

Ajinomoto Group
Integrated Report 2019

BUILDING
MOMENTUM FOR
CHANGE



What the Ajinomoto Group Aims for

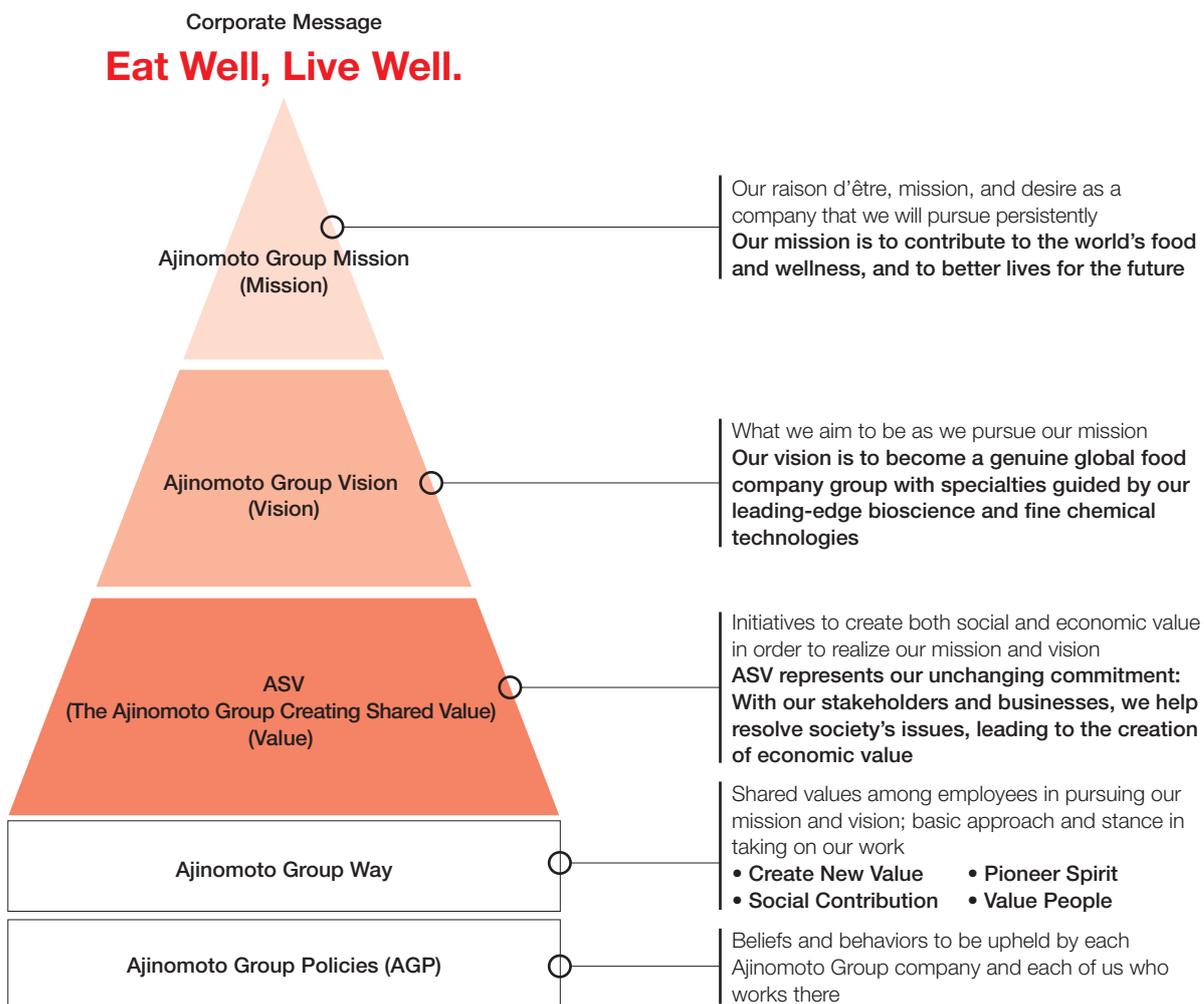


To realize greater wellness for people all around the world through amino science — this is the Ajinomoto Group’s promise to our customers.

Amino science is our unique scientific approach, enabling us to pursue the infinite possibilities of amino acids and provide products and services that support the health of the body and mind.

We will continue to take on new challenges to make every day more comfortable and delicious.

Our Philosophy



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Editorial Policy

This integrated report provides a roadmap of the Ajinomoto Group (“the Group”) for enhancing corporate value through ASV with the aim of becoming a Genuine Global Specialty Company in an easy-to-read narrative format.

Through this report, the Group hopes to deepen the understanding of all of its stakeholders, starting with shareholders and other investors, regarding its approach to realizing sustainable growth.

In addition, the sustainability data book provides information that complements the integrated report by each materiality item. Also, more detailed information is available on the corporate website.

Overview of Means of Communication

Primary means of communication

•Integrated Report

<https://www.ajinomoto.com/en/activity/>



Secondary means of communication

•Sustainability Data Book

<https://www.ajinomoto.com/en/activity/>
Date of publication: End of August 2019

•IR Data Book

<https://www.ajinomoto.com/en/ir/library/guide.html>
Date of publication: End of June 2019

•Financial Report

<https://www.ajinomoto.com/en/ir/library/report.html>
Date of publication: End of June 2019

•Ajinomoto Principle on Corporate Governance

https://www.ajinomoto.com/en/ir/strategy/corp_gov/main/0/teaserItems1/03/linkList/03/link/principle_E.pdf
Date of publication: End of June 2019

•Corporate Governance Report

https://www.ajinomoto.com/en/ir/strategy/corp_gov/main/0/teaserItems1/03/linkList/04/link/Governance2019_E.pdf
Date of publication: July 2019

•Medium-Term Management Plan

https://www.ajinomoto.com/en/ir/event/medium_term/main/03/teaserItems1/0/linkList/0/link/17-19Presentation-E.pdf
Date of publication: February 17, 2017

Organizational Scope

This report covers the activities of the Group, comprising, unless otherwise noted, Ajinomoto Co., Inc. (“the Company”) and its group companies (as of March 31, 2019), including consolidated subsidiaries and other group companies subject to reporting under the equity method. Where sufficient information for the entire Group was unavailable, the limitation in scope is explicitly defined.

Period Covered by This Report

Fiscal 2018 (April 1, 2018 to March 31, 2019)
When appropriate, however, exceptions to this general rule are made, as when citing past circumstances and data or using recent examples for illustration purposes.

Precautions Related to Forward-Looking Statements

Forward-looking statements, such as business performance forecasts, made in this report are based on management’s estimates, assumptions and projections at the time of publication and do not represent a commitment from the Company that they will be achieved. A number of factors could cause actual results to differ materially from expectations.

Using amino acids as a source for a wide range of business

The umami taste was discovered in 1908 by Professor Kikunae Ikeda, and the main component of umami was identified as glutamic acid, an amino acid. The Ajinomoto Group's research into amino acids led it to develop the leading-edge bioscience and fine chemical technologies that continue to drive the growth of its business today. The Group's scientific pursuit of the potential of amino acids enables it to play a role realizing greater wellness for people all around the world.

Business segments



Discovery that glutamic acid was the source of the flavor of kelp



Discoverer of the Umami Taste
Kikunae Ikeda, Tokyo Imperial University Professor

Our Founding Aspiration

"Eat Well, Live Well."



Ajinomoto Group Founder
Saburosuke Suzuki II

Launch of AJI-NO-MOTO®, the world's first umami seasoning based on glutamic acid



Business Overview

Japan Food Products

The Japan Food Products segment offers a wide variety of foods and services in Japan, including seasonings, processed foods, frozen foods, and coffee products, which generate value creation by meeting diverse consumer needs. While strengthening mainstay products, the Group will continue pursuing deliciousness. The Group will continue striving to provide fine-tuned solutions that address various needs, including health-related needs for reduced salt and sugar content and the need for smart cooking.

- Strengths
- Brand power, marketing expertise, sales capabilities, and R&D capacity cultivated over a century of operations

Life Support

The Life Support segment's two main business fields contribute to realizing comfortable and earth-friendly lifestyles. The electronic materials of the specialty chemicals business contribute to the evolution of IoT. The animal nutrition business develops healthy balances of amino acids in feed to reduce the environmental impact on soil and water resources.

- Strengths
- World-leading expertise on amino acids
 - Highly safe material development capabilities and compound evaluation technologies
 - Large global network for animal nutrition

International Food Products

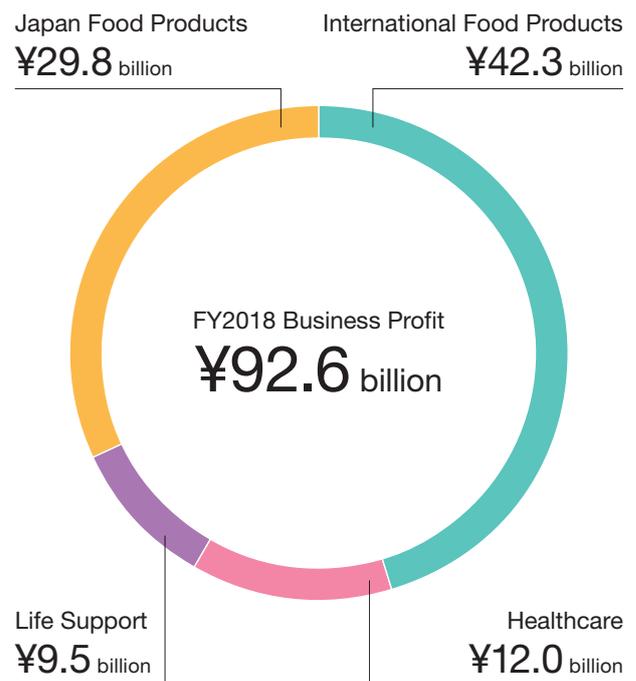
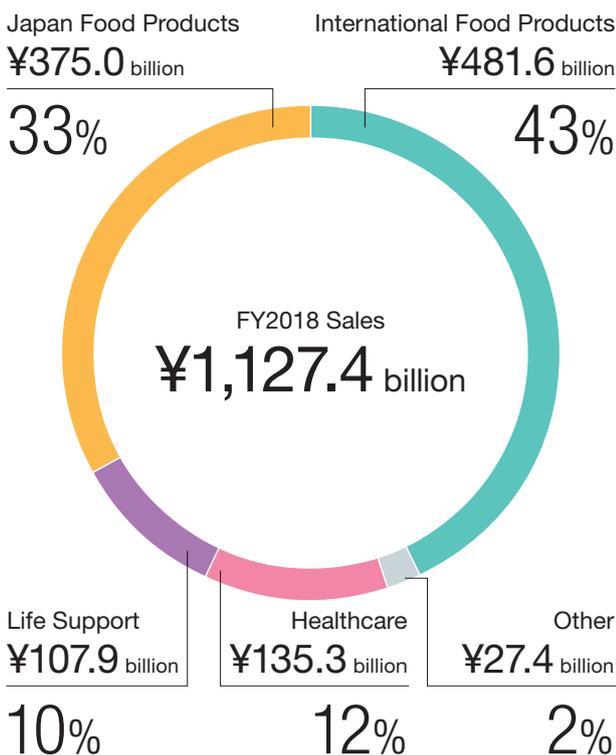
The International Food Products segment offers a diverse variety of seasonings, processed foods, frozen foods, and other foods and services that contribute to delicious tastes tailored to the eating habits of local consumers as well as nutritional improvement in over 130 countries and regions. The Group joins with local consumers and communities to create value in the countries and regions it does business by using local raw materials, expanding employment opportunities, and applying Japanese technologies to help develop local food industries.

- Strengths
- Worldwide development, manufacturing and marketing structures
 - Product development, marketing, and sales capabilities adapted to local conditions

Healthcare

The Healthcare segment offers a diverse range of distinctive materials, pharmaceutical ingredients, and technologies to pharmaceutical, cosmetic and toiletry companies around the world. The Group applies its expertise in the functions and usefulness of amino acids and its discovery capabilities for new uses of amino acids to provide fundamental foods and amino acid-based supplements that help improve the quality of life and support comfortable lifestyles for consumers.

- Strengths
- R&D capacity and manufacturing capability related to amino acids
 - Complete and prompt regulation compliance
 - Comprehensive services



Dedicated to food and wellness for a century

The story of the Ajinomoto Group began in 1909 when it launched *AJI-NO-MOTO*®, the world's first umami seasoning. After the success of the first product, the Group steadily expanded its business guided by its aspiration to apply its unique strengths to help to resolve social issues by contributing to food and wellness. Through its food (Japan Food Products and International Food Products) and AminoScience (Life Support and Healthcare) businesses, the Group aims to be a Genuine Global Specialty Company achieving sustainable growth by contributing to healthy lives and a healthy planet.

Sales Performance (Sales Ratio)



Evolution of the Ajinomoto Group

1909~

Launch of the world's first umami seasoning and global business expansion

1970~

Business transformation in tune with changing society and diversifying consumer needs

1909 *AJI-NO-MOTO*® launched
1910 Sole agent established in Taiwan



Sole agent in Tainan, Taiwan (as of 1936)

1917 Purchasing and sales office opened in New York
1950–1960s Subsidiaries established in Asia and South America
1956 World's first amino acids for medical infusions released
1964 *Knorr*® Soup launched



