3.27 Hakamada Case set to be retried 3.31 Boeing jumbo jet retired 4.1 Consumption tax rate raised to 8% 4.16 MV Sewol sank in South Korean waters 6.22 Tomioka Silk Mill in Gunma registered as a World Cultural Heritage 8.8 WHO declared an emergency due to Ebola 9.19 The Chinese internet company Alibaba was listed on the NY Stock Exchange 9.21 Founding of the Innovation Party 10.10 17-year old Pakistani Malala Yousafzai received the Nobel Peace Prize for activities promoting educational opportunities for children and young people 12.15 The Liberal Democratic Party and Komeito won two thirds of all seats in the election for the House of Representatives election
2015	4.9 Ajinomoto Frozen Foods Co., Inc. entered a joint venture with Poland's Jawo sp. z o.o. (Ajinomoto Jawo Sp. z o.o.) and commenced manufacturing *Gyoza* (Japanese-style dumplings)	11.16 AJINOMOTO TAIWAN INC. launched three types of the *amino VITAL®* series	3.14 JR Hokuriku Shinkansen commenced operation between Tokyo and Kanazawa 4.22 The Nikkei Stock Average closed above 20,000 yen for the first time in 15 years 4.25 The Nepal earthquake resulted in approx. 9,000 deaths 6.17 Public Offices Election Act revised, providing voting rights to those 18 years old and over 7.20 The U.S. and Cuba re-established diplomatic relations for the first time in 54 years 9.25-27 United Nations adopted SDGs 9. - Enactment and promulgation of security legislation 10.5 TPP negotiations largely agreed upon 11.13 Multiple terrorist attacks in Paris by ISIL 11.30 21st Conference of the Parties of the United Nations Framework Convention on Climate Change (COP21) held —.— World Expo held in Milan from May to October, with a theme of food for the first time
2016	2.17 Established Myanmar Ajinomoto Foods CO., LTD. 3.— AJINOMOTO CO. (THAILAND) LTD. commenced operation of a cogeneration boiler 5.10 Filed a lawsuit in the U.S. and Europe against CJ CheilJedang Corp. and three of its subsidiaries for patent infringement of feed grade Trp making processes 5.— Completion of a feed grade Trp plant in France (low resource fermentation + flexible production) 7.— Established AJINOMOTO LAKSON PAKISTAN (PRIVATE) LTD., a joint venture with the Pakistan's Lakson Group 8.— Frozen bread factory commenced operation in Indonesia 9.29 Won a 2013 patent infringement lawsuit in the Netherlands for a lysine manufacturing process against the Global Bio-Chem Technology Group Company Limited and its subsidiaries 10.— Ajinomoto Toyo Frozen Noodles Inc. in the U.S. began selling noodle products	5.— AJINOMOTO VIETNAM CO., LTD. launched *Banh Ran* pancake mix 6.20 AJINOMOTO DEL PERÚ S.A. launched cup noodles 9.1 AJINOMOTO DO BRASIL INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA. launched *amino VITAL®GOLD* 10.— AJINOMOTO PHILIPPINES CORPORATION launched the oyster sauce *Sarsaya®*	3.26 JR Hokkaido Shinkansen commenced operation between Shin Aomori and Shin Hakodate-Hokuto Stations 4.1 Integrated the operations of processed meat manufacturers ITOHAM FOODS INC. and Yonekyu Corp. Inc. 4.14-16 Kumamoto earthquake occurred with a maximum seismic intensity of 7 on both days 5.26-27 42nd G7 Summit in Ise-Shima held. U.S. President Obama visited Hiroshima 6.24 The British EU referendum led to the victory of the Leave supporters 7.17 The National Museum of Western Art in Ueno, Tokyo was registered as a World Heritage Site 8.5-21 Rio de Janeiro Olympics held 8.8 His Majesty the Emperor revealed his intention to retire 10.8 Mount Aso erupted violently 11.9 Donald Trump won the U.S. presidential election 11.— Relocation of Tsukiji Market to Toyosu postponed (Governor of Tokyo: Koike) 12.27 Prime Minister Abe visited Hawaii's Pearl Harbor National Memorial