1972 *Ajinomoto KK Gyoza* (frozen) launched



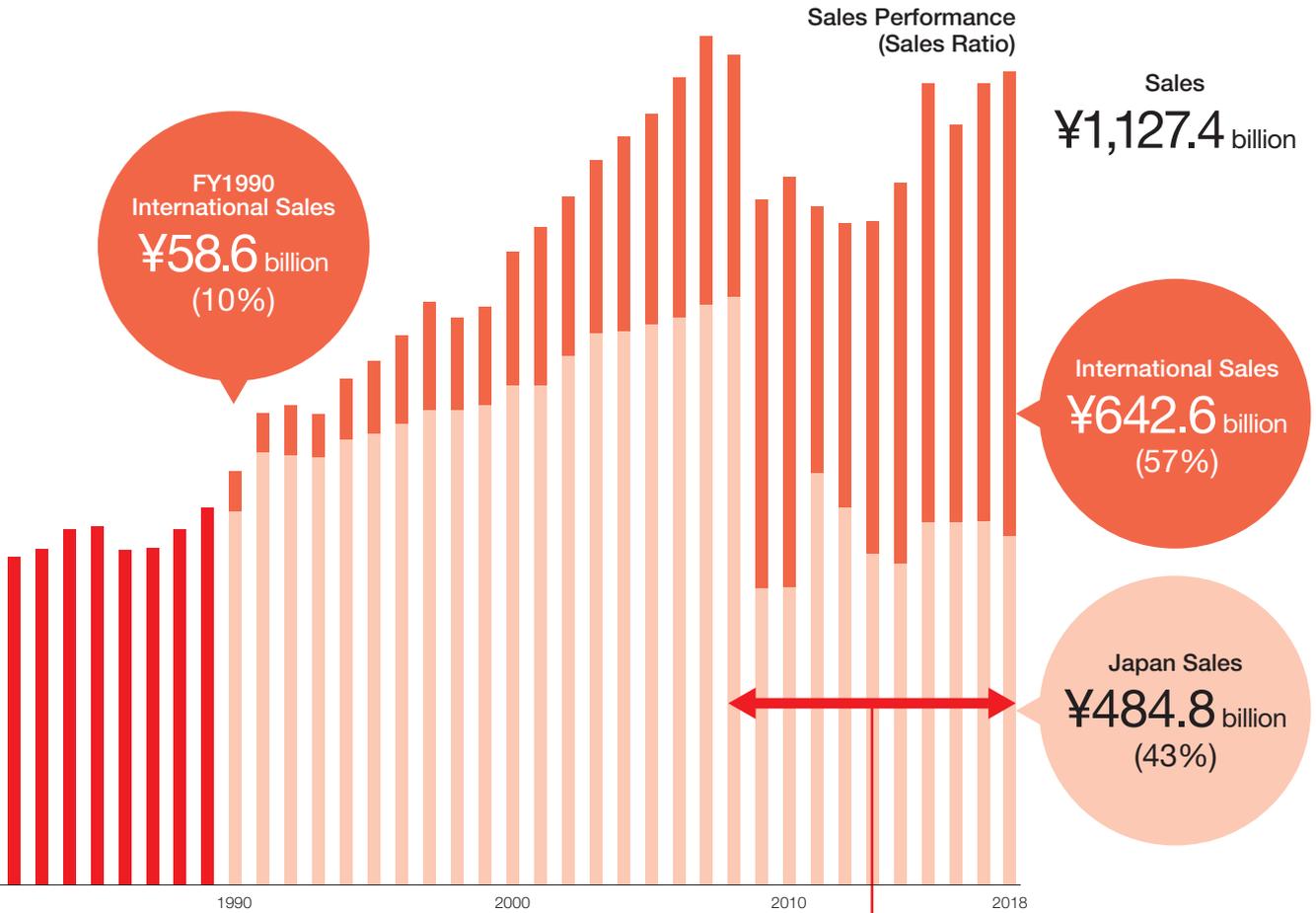
1975 *MAXIM*® (coffee) launched
1978 *Cook Do*® launched
1999 *Ajinomoto Build-up Film*® (ABF) launched



2000–2010s Subsidiaries established in South Asia and the Middle East
2012 Shareholdings of Calpis Co., Ltd. (beverage) divested
2013 U.S. biopharmaceutical CDMO* Althea Technologies, Inc. acquired (currently Ajinomoto Althea, Inc.)
2014 U.S. frozen food manufacturer, Windsor Quality Holdings, LP acquired (currently Ajinomoto Foods North America, Inc.)

* Contract Development and Manufacturing Organization

The Ajinomoto Group Story



For the coffee and edible oils business as well as some other businesses, the gross figures for sales and cost of goods sold were recorded in the accounts, but since FY2013 this method has been changed by netting off sales and cost of goods sold and recording the net figure in the accounts. Post-reclassification basis from FY2009.

10 Years of Efforts to Lay the Foundation to be a Genuine Global Specialty Company

FY2008–2010 Medium-Term Management Plan (“MTP”)

Implement structural reform and business foundation fortification to support sustainable growth for the next century.

- International Food Products growth accelerated and Japan Food Products sales stabilized.
- Earnings stability of the bulk and pharmaceuticals businesses became an issue.
- The “Ajinomoto Renaissance” communicated the nutritional and physiological function of the umami substance.
- Instituted the “Ajinomoto Group Way” and new Group Mission and Vision. Identified specific social issues for the Group to resolve.

FY2011–2013 MTP

Cultivate growth drivers and fortify the business structure. Begin shift to specialty business.

- Promoted global expansion to the Middle East and Africa, maintained focus on Southeast Asia and Latin America.
- In Japan, concentrated management resources into seasonings and other areas of strength. Launched new products to drive business growth.
- Invested in pharmaceutical custom manufacturing in the healthcare domain for the future growth.
- Advanced shift to specialty in the bulk and pharmaceuticals businesses, but not enough to solve the structural issue.

FY2014–2016 MTP

While pursuing specialties and maintaining growth, invest in future growth drivers.

- Made aggressive M&A and investment in International Food Products. International food sales surpass Japan sales.
- Accelerated growth in pharmaceutical custom manufacturing in the healthcare domain and contributed to earnings.
- Structural reform advanced in the pharmaceuticals business but remained ongoing in the animal nutrition business.
- Instituted a global governance policy and began formulating a flexible and efficient internal control structure.

FY2017–2019 MTP

Reform to create a robust business structure capable of sustainable value creation.

- Earnings growth slows in categories with weak competitiveness in food business. Slow profit growth causes a substantial drop in asset efficiency.
- Focus on core businesses to resume sustainable growth, and advance asset-light management to improve efficiency and secure growth sources.
- Set integrated targets with quantified social and economic value.

○ Achievements ● Issues ■ Current initiatives

Resolutely restructuring to realize sustainable growth



As the digital revolution accelerates, it is changing the Ajinomoto Group's business environment in significant ways. The sharp increase in data traffic is changing people's values. Consumer purchasing habits are also changing, influenced by e-commerce and the sharing economy. As a result, corporate business models are forced to transform. In B2C commerce, for example, the Group's sales channels are changing greatly due to the reorganization and merging of logistics and retail businesses under the need of digital shift. In Japan and other technologically advanced countries, mass-market brand competition is heating up, as evidenced by declining sales of products having little competitive advantage. The Group faces an unforgiving competitive environment in which survival depends on building high barriers to entry through strong technological advantage and sophisticated branding.

In this context, the Group's vision is to become a Genuine Global Specialty Company growing sustainably through ASV — The Ajinomoto Group Creating Shared Value. On the way to this goal, the Group is pursuing its FY2017-2019 (for FY2020) Medium-Term Management Plan ("FY17-19 MTP") centered on the evolution of ASV, with a target of becoming a Global Top 10 Class Food Company by FY2020. Progress is being made on schedule both in strengthening the business foundation and in achieving non-financial targets associated with core businesses.

Reaching financial targets is, in contrast, difficult. Flagging sales in some weaker food businesses outweighed favorable performance from stronger food brands and the AminoScience business — which is increasingly focused on its core competencies. As a result, the Group is in a difficult situation to achieve its FY2020 integrated target of US\$1,500 million in corporate brand value.

In view of the above, the Group aims to get our business back on a path toward a sustainable growth by resolutely restructuring in accordance with the next MTP to be announced in February 2020. This means we will increase the contribution to sales of the Group's core businesses by focusing growth investment on categories which can aim at the global top three position. Investment in non-core businesses, on the other hand, will be minimized. To bolster support for the Group's growth, corporate functions and Group companies that handle other aspects of the Group's business will increasingly partner with outside enterprises to facilitate their digital transformation. During FY2019 the Group will, therefore, prepare for 2020's launch of full-fledged restructuring while beginning some tasks ahead of schedule.

This integrated report explains the Group's management environment and growth strategy. It covers the issues faced by Group companies and measures to be taken in response. In addition, it also charts the Group's path to sustainable growth through ASV.

Above all, we value your understanding and continued support.

July 2019



Takaaki Nishii
Representative Director,
President & Chief Executive Officer



The Path to **Sustainable Growth** through **ASV**

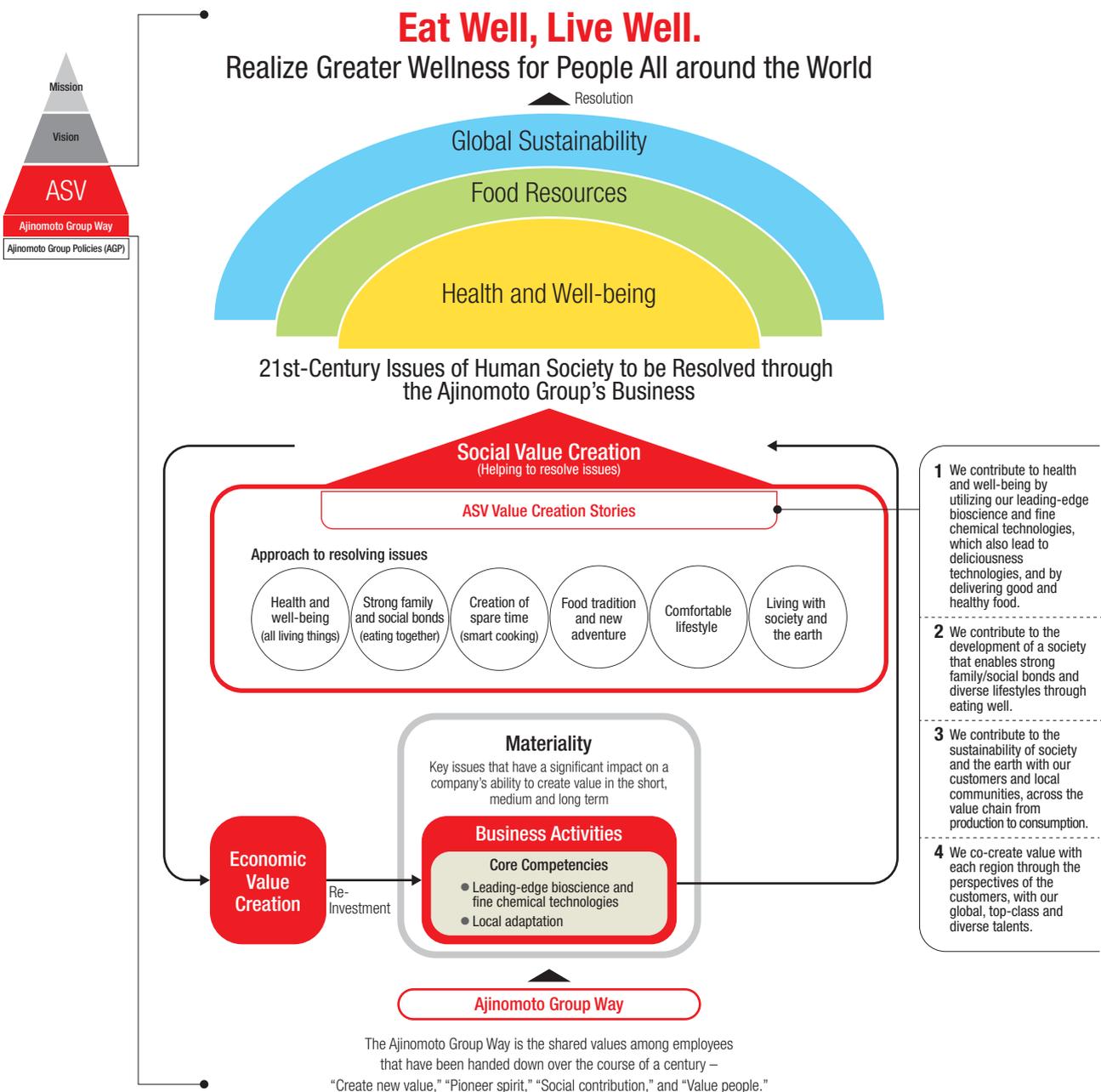
The Ajinomoto Group Creating Shared Value (ASV)

Looking ahead to the future era of society, the Ajinomoto Group is challenging itself to help resolve social issues and create value. The Group's initiatives are introduced along with the materiality items and non-financial/financial integrated targets.



ASV represents an unchanging commitment: With our stakeholders and businesses, we help resolve society's issues, leading to the creation of economic value.

The Group has been consistently engaged in initiatives to resolve social issues through its business, and by creating shared value in society, the Group has improved economic value, thus leading to its growth. To realize greater wellness for people all around the world, the Group has defined three material issues of 21st-century human society to be resolved through its business. The Group identifies materiality, and develops its business activities to co-create social and economic value.



Materiality items have a substantial impact on the Group's ability to create value through ASV.

In 2019, the Board of Directors revised the materiality items based on recent social conditions and the views and expectations of the Ajinomoto Group's stakeholders. The revised materiality items integrate the Group-wide major risks and the existing 30 Priority ESG Items. In addition, the Group aims to create social and economic value by identifying opportunities and risks from the materiality items and developing corresponding initiatives.

Macro environment surrounding the Ajinomoto Group

Growing world population*1



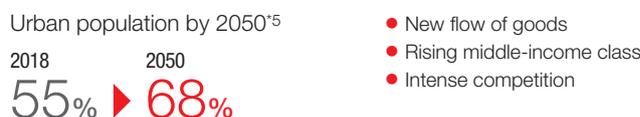
Global population aging



Climate change



Rapid urbanization



Digital innovation

- Digital disruption (New business opportunities and competitors)
- Changes of methods to provide information, products, and services
- Accelerated use of AI and IoT

*1 United Nations (UN), 2017
 *2 Food and Agriculture Organization of the UN, 2014
 *3 UN, 2015
 *4 Intergovernmental Panel on Climate Change, 2013
 *5 2018 Revision of World Urbanization Prospects, UN

Materiality items

Assurance of product safety

Contribution to health and nutritional issues

Rapid response to consumer lifestyle changes

Sustainable materials sourcing

Reduction of food loss and waste

Climate change adaptation and mitigation

Contribution to a circular economy

Conservation of water resources

Diverse talent

Strong corporate governance

Preparation for intense global competition

▶ For details, please see the Ajinomoto Group Sustainability Data Book 2019.
<https://www.ajinomoto.com/en/activity/>
 ▶ For details, please see the Ajinomoto Group Materiality.
https://www.ajinomoto.com/en/activity/csr/pdf/2019/materiality_en.pdf

Materiality of the Ajinomoto Group

Materiality items	Related opportunities and risks ○ Opportunity ● Risk	Key initiatives by the Ajinomoto Group	
Assurance of product safety	<ul style="list-style-type: none"> ○ Brand trust gained by increasing customer satisfaction ○ Trust gained through fair disclosure to stakeholders ● Impact on business of growing negative rumors regarding umami and MSG ● Lower customer confidence due to product quality complaints or incidents 	<ul style="list-style-type: none"> ● Properly sharing information on package and website ● Reflecting customer feedback on developing and improving products and services ● Enhancing communication to share the benefits of umami and MSG ▶ p41 ● Thorough quality assurance and human resource training based on the Ajinomoto System of Quality Assurance (ASQUA) 	  
Contribution to health and nutritional issues	<ul style="list-style-type: none"> ○ Rising health awareness and needs of consumers ○ Brand trust ○ Enhancing corporate value 	<ul style="list-style-type: none"> ● Offering tasty food and amino acid products as well as menus that nourish health and well-being ▶ p30, 34, 43 ● Low-salt, low-sugar and low-fat products ● Promoting protein intake ● Contributing to disease prevention with "AminoIndex technology" ▶ p43 ● Developing nutritional standards that Group products should meet ▶ p43 ● Customized programs to each consumer for improving nutrition (personal nutrition) 	
Rapid response to consumer lifestyle changes	<ul style="list-style-type: none"> ○ Enhancing corporate reputation by offering the joy of eating together ○ New value creation using digital technology ● Loss of growth opportunities due to delayed response to consumer lifestyle changes or diversifying values ● Impact on seasonings business due to less cooking time and skills 	<ul style="list-style-type: none"> ● Creating strong communities and social bonds through food ● Advanced marketing efforts by leveraging big data and consumer data ● Building strategies to deal with smaller markets (due to urbanization, etc.) ▶ p30, 32, 34 ● Properly delivering products, services and information to customers ● Expanding products and services to meet the need for convenience, such as smart cooking 	
Sustainable materials sourcing	<ul style="list-style-type: none"> ● Increased risk of raw material procurement failure due to delays in addressing social and environmental issues across the supply chain ● Increased risk of raw material procurement failure due to climate change 	<ul style="list-style-type: none"> ● Management of fair operating practices (traceability, etc.) ● Promoting sustainability to suppliers ● Human rights due diligence ● Identifying important raw materials and engaging in responsible procurement (paper, palm oil, skipjack, etc.) ▶ p57 ● Ensuring fair competition and providing thorough employee training ● Contributing to sustainable agriculture by using co-products 	       
Reduction of food loss and waste	<ul style="list-style-type: none"> ○ Cost reduction through initiatives to reduce product returns and waste ● Depletion of food resources 	<ul style="list-style-type: none"> ● Using raw materials in manufacturing process without waste ● Upgraded, optimal supply-chain management using digital technology ▶ p45 ● Reducing product returns and waste by extending product best-before dates, etc. ● Reducing food loss and waste during product use by consumers ● Proposing eco-friendly lifestyles for enjoying food without leftovers 	
Climate change adaptation and mitigation	<ul style="list-style-type: none"> ○ Collaboration with outside organizations on decarbonization ● Higher production costs due to delays in initiatives to eliminate carbon emissions or increased carbon tax burden ● Procurement risk of sustainable raw materials ● Damaged corporate value due to delayed response to climate change 	<ul style="list-style-type: none"> ● Long-term effort to turning the overall product lifecycle carbon neutral ● Initiatives to reduce energy use during production and transportation ● Shifting to renewable energy ● Disclosing information in line with the Task Force on Climate-related Financial Disclosures (TCFD) (scenario analysis, etc.) ▶ p58 ● Lowering environmental impact by feed-use amino acids (reduction of soil and water pollution) 	
Contribution to a circular economy	<ul style="list-style-type: none"> ○ Development of environmentally-friendly materials ● Damaged corporate value due to delays in waste reduction or recycling efforts 	<ul style="list-style-type: none"> ● Supplying highly biodegradable amino acid-based detergent ● Promoting the 3Rs of containers and packaging (reduction of plastic waste, etc.) ▶ p59 ● Using biodegradable plastic/plant-derived raw materials/certified paper ▶ p57, 59 ● Promoting use of environmentally-friendly product labels 	
Conservation of water resources	<ul style="list-style-type: none"> ● Production stagnation due to droughts, floods or water quality deterioration ● Raw material procurement failure due to water resource depletion 	<ul style="list-style-type: none"> ● Maintaining forests for water sources ● Developing wastewater treatment technology 	
Diverse talent	<ul style="list-style-type: none"> ○ Company growth by improving employee engagement ○ Creation of an innovative environment ● Rising costs due to intense competition for human resources 	<ul style="list-style-type: none"> ● Promoting PDCA cycle using the engagement survey ▶ p54 ● Reforming organizational culture to promote diversity ● Training and promotion of female employees ● Promoting health management ▶ p55 ● Human rights awareness training ● Occupational safety and health management 	 
Strong corporate governance	<ul style="list-style-type: none"> ○ Enhancing corporate value ○ Appropriate risk-taking ● Decreased competitiveness due to inability to adapt to digital technology advances ● Decreased competitiveness due to vulnerabilities in IT management structure ● Confusion in organizational management and reduced business profitability due to unstable political, economic, and social conditions such as financial crises, trade issues, etc. ● Impact of intellectual property risks on business ● Impact of sudden foreign exchange and interest rate fluctuations on business ● Higher tax burden due to changes in tax and tax effect 	<ul style="list-style-type: none"> ● Raising awareness of the Ajinomoto Group Policies among all Group employees ● Establishing whistleblower hotline ● Strengthening corporate governance system ▶ p48 ● Selecting Group-wide significant risks and considering appropriate responses ● Managing intellectual property risk ● Strengthening information security through the creation of Information Security Regulations 	
Preparation for intense global competition	<ul style="list-style-type: none"> ○ Business foundation reform through digital disruption ○ Value creation from external collaboration ○ Specialty creation through technological innovation ○ Establishment of competitive advantage by forecasting future changes ● Impact of digital disruption on main businesses ● Emergence of competitors in areas with low entry barriers 	<ul style="list-style-type: none"> ● Value chain restructuring (production system reorganization) ▶ p31 ● Promoting digital transformation ▶ p45 ● Rapidly commercializing research findings (R&D system reorganization) ▶ p44 ● Competitive intelligence (medium- to long-term initiatives) ● Promoting open & linked innovation ▶ https://www.ajinomoto.com/en/rd/open_linked_innovation/ 	

Non-financial / financial integrated targets for FY2020

The Ajinomoto Group's FY17-19 MTP specifies non-financial targets for quantifying the social value created through its business activities and financial targets quantifying the economic value. Corporate brand value has been configured as a shared indicator as the Group seeks to be a Genuine Global Specialty Company. At present, achieving the financial and corporate brand value targets will be difficult. Consequently, the Group will reformulate its growth strategy and clarify the targets in the next medium-term management plan.

Materiality items

- Assurance of product safety
- Contribution to health and nutritional issues
- Rapid response to consumer lifestyle changes
- Sustainable materials sourcing
- Reduction of food loss and waste
- Climate change adaptation and mitigation
- Contribution to a circular economy
- Conservation of water resources
- Diverse talent
- Strong corporate governance
- Preparation for intense global competition

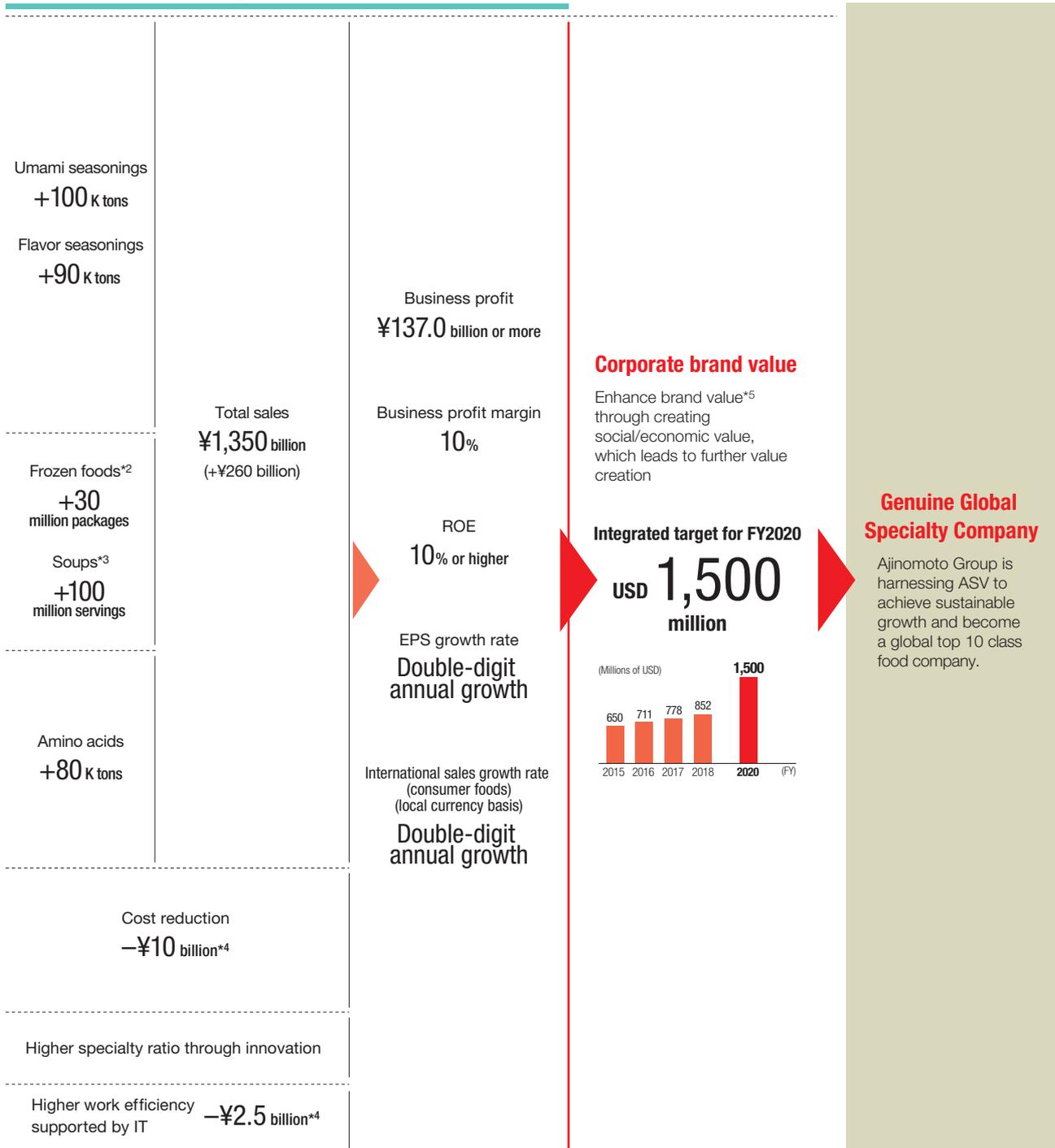
Non-financial targets (social value)

<p>Better nutritional balance by eating more protein and vegetables with umami</p>	<p>Volume of meat and vegetable consumption through the Group's products (Japan and Five Stars*1) ● % of annual consumption per person</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Meat (Millions of tons)</th> <th>Meat (% of annual consumption)</th> <th>Vegetables (Millions of tons)</th> <th>Vegetables (% of annual consumption)</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>6.6</td> <td>16</td> <td>3.8</td> <td>6</td> </tr> <tr> <td>2020</td> <td>8.6</td> <td>19</td> <td>5.5</td> <td>8</td> </tr> </tbody> </table>	Year	Meat (Millions of tons)	Meat (% of annual consumption)	Vegetables (Millions of tons)	Vegetables (% of annual consumption)	2015	6.6	16	3.8	6	2020	8.6	19	5.5	8
Year	Meat (Millions of tons)	Meat (% of annual consumption)	Vegetables (Millions of tons)	Vegetables (% of annual consumption)												
2015	6.6	16	3.8	6												
2020	8.6	19	5.5	8												
<p>More eating together</p>	<p>Contribution to people eating together through the Group's products (Japan and Five Stars)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Times/household/year</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>50</td> </tr> <tr> <td>2020</td> <td>70</td> </tr> </tbody> </table> <p>+20 times</p>	Year	Times/household/year	2015	50	2020	70									
Year	Times/household/year															
2015	50															
2020	70															
<p>Realizing smart and delicious cooking</p>	<p>Spare time created through the Group's products (Japan)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Millions of hours</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>31</td> </tr> <tr> <td>2020</td> <td>38</td> </tr> </tbody> </table> <p>+7 million hours</p>	Year	Millions of hours	2015	31	2020	38									
Year	Millions of hours															
2015	31															
2020	38															
<p>Realizing comfortable lifestyles for people</p>	<p>Contribution to comfortable lifestyles through the Group's amino acid products (AminoScience)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Millions of people</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>18</td> </tr> <tr> <td>2020</td> <td>22</td> </tr> </tbody> </table> <p>+4 million people</p>	Year	Millions of people	2015	18	2020	22									
Year	Millions of people															
2015	18															
2020	22															
<p>Reducing the Group's impact on the global environment</p>	<p>▶ See performance data (p61)</p>															
<p>Enhancing employees' engagement</p>	<p>Percentage of employees feeling highly engaged in their work 80%+</p>															

*1 Thailand, Brazil, Indonesia, Vietnam, the Philippines

Integrated Targets for FY2020

Financial targets (economic value)



*2 Counting only products for household consumers in Japan *3 Counting only cup soup products in Japan

*4 Cost reductions of ¥10 billion and ¥2.5 billion are FY2019 targets *5 Evaluated by Interbrand, "Japan's Best Global Brands"

Note: 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.



To evolve into a global top-tier food company we are becoming more agile and competitive, and will accelerate and evolve value creation through ASV.

Takaaki Nishii

Representative Director,
President & Chief Executive Officer

Q1 How do you rate the progress of the FY17-19 MTP at this point?

Reduced profitability accompanying a slowdown in food business growth has made FY2020 financial targets difficult to achieve.

Toward the Group's goal of becoming a Genuine Global Specialty Company, the FY17-19 MTP set a target of entering the top tier of global food companies within FY2020. This calls for the following:

The FY17-19 MTP has focused on aggressive growth investment and business foundation reinforcement to achieve this goal. However, in FY2018, which is the Plan's second year, significant issues unfortunately remained on

Elements needed to become a Global Top 10 Class Food Company

- Establish business categories that are positioned within the top three globally as core businesses
- Develop businesses on a global scale
- Generate business profit of 130 billion yen or more
- Achieve a business profit margin of 10% or higher
- Realize ROE of 10% or higher
- Develop initiatives on ESG targets that meet international standards such as the United Nations' Sustainable Development Goals (SDGs)

Interview with the President and CEO

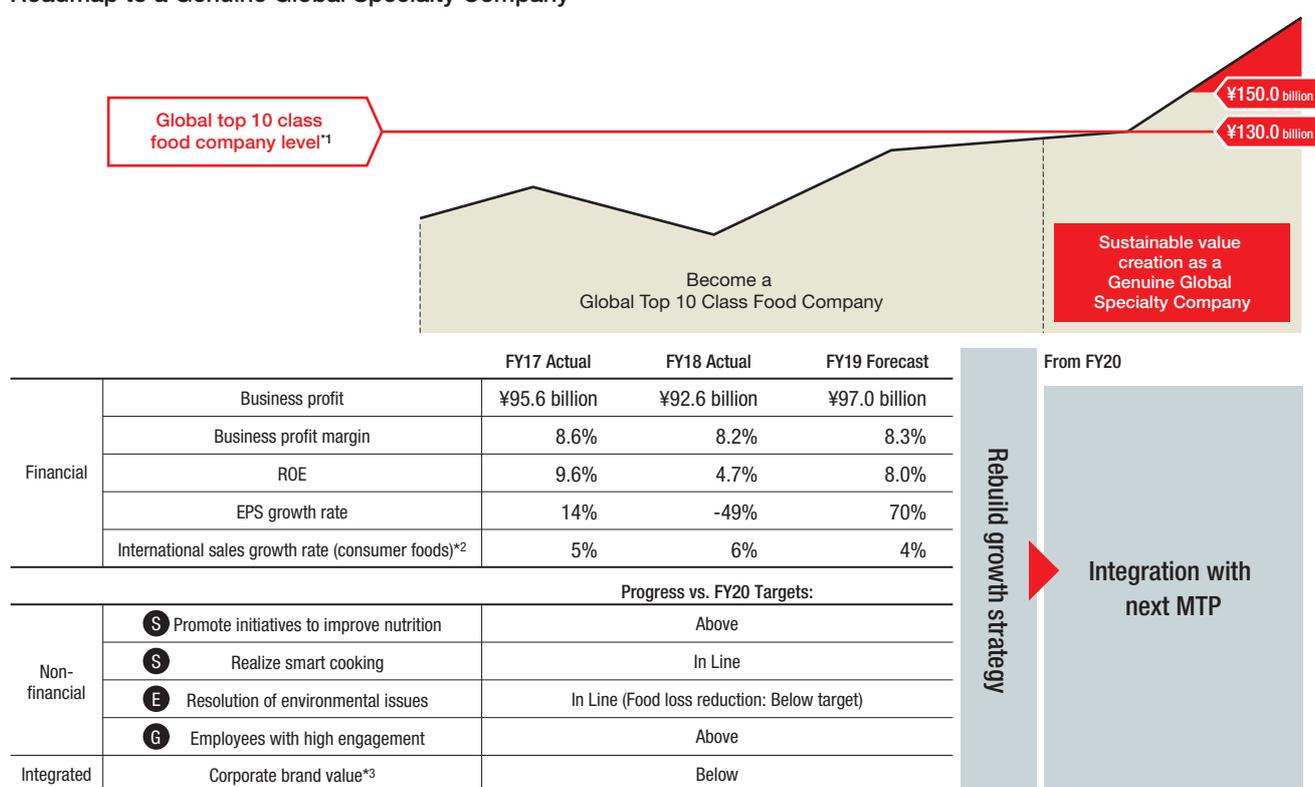
the financial side of the equation. The main reason for this is the sluggishness of the food business. Intensified competition seriously reduced both revenue and profit of Japan Food Products' frozen food business and coffee business. Moreover, business profit of the North American frozen food business declined due to production and distribution cost increases. These factors resulted in a year-on-year consolidated sales increase of 1% and a year-on-year consolidated business profit decrease of 3% for the Group as a whole.