■ Primary management	■ Business activities in Japan	
	■ Business related	■ Product related
2017		
2.17 FY2017 - FY2019 Medium-Term Management Plan announced 3.1 Established F-LINE CORPORATION in Hokkaido 3.17 Ajinomoto General Foods, Inc. changed its name to Ajinomoto AGF, Inc. 3.22 Purchased Green Power Certificates for renewable energy produced domestically from sugarcane waste in Okinawa 4.1 The Ajinomoto Foundation certified as a public interest foundation 4.3 Established F-LINE CORPORATION in Kyushu 4.4 Completed acquisition of all shares in Örgen Gıda Sanayi ve Ticaret A.Ş. in Turkey 4.25 Established the joint venture Tsubame BHB Co., Ltd. to produce ammonia on-site 5.— A new packaging plant commenced operation in Kawasaki 8.17 Turkey's Kükre A.Ş. became a fully owned subsidiary 9.29 Announced reconstruction of seasonings and packaged foods production system in Japan 10.2 Announced Ajinomoto Group Global Brand Logo (AGB) 11.2 Finalized acquisition of all shares of LABEYRIE TRAITRUR SURGELES S.A.S, a French frozen food company 11.9 Finalized acquisition of all shares of Cambrooke Therapeutics Inc., a medical foods company in the U.S. 12.4 Announced integration of the R&D bases of four Japan-based Group companies 12.11 Announced Food and Amino Acid support at the Pyeong Chang Olympic & Paralympic	3.— Invested in Hinoman, Ltd. in Israel, which owns *Mankai*, and acquired exclusive sales rights in Japan 5.1 Renewed contract for the naming rights of Ajinomoto National Training Center and Ajinomoto Field Nishigaoka 6.15 New J-OIL MILLS, INC. Kurashiki Plant commenced operation 7.6 Ajinomoto Frozen Foods Co., Inc. updated corporate logo to "FRESH & FROZEN" 8.3 Concluded a manufacturing contract for feed grade Lysine and threonine with Meihua Holdings Group Co., Ltd. in China 10.12 Launched *AminoIndex® Risk Screening* (*AIRS*®)	1.17 Launched 3 types of *DogPartner®* 1.27 Launched *Mai Asa Histidine®*, a Food with Functional Claims (FFC) 1.— Ajinomoto Frozen Foods Co., Inc. launched *Onigiri Maru®* 2.20 Launched a *Knorr® Cup Soup made with cold milk* series 2.24 Launched *JINO® amino whitive serum* 2.— Ajinomoto General Foods, Inc. launched *Maxim® Black In Box* 8.21 Launched *amino VITAL® Amino Shot* 8.21 Launched a *Knorr® soup packed with protein* series 8.— Ajinomoto AGF, Inc. launched *Blendy® Stick* 8.— J-OIL MILLS, INC. launched *AJINOMOTO Olive & Lemon Flavored Oil* 11.2 Launched *Capsi®EX*, a Food with Functional Claims (FFC)
2018		
2.20 Established the *AjiPanda®* KIDS employee childcare center at Kawasaki Plant 5.22 Agreed to a joint venture with Kohjin Bio Co., Ltd. (founded in June) 6.1 Opened the Client Innovation Center (CIC) 9.20-21 World Umami Forum held in New York in the U.S.	4.1 Established the Solutions & Ingredients Dept. 10.23 Renewed the naming rights contract for *AJINOMOTO STADIUM* for five years, from March 1, 2019 to the end of February 2024 11.30 Kawasaki Plant announced the construction of a new facility for the manufacture of soup and other products (scheduled for completion in the first half of FY2021)	2.19 40th anniversary of the launch of the *Cook Do®* series. Launched noodle seasoning. 2.19 Launched *Knorr® vegetable soup for rice* 7.— Expiration date labeling including only the year and month (without dates) completed for home use products of seasonings and packaged foods 7.— Updated all products in the *Pure Select®* series 8.20 Launched *Knorr® Cup Soup Veggie Recipe®* 8.— Ajinomoto AGF, Inc. launched *Blendy® Stick Hojicha Au Lait* 8.— Ajinomoto Frozen Foods Co., Inc. launched *Ginger Gyoza*
2019		
1.— The five food manufacturers in Japan commenced joint shipping in Kyushu 4.1 Established Ajinomoto Food Manufacturing Co., Ltd. 4.1 Integrated the logistics functions of the five food manufacturers in Japan to establish F-LINE CORPORATION on a national scale 5.27 Announced support for the Task Force on Climate-related Financial Disclosures (TCFD) and participation in the TCFD Consortium 11.1 Agreed to establish a joint venture in April 2020 with Accenture Japan Ltd for the purpose of transforming Ajinomoto Co., Inc.'s operations	4.9 Received the Science and Technology Award in the development category from the Commendation for Science and Technology by the Minister of MEXT for *AminoIndex®* Technology in FY2019 4.— Stroke and myocardial infarction added to the *AminoIndex® Risk Screening* (*AIRS*®) 9.6 Announced the cancellation of the whole sales agency contract with the Kellogg, Co. on March 31, 2020 10.29 Announced that J-OIL MILLS, INC. and the Nisshin OilliO Group, Ltd. would enter into discussions to begin a business partnership involving oil extracting, joint delivery, etc.	2.18 Launched *HON-DASHI® Noko Dashi* and *Gu-tappuri Miso Soup* 2.18 Launched *Kaketechin ♪ Onsai Okazu* for microwaves 3.— J-OIL MILLS, INC. launched *AJINOMOTO Kara-Age no Hi-no-Abura* 3.— J-OIL MILLS, INC. launched *Rama Olive & Butter Flavor* 4.1 Selling price revised for Seto no *Honjio®*, *Aji-Shio®* and *YASASHIO®* 4.1 Selling price and volume of *Ajinomoto KK Consommé* and *Knorr® Consommé* revised 8.22 Launched *Knorr® Soup Grande®* 8.22 *amino VITAL® PRO* and *amino VITAL®* fully updated 8.— Ajinomoto AGF, Inc. launched *Blendy® Roasters &* 11.1 Selling price for *Cook Do®* Chinese and Korean mixed seasoning for home use revised
2020		
5.14 Announced introduction of the Ajinomoto Group Nutrient Profiling System for Products (ANPS-P) in 7 countries including Japan	3.— Launched *Steamy* for microwave oven cooking through general channels in Tokyo and 9 prefectures and a proprietary website for direct sales	