Over the medium term, as the digital revolution advances, there is also the emergence of slowing growth in the food business due to market fragmentation and

intensifying competition, and increased assets due to M&A and other prior investment in recent years. The decline in asset efficiency is one of the financial structural issues. Given that it will take several years to address these issues, it has become difficult to achieve the financial targets and integrated target set forth in the FY17-19 MTP.

For the Group's next MTP which launches in FY2020, we will reformulate our growth strategy in order to assure attainment of financial targets and achieve a return to sustainable growth. Using FY2019 as a preparatory year, we will promote selection of priority businesses in which to concentrate management resources, while also proceeding with establishment of a framework of structural reform.

Roadmap to a Genuine Global Specialty Company



*1 A global top 10 class food company is defined as a company with business profit of ¥130 billion or higher based on IFRS.

*2 Local currency basis, including frozen foods

*3 Evaluated by Interbrand, "Japan's Best Global Brands"

Q2 Please describe the concept behind the next MTP and its main policy points.

The Group is moving to asset-light management and implementing DX* to reformulate its growth strategy.

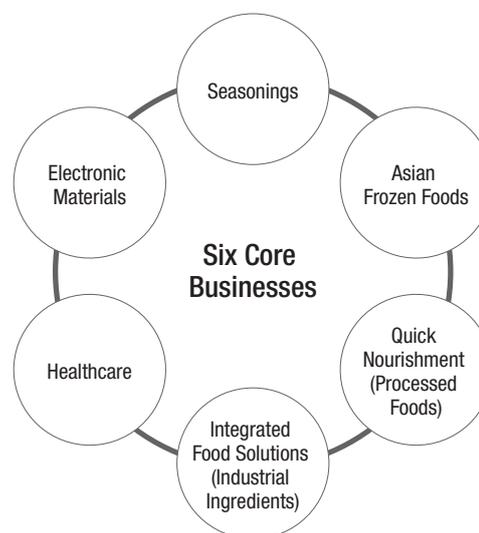
* Digital transformation

The Group's next MTP calls for further concentration of management resources in selected core businesses. To prioritize selections for growth investment, we reevaluated each business in terms of growth potential, asset efficiency (ROA), brand strength, and technological superiority in the face of changes in the business environment. As a result, we have selected six core businesses comprising seasonings, Asian frozen foods, quick nourishment (processed foods), integrated food solutions (ingredients for food processing), healthcare, and electronic materials, at this point. Concentrating investment in these core businesses is, I believe, the surest strategy for realizing the growth rates and efficiencies expected from stakeholders over the medium to long term.

The above six core businesses currently account for about 60% of consolidated sales. Within the period of the next MTP the Group is seeking to raise this figure to about 70% while building the foundation of a business structure capable of sustaining an overall top-line growth rate of 4% or higher.

In response to accelerating market fragmentation reflecting consumer diversity, the Group must intensify data-driven marketing and speed up the product development cycle to further boost its growth rate and capital efficiency. Therefore, in the next MTP, we will strongly promote DX as the principal way to enhance market competitiveness and efficiency of the Group, focusing on core businesses.

Delivering products and services that customers need in a timely manner begins with market segmentation derived from Big Data analysis using outside alliance. It continues with steps to bring customers closer to Group brands. This calls for digital technologies such as social media and e-commerce sites, extending to cross-border e-commerce. Also essential is a dynamic and speedy development system extending from R&D to finished products or services. This is behind the Group's R&D reorganization in April 2019. Under the new structure, we will flexibly allocate human resources and equipment according to the development theme, and promote commercialization from consumer/customer viewpoints.

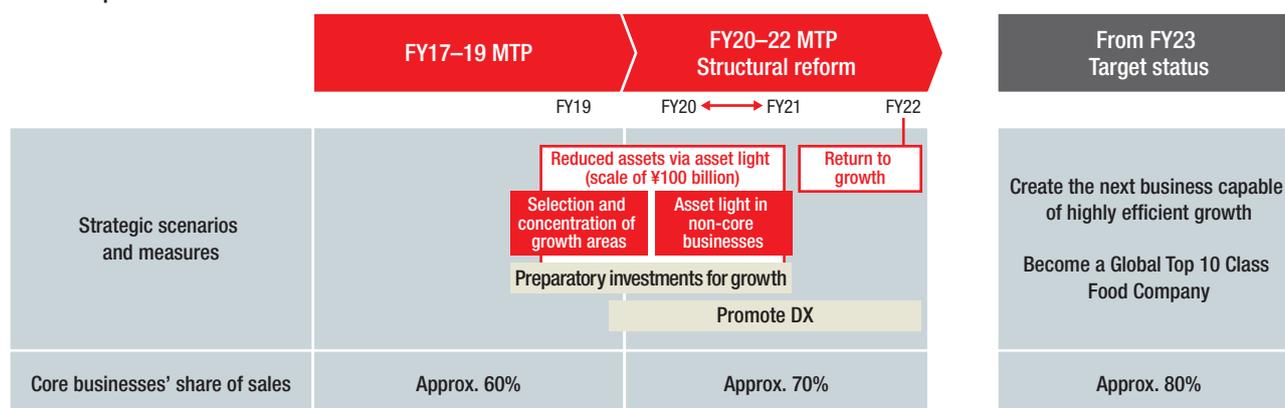


Revamping business processes through DX is one imperative. Others are supply chain reengineering for agility, and small-lot-high-mix product line automation. Through these changes, the Group aims not only to develop a large number of small-sized businesses but also to discover products and services with high growth potential from it and to develop it into a more profitable middle-sized business. This is the new-business creation model that the Group is intent on realizing.

In the next MTP, we will accelerate growth by focusing on core businesses and DX in this way, while limiting investment to the bare minimum for maintaining non-core businesses. Options will include downscaling or outright sale of the non-core assets. In addition, we will promote resource allocation, such as the repatriation of the Group's cash and deposits, and the sale of policy shareholdings. The promotion of these measures for asset-light management is another major pillar of the next MTP. As for asset-light management, we are already examining specific measures. Some of these measures will be taken in FY2019, ahead of plan, and we plan to divest assets by approximately 100 billion yen over the three-year period until FY2021.

Interview with the President and CEO

Roadmap for the next MTP



Q3 How does going asset-light tie into future business growth? Won't this affect shareholder returns?

While proceeding with asset-light management, the Group will prioritize investment in growth. This strategy will foster business growth and bring consistency to shareholder returns.

The Group's promotion of asset-light management does not only mean asset divestiture for improving capital efficiency. The Group's earning power in terms of operating cash flows is expected to be a conservatively estimated 350 billion yen over three years, after implementing asset-light measures. By focusing on capital investment in core businesses, we will control the total amount of capital investment including the new DX investment at approximately 220 billion yen. In regard to

shareholder returns, we aim for a total return ratio of 50% or higher, and single-year dividend payout ratio of over 30%. In line with the policy, we will achieve a 3-year sum-total payout of more than 100 billion yen. Discontinuous growth through M&A is planned with borrowing kept at a net D/E ratio of around 50%. The asset-light management will generate cash to supplement this, giving the Group additional flexibility to maintain a healthy balance sheet.

Q4 What are your views on the macro environment and latent risk?

The Group seeks to minimize risk through quick decision making and execution of contingency plans.

Macro risk triggers are numerous. They include exchange rate or interest rate volatility, revision of the tax system in countries in which we operate, and deterioration of fiscal balances in emerging countries. Short-term assessment of risk rooted in macro environmental changes is not always perfect and risk-triggering events can occur at any time. I see the severity of the risk environment trending upward due to market entry of competitors including cross-sector rivals, as well as rising costs.

In response, we will continue to strengthen monitoring of the macro environment, analyze and respond to various risk factors in a timely manner, and diversify risk appropriately. Measures will also be taken to quicken decision making and contingency plan execution. By focusing on our unique specialties and accelerating productivity improvement incorporating DX, the Group seeks to minimize management and business risks.

Q5 How does the growth strategy mesh with non-financial targets and materiality?

Financial targets are inseparable from non-financial targets.
The Group pursues ASV, creating shared value to fulfill its social mission.

The Group's social mission is to contribute to the resolution of three social issues through its business activities: health and well-being, food resources, and global sustainability. Issued every three years, the Group's MTP lays out the path to sustainable growth and increased medium- to long-term corporate value, realized by simultaneously creating social value and economic value, as a corporation, through business activities. We are working to share this value creation initiative named ASV with society as well as within the Group.

We constantly update our non-financial targets pertaining to ESG issues and materiality. Existing ESG targets cover reduction of greenhouse gases and food loss. A newly added target last year is to achieve zero plastic waste by FY2030 through 3Rs (Reduce, Reuse, Recycle) practices.

In addition to incorporating non-financial targets, I believe that it is an important responsibility as a global food company to achieve SDGs and lead the way to a sustainable society. The Consumer Goods Forum, CGF, carries out a variety of activities in the area of sustainability. As a CGF board member representing the Ajinomoto Group, I am involved in the dissemination and development of the initiative.

Social issues require selection and approaches suited to the particular region. Japan, for example, has many social issues, but one of the most critical is the decline in the working population, correlating to the nation's declining birthrate and aging population. Labor shortages have become commonplace in the food and retail



industries, especially in production, distribution, and sales.

In response to these structural changes in society, companies are striving to raise operational efficiency and productivity. The situation also calls for industry-wide initiatives. In April 2019, five of Japan's food companies started joint product delivery. The launch of this joint venture addresses the increasingly serious situation facing the logistics industry, notably the persistent shortage of truck drivers and environmental issues. By restructuring food company logistics for efficiency and sustainability, the new company aims to reduce environmental impact through streamlined delivery and make more effective use of management assets such as human resources and equipment.

Q6 What are your thoughts on staffing for growth strategy or enhancing ASV?

We develop management talent that shares the Group's core competencies and values and shows leadership potential.

First, I will talk about managerial talent. The key mission of top management is to meet and exceed the expectations of our stakeholders. To complicate matters, expectations vary with stakeholder class: investors, shareholders, customers, employees, local residents, and so on. Therefore, managerial talent is required to have a sense of the balance and good communication skills to listen to the voices of a wide range of stakeholders and to achieve satisfaction of the greatest common factor for diverse demands.

The important values for all of the Group's human resources, not just managerial, are creativity and pioneering spirit which are also part of the Ajinomoto Group Way.

The Group has two core competencies. One is leading-edge bioscience and fine chemical technologies derived from research, development, and production of amino acids. The other is marketing and sales capabilities to evolve these technologies as a business adapted to customers and local communities worldwide.

Leveraging these two core competencies since its establishment, the Group has created businesses with new social value, such as seasonings and processed

foods that meet the specific food demands of various countries and regions, and functional materials such as amino acid derived high-performance cell culture media essential for R&D of regenerative medicine.

The most important resource of these core competencies is none other than employees who embody creativity and pioneering spirit. The managerial talents of the Group must lead by keeping these Group values and core competencies firmly in mind while tailoring solutions to customers' changing needs and circumstances.

In addition, the Group is actively promoting DX, which calls for talent with higher literacy in AI, IoT, robotics and other leading-edge technologies. This is not the same thing as having specialized technical knowledge and programming skills. What we need are people who can architect how to leverage technology to, for example, improve the Group's productivity and enhance corporate brand value. To supervise such initiatives the Group has newly established the post of the Chief Digital Officer (CDO). Under the leadership of the CDO, the next step is to secure and train sufficient talent to plan strategic courses of action and carry them out.

Q7 What concluding words do you have for stakeholders?

The Group is making thorough preparations for launch of the next MTP, which sets the course for a return to sustainable growth.

The Ajinomoto Group is navigating toward sustainable growth by further accelerating and evolving ASV, the creation of shared value. In this way the Group is maturing into a Genuine Global Specialty Company, a presence indispensable to people everywhere. To pave the way for realization of this vision, the FY20-22 MTP calls for drastic business structural reforms. Toward successful completion of strategic measures and to achieve financial and non-financial targets, FY2019 will be a year of thorough preparation.

Details of the measures are scheduled to be announced in February 2020. This Integrated Report 2019 nevertheless describes the Plan in broad strokes. It is my hope that this report will also convey the resolute spirit driving the Group's efforts to return to growth at the earliest possible date.





Raising the efficiency of invested capital and ensure the improvement of shareholder value through ASV

Tetsuya Nakano
 Corporate Vice President

The Ajinomoto Group's FY17-19 MTP sets a FY2020 target to raise the business profit margin to 10% and ROE to 10% or higher; however, circumstances have now made those targets difficult to reach under the current MTP. The Group is therefore trying to focus on growth investment in core businesses as well as taking an asset-light management approach that promotes efficient utilization of cash and deposits within the Group and resource allocation such as the sale of policy shareholdings with the objective of ensuring it attains those targets during the next MTP period. In preparation for the next MTP, in FY2019 the Group will begin implementing as much structural reform as possible aiming to get the Group's business back on a path toward sustainable growth.

FY2018 Performance Summary

- Sales: Increased to ¥1,127.4 billion (+1% year on year)

Sales grew substantially for pharmaceutical custom manufacturing and amino acids for pharmaceuticals and foods, and also rose for international frozen foods, seasonings, and processed foods.

- Business profit: Decreased to ¥92.6 billion (-3% year on year)

Business profit fell sharply for frozen foods and coffee products in Japan and internationally, and the Group recorded an impairment loss of 3.2 billion yen on trademark rights at equity-method subsidiary Promasidor Holdings Limited.

- Profit attributable to owners of the parent company: Decreased to ¥29.6 billion (-51% year on year)

The Group booked impairment losses on goodwill associated with Ajinomoto Foods North America, Inc. and Ajinomoto Istanbul Food Industry and Trade Limited Company as well as an impairment loss of 27.9 billion yen associated with the investment in Promasidor Holdings Limited booked under the equity-method accounts.

- ROE: 4.7% (-4.9 percentage points year on year)
- Dividend: ¥32 (unchanged from the previous fiscal year)

FY2019 Performance Forecast

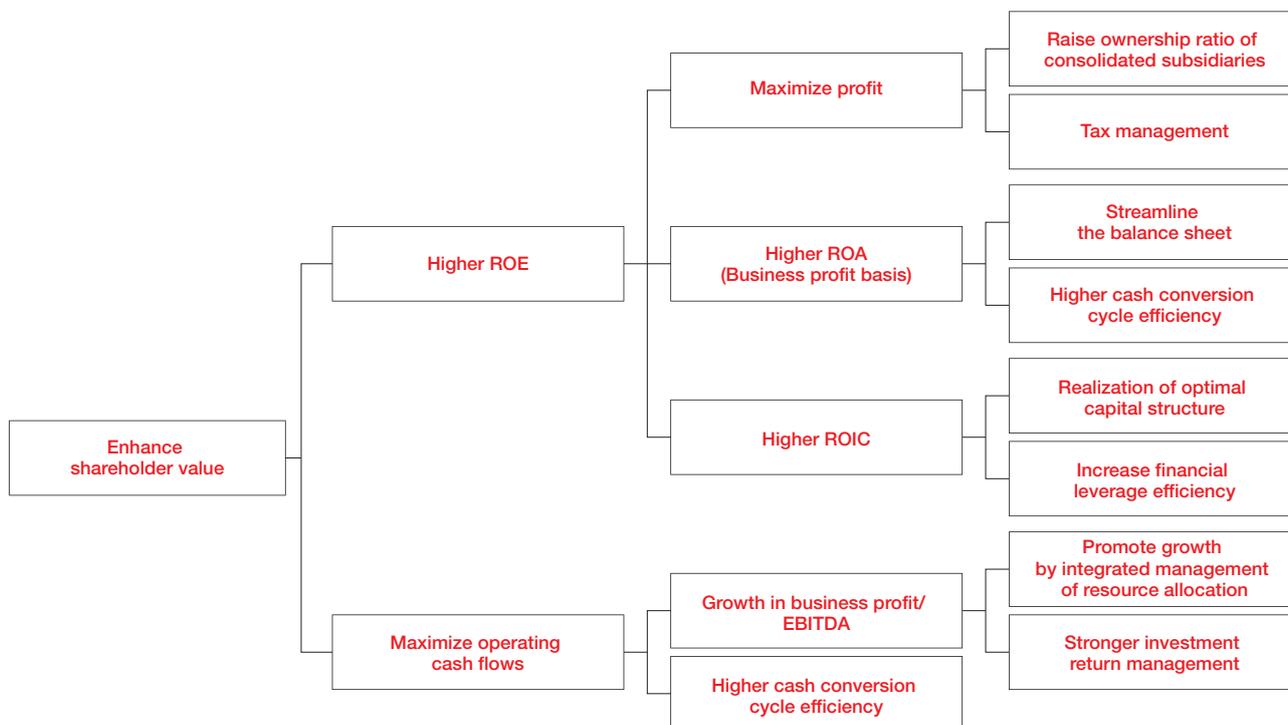
- Sales: ¥1,171.0 billion
- Business profit: ¥97.0 billion
- Profit attributable to owners of the parent company: ¥50.0 billion
- ROE: 8.0%

Message from the Corporate Vice President in Charge of Finance

Raising ROE and Maximizing Operating Cash Flows to Enhance Shareholder Value

The Ajinomoto Group is prioritizing raising ROE and maximizing operating cash flows to enhance shareholder value.

Efforts to enhance shareholder value



Raising ROE and Asset-Light Management

To realize the capital efficiency of a global top 10 class company in the food industry, the Group must control capital costs and raise ROE well above its weighted average cost of capital, which is currently about 5%. To this end, it is essential to raise the asset turnover ratio in order to realize higher corporate value by continuously improving capital efficiency. In short, to raise ROE in the current situation we are in, it is increasingly difficult to maximize profits solely through top-line growth. To raise ROE, the Group is trying to focus its growth investment in core businesses, implementing structural reform to reduce the composition ratio of non-core businesses, and initiating asset-light management for resource allocation to increase the efficiency of invested capital.

Resources will be allocated more efficiently by controlling interest-bearing debt by effectively using cash resources within the Group, reducing policy shareholdings, reorganizing the functional subsidiaries and reviewing joint-venture operations. Cash management at the regional level for Japan, North America, Europe, Thailand, and other areas will also be improved.

To raise asset efficiency in the core businesses, the Group will put stronger focus on ROA in each business. In raising the efficiency of invested capital, the Group has begun using ROIC as a new benchmark of the Group's financial structure so management has the same perspective as the Group's stakeholders.

Message from the Corporate Vice President in Charge of Finance

Maximizing Operating Cash Flows and Investment in Growth

The Ajinomoto Group's management believes strengthening its ability to generate operating cash flows, which is the source of investment funds, is essential for investing in its core businesses and accelerating the Group's business growth. The Group is implementing measures to boost business growth and shorten the cash conversion cycle (CCC). In FY2018, these measures generated 123.2 billion yen in cash flows from operating activities. The CCC was shortened by 1.2 days. The

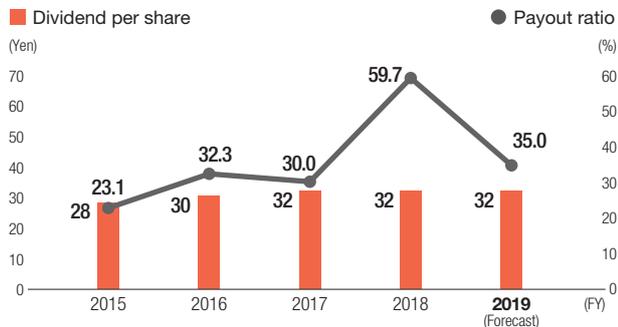
Group anticipates generating approximately the same amount of operating cash flows in FY2019.

The cash that is generated will continue to be allocated to capital expenditures, R&D, and M&A but in FY2019 the main focus will be in areas designed primarily to accelerate growth. Management is planning to increase the allocation of funds to profit growth investment to roughly 60% of its planned 81.5 billion yen in capital expenditures.

Shareholder Return Policy

The FY17-19 MTP outlines a basic policy for shareholder return of a 30% payout ratio each fiscal year and 50% or higher cumulative shareholder return over three years. In FY2018, the Group repurchased 40 billion yen worth of its outstanding shares, which was the upper limit set by the Board of Directors. Management will continue providing stable shareholder return and plans to maintain the annual dividend payment at 32 yen per share in FY2019.

Dividend and payout ratio



Preparing for the Next Medium-Term Management Plan

The Group's next MTP will raise capital efficiency through asset-light management and advancement of digital transformation that will lift the Group's financial structure to the global top 10 class in the food industry.

Roadmap	FY17-19 MTP	FY20-22 MTP Structural Reform	FY23 onward Target Status
	FY19 Forecast	FY22 Target	
ROE	8.0%	10%	11%
ROIC	6.1%	8% or higher	11-13%
ROA (Business profit basis)	6.5%	8%	12%

Message from the Corporate Vice President in Charge of Finance

Summary of the financial strategies in FY2019 and next MTP

	FY17–19 MTP Target	FY17 Actual	FY18 Actual	FY19 Forecast	FY20–22 MTP Target										
Cash flows	<ul style="list-style-type: none"> •Operating cash flows: roughly ¥350 billion •EBITDA to sales ratio: above 13.5% 	<ul style="list-style-type: none"> •Operating cash flows: ¥126.6 billion •EBITDA ratio: 12.8% 	<ul style="list-style-type: none"> •Operating cash flows: ¥123.2 billion •EBITDA ratio: 12.9% 	<ul style="list-style-type: none"> •Operating cash flows: roughly the same as in FY2018 •EBITDA ratio: 13.1% 	<ul style="list-style-type: none"> •Operating cash flows: approximately ¥350 billion <p>Operating cash flows*1 (three year total)</p> <p>(Billions of yen)</p> <table border="1"> <tr> <th>Period (FY)</th> <th>Operating cash flows (three year total)</th> </tr> <tr> <td>11–13</td> <td>244.8</td> </tr> <tr> <td>14–16</td> <td>347.4</td> </tr> <tr> <td>17–19 (Forecast)</td> <td>350 or higher</td> </tr> <tr> <td>20–22 (Target)</td> <td>350 approx.</td> </tr> </table>	Period (FY)	Operating cash flows (three year total)	11–13	244.8	14–16	347.4	17–19 (Forecast)	350 or higher	20–22 (Target)	350 approx.
Period (FY)	Operating cash flows (three year total)														
11–13	244.8														
14–16	347.4														
17–19 (Forecast)	350 or higher														
20–22 (Target)	350 approx.														
Investment for growth	<p>Engage in integrated management of capital expenditure, R&D, M&A</p> <ul style="list-style-type: none"> •R&D: approximately ¥29 billion per year •Capital expenditure: approximately ¥230 billion in three years 	<p>Total expenditure: ¥129.8 billion</p> <ul style="list-style-type: none"> •R&D: ¥27.8 billion •Capital expenditure: ¥79.4 billion •M&A: ¥22.6 billion*2 	<p>Total expenditure: ¥107.4 billion</p> <ul style="list-style-type: none"> •R&D: ¥27.8 billion •Capital expenditure: ¥79.6 billion •M&A: ¥0 	<p>Total expenditure: ¥110.2 billion plus additional</p> <ul style="list-style-type: none"> •R&D: ¥28.7 billion •Capital expenditure: ¥81.5 billion •M&A: under review 	<ul style="list-style-type: none"> •Capital expenditure: approximately ¥220 billion •M&A: approximately ¥80 billion 										
Shareholder return	<ul style="list-style-type: none"> •Payout ratio: target 30% •Total return ratio: target of 50% or higher <p>Flexible share buybacks</p>	<ul style="list-style-type: none"> •Payout ratio: 30.0% 	<ul style="list-style-type: none"> •Payout ratio: 59.7% 	<ul style="list-style-type: none"> •Payout ratio: 35.0% 	<ul style="list-style-type: none"> •Shareholder return: greater than ¥100.0 billion (Total return ratio: target of 50% or higher) 										
Financing	<ul style="list-style-type: none"> •Net debt-equity ratio: target of 50% 	<ul style="list-style-type: none"> •Net debt-equity ratio: 31.7% 	<ul style="list-style-type: none"> •Net debt-equity ratio: 36.3% 	<ul style="list-style-type: none"> •Net debt-equity ratio: target of 50% 	<ul style="list-style-type: none"> •Net debt-equity ratio: target of 50% 										

*1 Adoption of IFRS from FY15

*2 Excludes Agro2Agri, S.L.

Increasing Stakeholder Dialogue

The Group has been expanding its dialogue with stakeholders by increasing its daily communications and holding an annual explanatory briefing on its integrated report. In addition, the Group held an explanatory meeting about its electronic materials business in June 2019 and plans to hold similar meetings about its other businesses.

Management intends to make ongoing dialogue with stakeholders more meaningful by increasing these efforts.



Ajinomoto Group Strategies to Become a Global Top 10 Class Food Company

The Ajinomoto Group has set becoming a Global Top 10 Class Food Company as a milestone toward becoming a Genuine Global Specialty Company. This section outlines each segment's growth strategies for achieving that goal.



Progress with the FY2017-2019 Medium-Term Management Plan

The Ajinomoto Group is advancing measures on several fronts to become a Genuine Global Specialty Company. Strategies implemented during the past two medium-term management plans in pursuit of the Group’s specialties have been designed to advance growth drivers, fortify the business structure, and reinforce the management foundation.

In the food business, specifically Japan Food Products and International Food Products, the Group has actively invested to strengthen the business and regional portfolio in Japan and the “Five Stars” countries of Thailand, Brazil, Indonesia, Vietnam, and the Philippines. These investments are generating a steadily growing contribution to profits from the International Food Business.

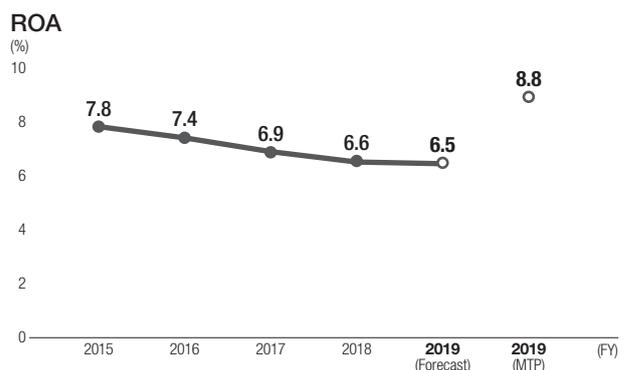
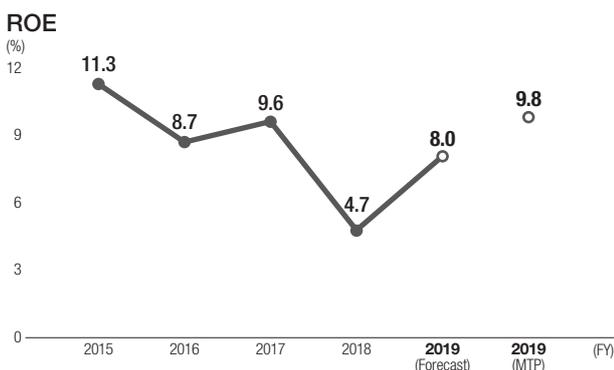
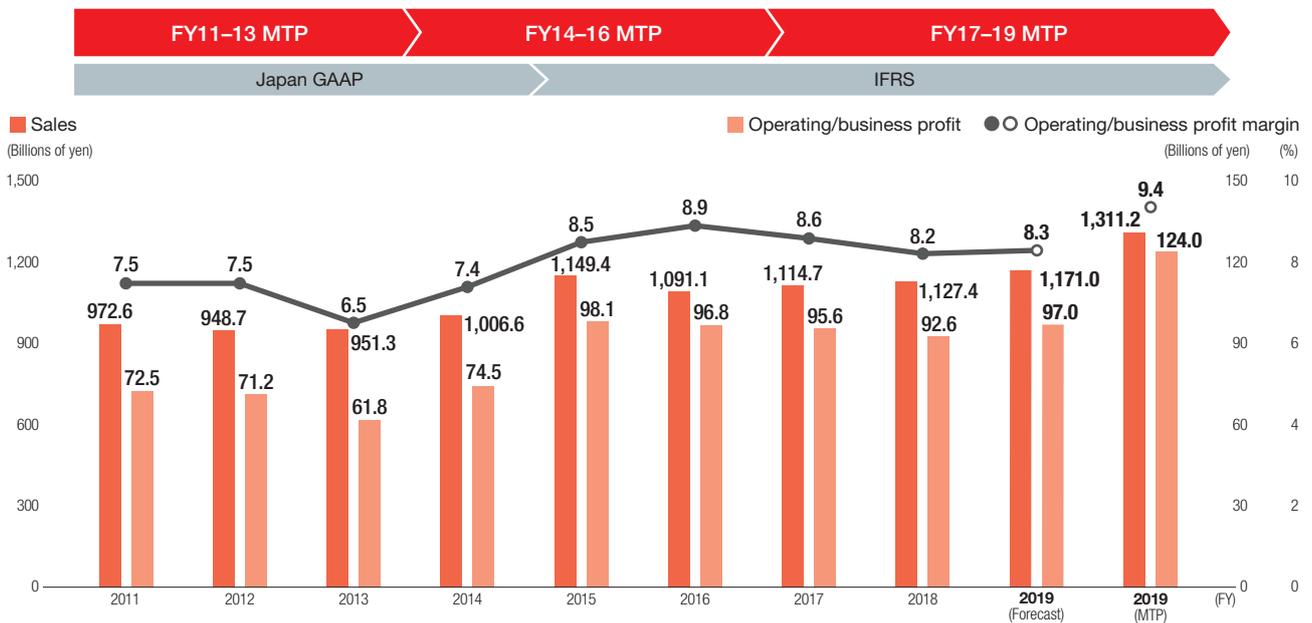
In the AminoScience businesses of Life Support and Healthcare, the Group has continued to strengthen the business structure by shifting to specialties in animal

nutrition and aggressively investing in the advanced biopharmaceuticals field to develop it into a core earnings source.