■ Overseas operations		■ What was happening in society
■ Business related	■ Product related	
2017		
3.— Myanmar Ajinomoto Foods CO., LTD. began construction on a plant to produce powdered beverages 5.— Ajinomoto Heartland, INC. increased production of feed grade Trp 7.— PT AJINOMOTO INDONESIA expanded production facilities for the flavor seasoning *Masako®* 8.— AJINOMOTO CO. (THAILAND) LTD. expanded production facilities for the flavor seasoning *RosDee®* 8.— Myanmar Ajinomoto Foods CO., LTD. commenced operation of its *AJI-NO-MOTO®* packaging plant 10.17 Acquired a majority share in Agro2Agri, S.L., an agricultural biostimulant manufacturer 12.21 Concluded a contract to establish a joint venture company producing powdered soup NONGSHIM CO., LTD. in South Korea 12.— PT AJINOMOTO INDONESIA enhanced production facilities for the menu-specific seasoning *Sajiku®*	8.— AJINOMOTO INDIA PRIVATE LIMITED launched the *Blendy®* powdered drink series	1.20 Inauguration of President Trump 6.— A highly poisonous invasive ant (Solenopsis invicta) found in Japan 9.3 North Korea conducted its sixth nuclear test. They conducted ballistic missile launches repeatedly. 10.— LDP victory in the House of Representatives election 12.6 Shogi master Habu Yoshiharu awarded the first ever Seventh Lifetime Title
2018		
7.— Ajinomoto Istanbul Food Sales Ltd., Kükre A.Ş. and Örgen Gıda Sanayi ve Ticaret A.Ş. were integrated and the company name changed to AJINOMOTO ISTANBUL FOOD INDUSTRY AND TRADE LTD. CO. 11.19 Concluded an agreement to sell all the shares of Hong Kong Amoy Foods Ltd. to CITIC Capital Holdings Limited's affiliate investment fund, and commenced a joint venture with the company 12.31 Recorded impairment loss related to investment in Ajinomoto Foods North America, Inc. and Promasidor Holdings Limited in the third quarter consolidated financial results		2.9-25 2018 Winter Olympics held in South Korea 3.18 Vladimir Putin re-elected president of Russia 4.27 Panmunjom Declaration between North and of South Korea, led by Moon Jae-in and Kim Jong Un 6.12 The U.S. and North Korea held a summit in Singapore and signed an accord 6.28-7.8 Heavy rainfall in western Japan (July 2018 Rainfall) 9.6 Hokkaido Eastern Iburi Earthquake (maximum seismic intensity 7) 9.28 Earthquake and tsunami in Indonesia left more than 2,000 dead 10.— Tokyo's Tsukiji Market closed after 83 years 12.31 The U.S. left the United Nations Educational, Scientific and Cultural Organization (UNESCO)
2019		
3. 6 Signed a contract to become the highest sponsor of Southeast Asia's largest sports competition, the SEA Games. It was held in the Philippines between November and December 2019. 6.10 Established the Group's first amino acid cleaning agent plant in Brazil (scheduled to commence operation in the fall of 2020) 8.19 AJINOMOTO (MALAYSIA) BERHAD started building a new plant with an enhanced system to develop and produce Halal-compliant products (to commence operation in April 2022) 8.20 Acquired 50.1% share in the U.S.'s More Than Gourmet Holdings, Inc. 8.29 Announced a policy of conversion to exclusive ownership of GranulesOmniChem Private Limited, an Indian joint venture company (approved by the government as of June 2, 2020)		4.1 Announcement of the new Reiwa era 4.15 Large fire at Notre Dame Cathedral in France 5.1 Ascension of Japan's new Emperor (succeeding the previous Emperor's abdication on April 30) 6.9 1.03 million people attended pro-democracy demonstrations protesting the Hong Kong extradition bill 6.28-29 The 14th G20 Summit was held in Osaka 7.18 An arson and murder incident occurred at Kyoto Animation Co., Ltd. 8.2 The Intermediate-Range Nuclear Forces (INF) Treaty between the United States and Russia expired 9.8-9 Typhoon Faxai struck in 2019, damaging central Chiba Prefecture 9.23 16-year old Swedish environmental activist Greta Thunberg spoke at the United Nations 10.1 Consumption tax rate raised to 10% (a reduced 8% tax rate applied in some circumstances) 10.31 World Heritage Shuri Castle's main hall and other structures burned down 11.24 Message from Pope Francis about the abolition of nuclear weapons delivered in Nagasaki and Hiroshima 11.30 Completed the new national stadium, the main venue for 2020 Olympic and Paralympic Games 12.18 President Trump became the third president in the U.S. history to be impeached by the House of Representatives
2020		
		1.— COVID-19, a new coronavirus, broke out in Wuhan, China and spread globally 3.30 Tokyo 2020 Olympic & Paralympic rescheduled for July to September 2021 4.7 Emergency declarations were issued for 7 prefectures and expanded nationwide on April 16