Earnings grew steadily during the eight years from FY2011 to FY2018. However, both the growth pace and earnings efficiency weakened under FY17-19 MTP, particularly in the food business. This is due in part to the fact that the food market structure changed markedly and competition intensified as consumer values and purchasing patterns diversified rapidly with the digital revolution.

The Group has responded to the changing environment by shifting its management policy in FY2019 to an innovation-driven growth strategy. The Group is focusing resources on core businesses that can demonstrate competitive advantage through digital transformation and asset-light management.

Performance under recent medium-term management plans



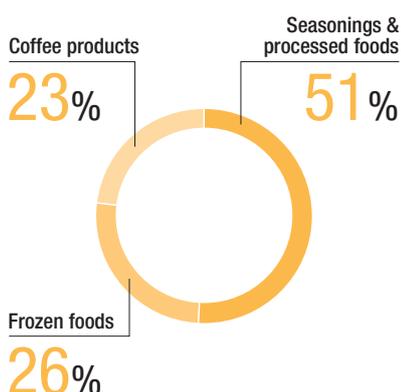
Overview of FY2018 Financial Results by Segment

Japan Food Products

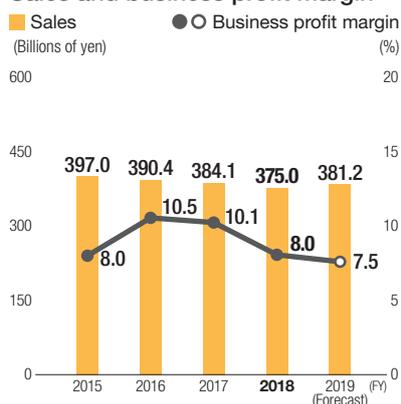
Competition in the market has intensified in recent years as consumption patterns have rapidly diversified and the structure of sales channels have changed following the evolution of digital technologies. Under those circumstances, sales of seasonings and processed foods were stable due to good sales of core brands, but business profit

decreased mainly as a result of soaring raw material and fuel prices. Sales and business profit of frozen foods and coffee products substantially declined due to intense competition and other factors. Overall segment sales and business profit both decreased year on year.

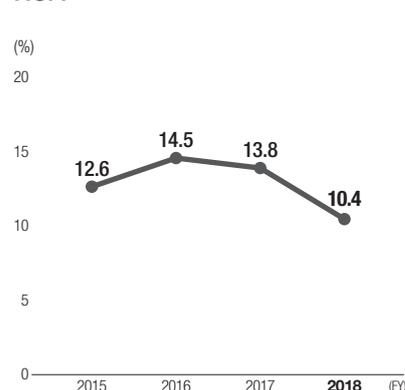
Breakdown of sales in FY2018



Sales and business profit margin



ROA

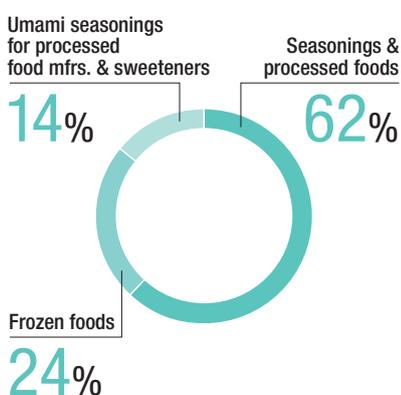


International Food Products

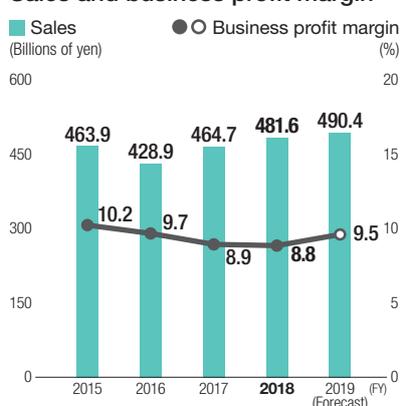
Sales of umami seasonings and flavor seasonings, the core products of this segment, grew steadily. Sales of menu-specific seasonings increased substantially in Southeast Asia and South America, reflecting urbanization and changing lifestyles of the growing middle class in these regions. Sales of frozen foods increased on the

back of strong market demand for Asian food products in North America and Europe. Despite an impairment loss associated with Promasidor Holdings Ltd. and rising costs for frozen foods in North America, overall segment sales and business profit were up year on year.

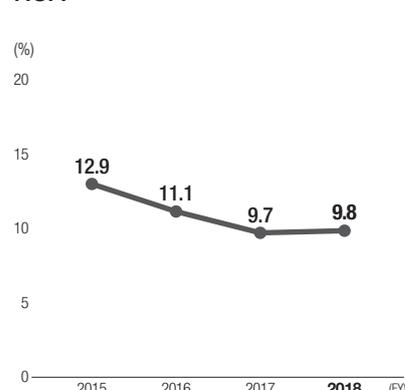
Breakdown of sales in FY2018



Sales and business profit margin



ROA



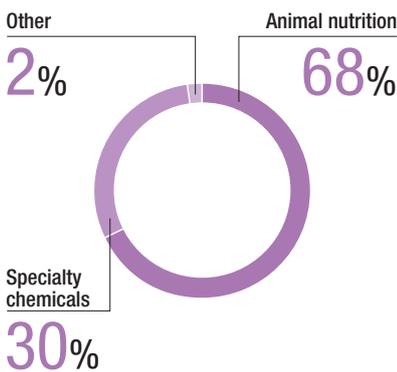
Overview of FY2018 Financial Results by Segment

Life Support

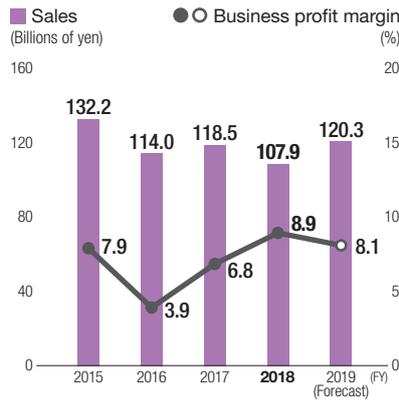
Sales of specialty chemicals increased due mainly to strong sales of electronic materials, and business profit grew substantially year on year. In the animal nutrition business, sales decreased due to declining sales volume

of lysine and threonine, and business profit was also down year on year mainly due to falling sales prices of tryptophan. Overall, segment sales decreased and business profit increased year on year.

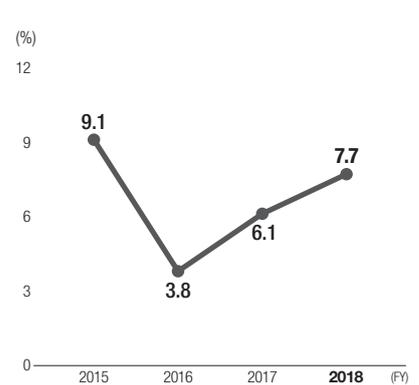
Breakdown of sales in FY2018



Sales and business profit margin



ROA

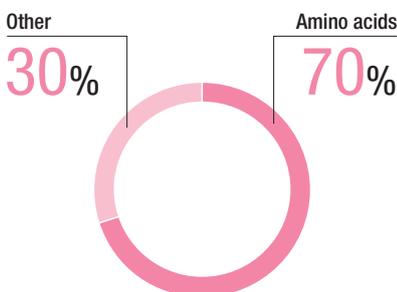


Healthcare

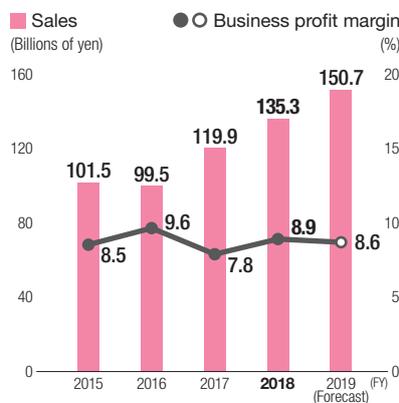
Sales and business profit of the pharmaceutical custom manufacturing business increased on the back of growth in the global market. Results were also solid for amino acids for pharmaceuticals and foods. Likewise, sales of

personal care ingredients, amino acid supplements, and fundamental food products were up. Overall segment sales and business profit increased year on year.

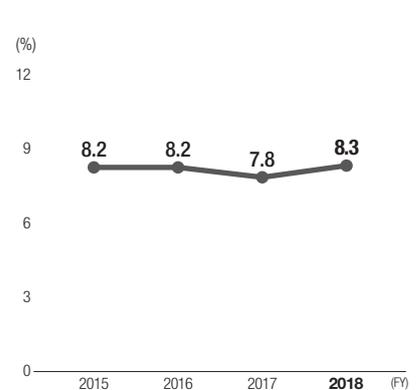
Breakdown of sales in FY2018



Sales and business profit margin



ROA



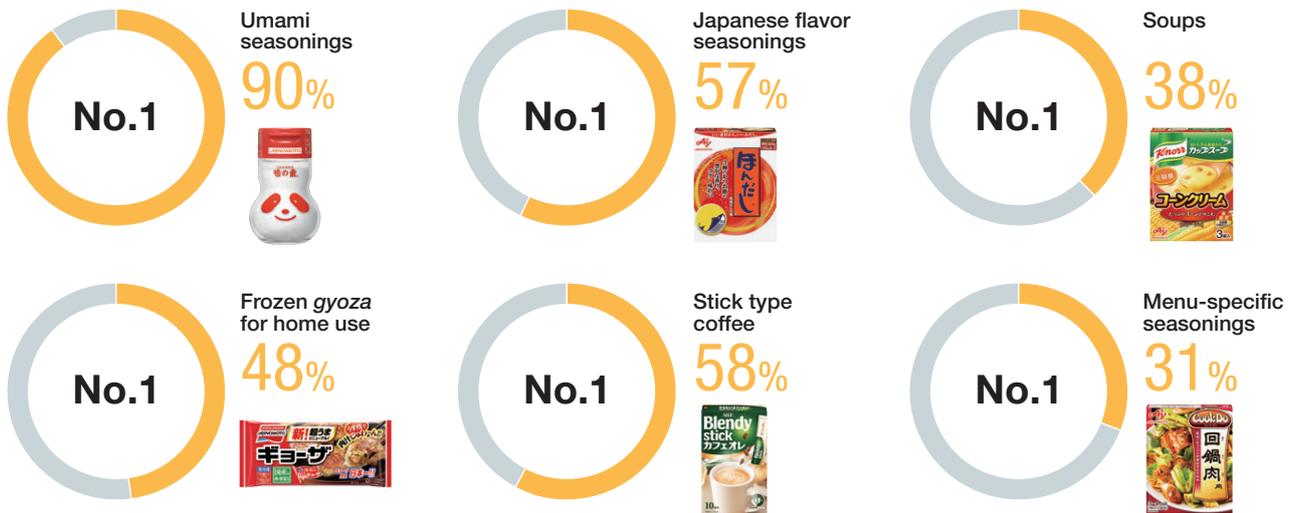
FY2019 Growth Strategy by Segment

Japan Food Products

The Ajinomoto Group is responding to intensifying competition by strengthening its ability to react quickly and flexibly to changes and by enhancing its competitive edge, focused on its core brands.



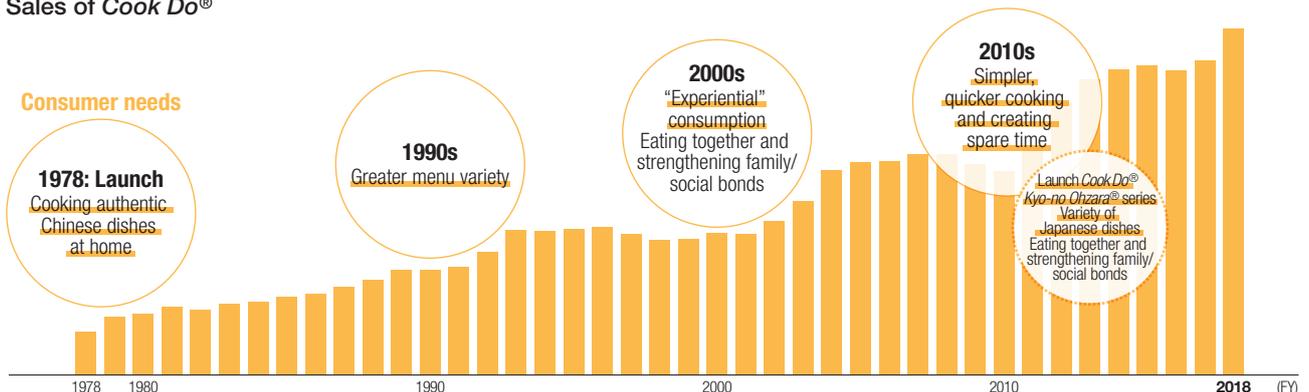
Market Share and Ranking of Key Categories (FY2018)



The 40th Anniversary of Cook Do® in the Market Continuing Growth by Anticipating Future Consumer Trends

By anticipating consumer needs and trend, sales of menu-specific seasoning Cook Do® have been rising since its launch in 1978.

Sales of Cook Do®



FY2019 Growth Strategy by Segment

Japan Food Products Business Growth Strategies

- 1** Concentrate on core brands
- 2** Strengthen response to the trend of quicker and diverse foods
- 3** Step up online business

Strengthen core brands by better adapting to diverse dietary habits and consumer values

1 2

The Group will steadily realize smart and delicious cooking by providing food products that can be prepared simply.

- Offer *Knorr*® brand cup soups catering to consumer dietary habits
- Develop the *Gyoza* series with the Group's original "feathering" ingredient enabling a crispy finish without using oil or water
- Further strengthen market position of menu-specific seasoning *Cook Do*®



Unique "root vegetable softener" formula significantly shortens cooking time

The Group will strengthen the delivery of new value, including in the premium categories, with stick-type coffee products.

- Café au lait with unique powder formulation that melts quickly even in cold water
- Decaffeinated coffee
- 50% less sugar



Contribute to resolve health issues

The Group will continuously strengthen its efforts to offer nutritionally balanced menu proposals with *Kachimeshi*® and to support to reduce salt consumption through the use of its products.



Menu example



Low-salt products

Expand touch points with consumers

3

As consumer touch points diversify with changing purchasing styles, the Group is developing products to meet evolving consumer needs and strengthening initiatives in the growing e-commerce channels.



Products available online



Japan Food Products

Focus

Restructuring the Value Chain

The Group's flexible production system enables us to fully meet customer needs.

Hiroshi Tsujita

President and Representative Director
Ajinomoto Food Manufacturing Co., Ltd.



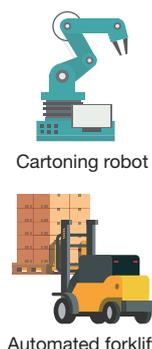
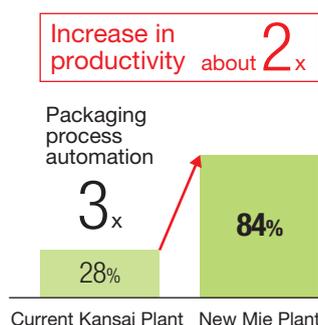
Restructuring the Japan Food Products value chain to create a world-class production system

Consumer needs in Japan are becoming increasingly diverse with the changes in social structure such as the increase in single-person households, growing awareness of health, the environment and food safety issues, and the changes in lifestyles. It's critical that we create a production model capable of quickly and flexibly meeting the changing consumer needs.

The Ajinomoto Group is restructuring the value chain of its Japan Food Products business as one of the key strategies in its FY17-19 MTP. Under this strategy, we took a major step forward with the establishment of Ajinomoto Food Manufacturing Co., Ltd. (AFM) in April 2019 where we are integrating the production system for seasonings and processed foods.

AFM will consolidate the manufacturing operations into three sites in Japan, in Kawasaki, Shizuoka, and Mie, in FY2021. The facilities will vastly improve production efficiency by using leading-edge digital and automation technology that will make it a world-class production system capable of quickly and flexibly responding to consumer demand.

Achieve unprecedented productivity with digital and automation technology



Constructing a three-in-one system for more efficient value creation

AFM brings together the seasonings and processed food manufacturing and packaging operations of Ajinomoto Co., Inc, the manufacturing and packaging operations of Ajinomoto Packaging Inc., and the operations of Knorr Foods Co., Ltd. We are now improving our supply chain management in all areas of development, procurement, production, distribution and sales while also raising product quality, lowering inventories, and minimizing the environmental footprint, including food waste. Consolidating the production technology and development functions of the three companies enables more efficient organizational management and will also facilitate developing the merged production technologies for use at overseas operations.

We believe integrating the operations of the three group companies will reap benefits that are greater than the sum of the parts. We expect the combined strengths and teamwork to provide a strong and sustained boost to the Group's business growth.

Meet small-mass (individualized) needs through a flexible production system

To date	New plant	New capabilities
Separated manufacturing and packaging	Integrated manufacturing and packaging	75% shorter lead time
Monthly management	Weekly management	50% less changeover time
Large-lot production	Small-lot production	86% smaller lot sizes

Japan Food Products

Focus

The Development of Knorr® Soup Grande

We created a high-quality, ready-to-drink soup to enjoy anytime, anywhere.

Tomoko Kurauchi

Soup Group, Consumer Foods & Seasonings Dept.



We targeted working women seeking healthy light meals.

The Ajinomoto Group already offers the highly popular *Knorr® Cup Soup* in the soup segment. So to create new growth in the soup business, we had to explore new attractive qualities and ways connect to new consumer segments. With that in mind, we turned our attention to ready-to-drink soup. Recognizing the consumer trend for options that are “just a little better” than the norm, we saw demand potential for ready-to-drink soup and set our target on working women seeking healthy light meals. With a concept of “a high-quality, ready-to-drink soup to enjoy anytime, anywhere,” we conducted numerous tests to refine the idea as “a ready-to-drink soup that can be stored at room temperature, is microwaveable, and can be held in one hand while drinking.” Many of the test production runs resulted in misshapen cups, and there were moments when we almost gave up. But thanks to everyone who worked so hard to develop it, we successfully created a final product.

Test sales convinced us of the potential of this product.

Knorr® Soup Grande is a satisfying 220 gram cup with less than 100 kilocalories, making it a healthy and filling option. It’s suitable for lunch and for a light evening snack, and because it can be held in one hand, consumers can enjoy it at home, at the workplace, or anywhere.

We started test sales in February 2019, and the development team was excited when we received news that it was flying off the shelves at a convenience store inside an office complex in Nagoya. We also launched the product on an e-commerce site often used by women shopping for something “just a little better.” In addition to a thorough description of the product, the site provided detailed images of the soup being consumed in office settings to propose a new lifestyle for consumers. As a result, online sales were moving at almost double the unit price of standard soups, and the response was from the “working women sensitive to new products” that we were targeting.

The test sales gave us a strong sense of the potential of this product and also of the need to have carefully defined sales promotions. We have confirmed that consumers are looking for added value in products, and I am looking forward to working with our project members to further refine our ability to meet their needs.

Knorr® Soup Grande:
 Minestrone
 Onion Gratin



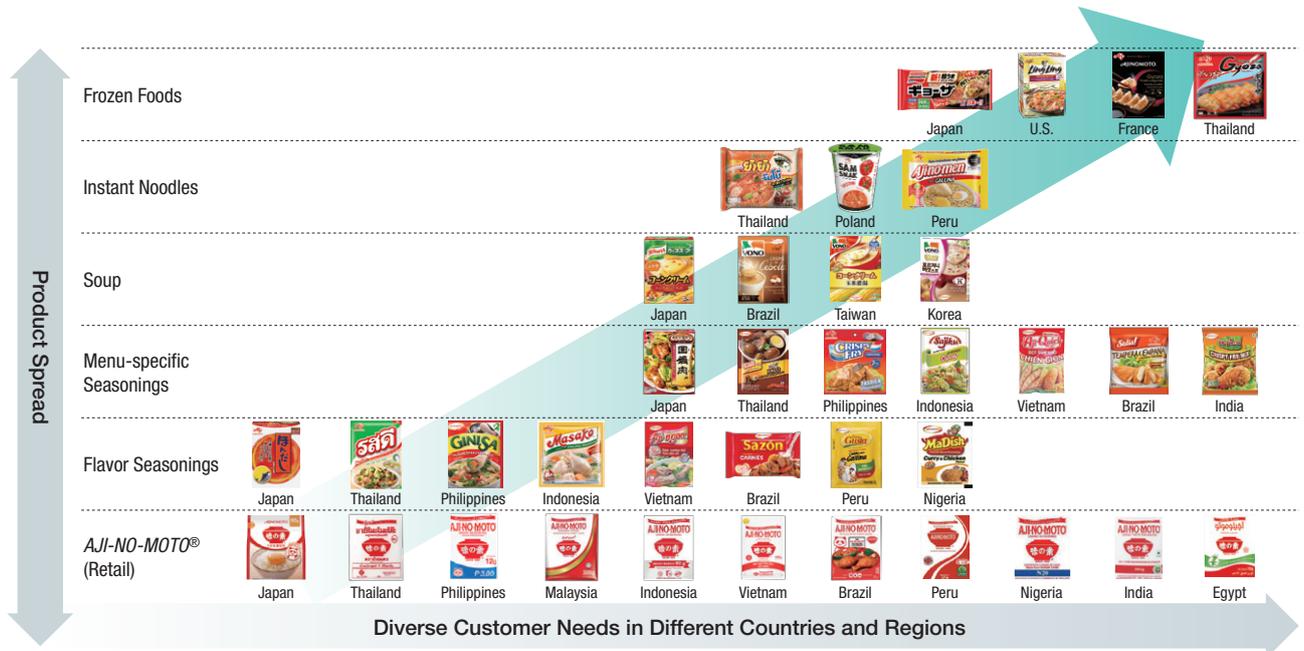
FY2019 Growth Strategy by Segment

International Food Products

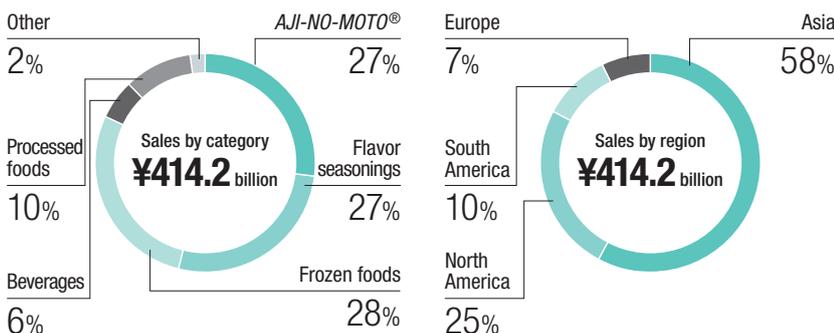
Centering on the stable growth of seasonings, the Ajinomoto Group is strengthening product development in line with changing lifestyles in each country and region. The Group is also developing its international frozen foods business globally with focus on the Asian food category.



Product Development by Country and Region



Sales Composition of Consumer Foods by Category (FY2018)



Market Share and Ranking of Key Categories (FY2018)



FY2019 Growth Strategy by Segment

International Food Products Business Growth Strategy

- 1 Steadily grow sales of core seasoning products
- 2 Strengthen response to the trend of quicker and diverse foods in each country and region
- 3 Focus on the Asian food category in frozen foods business

Steadily grow sales of umami seasoning AJI-NO-MOTO® and flavor seasonings

1 2

The Group will steadily expand sales by promoting the usefulness of AJI-NO-MOTO®, which is sold in over 100 countries, and boost the competitiveness of its flavor seasonings by improving the quality.

- The Group will advance its continual quality improvement by utilizing advanced technologies and using in-house produced meat extract. (Example: Masako® in Indonesia)



Dramatically grow menu-specific seasonings where demand is expanding

1 2

The Group plans to harness the growing demand accompanying the rapid economic growth in emerging countries to expand sales of its menu-specific seasonings including powdered type products for deep-fried menus and liquid type products.

- Seasoning for deep-fried menus
- Powdered type
- Liquid type



Respond to individual diets, convenient meals, and health trends

1 2

The Group will respond to demand related to individual diets, convenient meals, and health trends through its premium products with deliciousness and health value.



Focus on Asian food category in frozen foods business

3

The Group will formulate a global management structure for the frozen foods business and establish production and distribution systems. In particular, the Group will focus on the Asian food category, which is expected to grow globally, and accelerate the development of existing businesses in North America and other areas. In addition, the Group will continue to leverage its specialties in the premium dessert category, where the market is emerging mainly in the U.S. and Europe.



International Food Products

Focus

Simple and Effective Business Management

We aim for further growth in the high value-added Asian food and dessert categories where we have competitive advantage.

Hideaki Kawana

General Manager, Global Frozen Foods Strategy Department



The Global Frozen Foods Strategy Department provides unified management for all international frozen foods operations.

The Ajinomoto Group is expanding its international frozen foods business by leveraging its product development capabilities and high-quality manufacturing technologies cultivated in Japan, with a main focus on the markets of Europe and the U.S.

We estimate that the global market for frozen foods has been expanding an average of 3% each year since 2010. The Asian food category has been growing at an even faster 5% average pace, and we expect the category to drive future growth of the Group.

The Global Frozen Foods Strategy Department was created in April 2019 to combine the separate business operations and management of Ajinomoto Co., Inc., and Ajinomoto Frozen Foods Co., Inc. The department will formulate business strategies for international frozen food products, plan medium- and long-term technology development and supply strategies, and oversee asset management and human resource development.

The frozen food market is expected to continue to grow globally and the business environment is accordingly expected to become increasingly competitive. We are preparing for this scenario by concentrating resources on our focus categories and establishing production and distribution systems to fortify our profit structure. We are

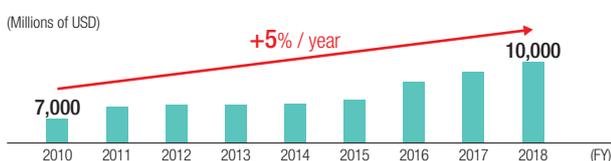
also setting up new business bases for frozen foods in key areas, primarily regions where we already have an established business foundation.

Fully applying our specialties to the Asian food and dessert categories

We estimate that the market for Asian food category is currently worth \$10.0 billion and that as the demand for diversification in food increases, the market will grow by 50% to \$16.0 billion in 10 years. The Group plans to continue expanding its business in regions where it already has an established presence, particularly in Europe and the U.S. by applying its technological advantages in *gyoza*, rice and noodle products, and also leveraging its formidable lead in product quality. The Group also plans to tap demand potential in Southeast Asia and South America where it currently has a limited presence by making full use of the existing facilities and contracting out production to accelerate its business expansion. We aim to leverage our competitive advantages to be the market leader in the Asian food category.

In the dessert category, we see an emerging market for premium products, particularly in Europe and the U.S. We are examining ways to target this market with technologies we have cultivated in Japan and France to capture a unique market niche for high-value-added desserts.

Global sales trend for frozen Asian foods (Company estimate)



Examples in the Asian food category and the dessert category

International Food Products

Focus

The Creation of Sarsaya® Oyster Sauce

Delivering new value to meet the diversifying needs in the Philippine food market

Roann Co

Department Head of Marketing
 AJINOMOTO PHILIPPINES CORPORATION

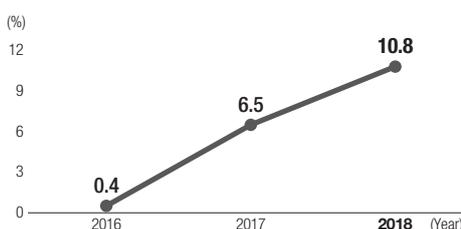


Sarsaya®’s rich taste and flavor have captured the third-largest market share.