Postscript

The production of “10-Year History” of the Ajinomoto Group between FY2009 and FY2019 began with preparations for the launch of the production committee in July 2017. The committee was established in November of the same year and was authorized at the Executive Committee Meeting in April 2018. A little over three years later, the project is finally nearing completion.

During this time, we conducted more than 50 interviews with various departments to record the history of the Group during this period. We made efforts to include not just written text, but voice recordings of the employees who actually engaged in the work. When we met with company President & CEO Takaaki Nishii in January 2018, he said we should “Create something that will be read by as many stakeholders as possible.” This became our project coordination team members’ motto throughout its production.

The style of our “10-Year History” differs greatly from that of most corporate histories. Many people might be surprised that interviews and conversations with CEOs play a major role in this publication (The History of the Ajinomoto Group (FY2009 - FY2019), Chapter II).

During this period, we initiated various efforts towards becoming a truly global company. We realized input from top management would be essential to gain a more realistic understanding of the Ajinomoto Group Creating Shared Value (ASV) and to have our valued stakeholders understand their passion for food, which plays an important role in our lives.

We would like to thank the many people within and outside the Group who cooperated in this history’s production. In particular, we want to thank Mr. Tomohide Tsuji, author of “Toyonobu Domen, A Manager Who Challenged the Times: Another Jiro Shirasu,” for allowing us to use quotations from the book. They helped us recognize that we exist on a foundation built by the great executive Mr. Toyonobu Domen. We also owe a debt of gratitude to Mr. So Maeda of DNP Communication Design Co., Ltd., who kindly helped us with many difficult problems, and Mr. Makoto Tsukioka of APIX Co. for writing clearly and carefully about our complicated activities.

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