Soy sauce, vinegar, and salt have long been fundamental seasonings in the Philippines, but as the economy has grown in recent years, consumers have been using a wider variety of seasonings. Demand has been strong for oyster sauce, which can enhance the flavor of a wide variety of foods. The competition has been stiff in oyster sauces with about 20 companies in the mix, but their offerings were weak at delivering the original oyster taste and flavor. We determined to use our ingredients and technologies to deliver an oyster sauce that would highlight the inherent deliciousness of oysters and be used by a large number of consumers. As a result, we have launched Sarsaya® oyster sauce.

We created Sarsaya® oyster sauce by focusing on the quality of the oyster juice, which is the main ingredient, and using our own blending technology to develop a sauce that would give a rich-bodied flavor to stir fried or stewed dishes. Consumers have responded strongly to the rich taste and flavor and the high cost performance since we launched the product in 2016, and it has quickly become the third best-selling oyster sauce with 11% market share in 2018.

Sarsaya® market share in the Philippine oyster sauce market



Source: Kantar Home Panel Data



Sarsaya®

Aggressive campaigns to promote use in a wider variety of dishes

We are actively promoting the Sarsaya® brand as a key seasoning to enhance the flavor of various dishes, and recently ran a TV commercial with a popular celebrity with the message that Sarsaya® is “the true oyster in the oyster.”

We are also making the product highly visible and readily available at a broad range of locations including supermarkets and the roughly one million sari-sari stores (small roadside stores) in the Philippines. This is raising brand recognition, increasing consumer understanding of the brand’s versatility, and boosting sales.

We are considering adding other types of sauces to develop Sarsaya® into a product series. The name Sarsaya combines the Tagalog words for sauce and happiness. Just as the name says, my objective is to bring happiness to every Filipino through Sarsaya® that makes every meal delicious, healthy and enjoyable.



Life Support

The Ajinomoto Group is expanding sales of electronic materials in the specialty chemicals business and converting from a commodity supplier to a specialty supplier in the animal nutrition business.



Life Support Business Growth Strategies

1 Accelerate the growth of the electronic materials business

2 Promote the shift to specialty in the animal nutrition business

Accelerate the growth of the electronic materials business

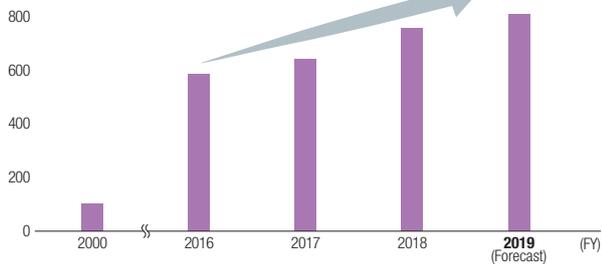
1

Sales of *Ajinomoto Build-up Film® (ABF)* have been growing in recent years with expanding applications, such as for data center servers. Demand for *ABF* is expected to continue increasing with ongoing growth in IoT-related markets.



Sales trend

*Indexed to 100 = sales in FY2000



Growth areas expected by expansion of IoT



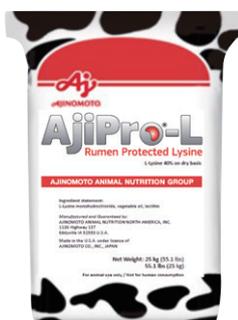
Promote the shift to specialty in the animal nutrition business

2

The Group will expand the specialty business by rapidly developing peripheral products of the *AjiPro*[®]-L lysine for dairy cows.

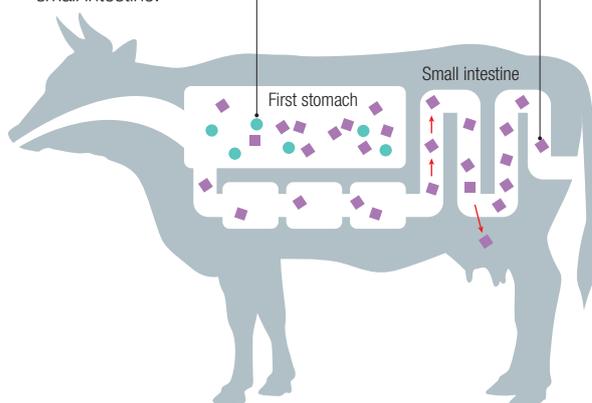
● *AjiPro*[®]-L lysine for dairy cows

Because cows have four stomachs for digestion, most amino acids supplied by formulas are broken down by microbes in the rumen and do not reach the small intestine for absorption as nutrients. The Group developed a proprietary protective granulation technology to gradually dissolve lysine, an essential amino acid where it is needed, and introduced *AjiPro*[®]-L, a rumen-protected lysine for dairy cows. *AjiPro*[®]-L enables efficient feed use in ruminants and improves the nutrition and productivity of dairy cows. *AjiPro*[®]-L also helps reduce nitrogen excretion thereby lowering the environmental impact.



Mechanism for improved lysine utilization efficiency

- Standard lysine
Standard lysine is broken down by microorganisms in the cow's first stomach before it can reach the small intestine.
- *AjiPro*[®]-L
AjiPro[®]-L remains intact through the first stomach and is absorbed in the small intestine.



Focus

Contributing to Comfortable Lifestyles with *Ajinomoto Build-up Film*[®]

We have entered a new growth phase with the arrival of IoT.

Yoshimasa Fujiwara

Electronic Materials Division, Ajinomoto Fine-Techno Co., Inc.
(As of June 2019)



When we created *ABF* in 1999, we were the first in the world to successfully produce a liquid resin film for use as an insulating material for semiconductor packages, and the film quickly became the standard for major semiconductor manufacturers. Demand for *ABF* grew substantially in the 2000s with the proliferation of the internet and personal computers. Sales leveled off in 2008 with stagnating computer demand during the global financial crisis, but entered a new growth phase in 2017 fueled by the arrival of 5G technology and expanding use of IoT.

Our biggest challenges are keeping pace with the changes in the semiconductor market and developing products quickly enough to meet the rapidly evolving emerging customer needs. We constantly communicate with clients to stay on top of their needs so we can propose solutions and deliver new products for testing.

The Group set up a presence in Silicon Valley where many of our customers have operations so we can be in touch with the latest information to further develop and hone our products while also introducing *ABF* to potential new clients and increasing recognition.

We will continue to contribute to the comfortable lifestyle of society through *ABF*.

Growth in servers and other recently expanding domains



Healthcare

The Ajinomoto Group is expanding its pharmaceutical custom manufacturing business to take advantage of the growing market. The Group is also aiming to apply its leading-edge bioscience and fine chemical technologies to expand its coverage in the peripheral fields of regenerative medicine, diagnostics, solutions, health, nutrition, and personal care.



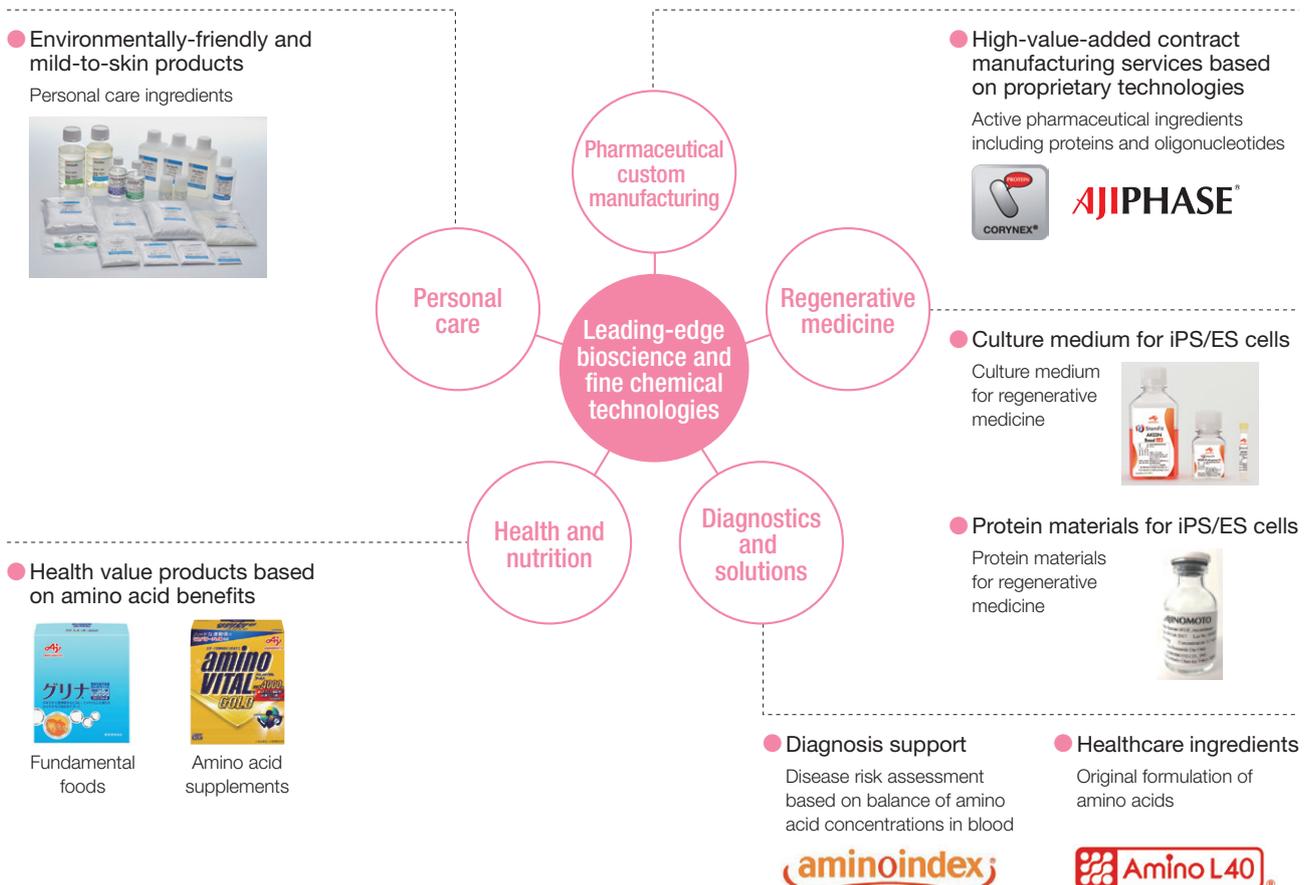
Healthcare Business Growth Strategies

1 Expand business by applying the Group's leading-edge bioscience and fine chemical technologies

2 Strengthen the pharmaceutical custom manufacturing business

Expand business by applying the Group's leading-edge bioscience and fine chemical technologies

1



Strengthen the pharmaceutical custom manufacturing business

2

The Group is formulating a global integrated structure as a CDMO to strengthen its services to meet growing expectations by pharmaceutical companies for outsourced services. The Group’s global operations, named “Ajinomoto Bio-Pharma Services,” will offer customers a broader range of products, spanning from small molecule pharmaceuticals to biopharmaceuticals and oligonucleotides. In FY2018, the Group established a production base in the U.S. for next-generation antibody drugs and a new development and manufacturing base in Japan for active ingredients of nucleic acid drugs. The Group continues to harness its strengths in synthetic and fermentation technologies, its proprietary oligonucleotide and protein manufacturing technologies, and its development and manufacturing services to expand its business.

Network of the “Ajinomoto Bio-Pharma Services”



Focus

Expanding Our Pharmaceutical Custom Manufacturing Business

A leading, trusted, and innovative partner

David Enloe

General Manager, Pharmaceutical Custom Manufacturing Dept.



The Ajinomoto Group’s pharmaceutical custom manufacturing business began in the 1980s when it developed an amino acid derivative contract business. Leveraging our Group technologies and expertise, we have since shaped our business through M&A and expansion of production facilities.

In October 2018, the Group formed “Ajinomoto Bio-Pharma Services,” and repositioned itself as a globally integrated organization rather than multiple separate companies. This was to respond to the recent trend of pharmaceutical companies simplifying their supply chains and forging deeper relationships with a selected few CDMOs. As a result of this launch, we have experienced powerful synergy as our staff collaborates globally, offering best-in-class services for our clients. In doing so, we have seen strong sales growth and are optimistic that this will

continue in the future. We are now functioning as a group with a wide range of specialized knowledge. For instance, our scientists work closely with research teams in Japan as well as in Russia to advance technology platforms and production improvements for our clients. All these factors help fulfill our aim of delivering high-quality results as the development of new drugs becomes more complex.

The knowledge we have accumulated via global integration, strengthens the partnerships we can build with our clients, supporting their mission to develop new drugs which combat incurable diseases, as well as superior drugs that cause fewer side effects. Operating as a world-class CDMO, we are contributing to help “Eat Well, Live Well.” become a reality all over the globe by helping ensure our clients can provide safe, effective drugs to patients in need.

Measures to Enhance Corporate Brand Value (1): World Umami Forum

World Umami Forum

Promoting the benefits of umami to the world

Details of the forum

Dates: September 20 – 21, 2018

Venue: Conrad Hotel, New York City

Attendees: About 200



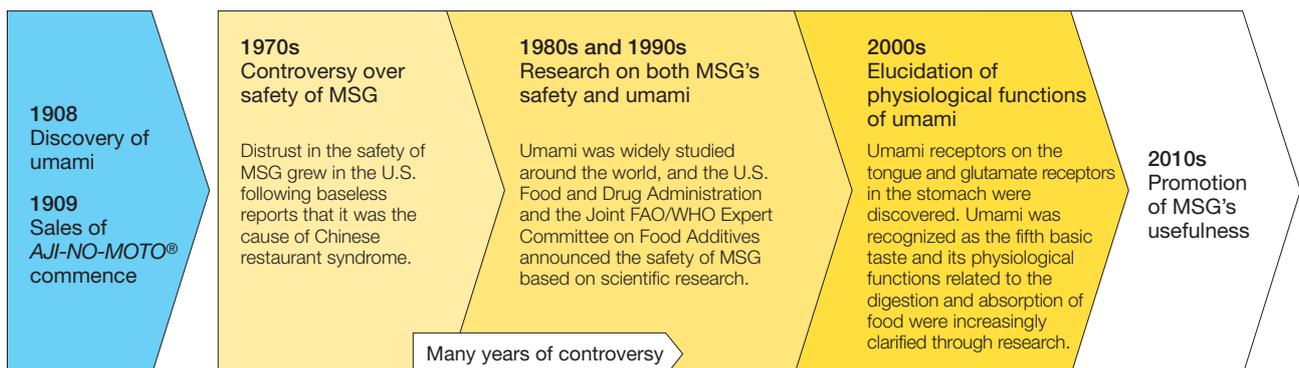
A panel discussion at the event

Marking the 110th anniversary of the discovery of umami by Dr. Kikunae Ikeda, the Ajinomoto Group held the World Umami Forum (WUF) in New York City in 2018 as a venue for providing accurate information about monosodium glutamate (MSG) and umami taste, and clearing up misconceptions among consumers around the world.

Combatting baseless rumors about MSG

In the 1970s, an increasing number of consumers in the U.S. became concerned over the safety of MSG following baseless rumors that it was the cause of so-called “Chinese restaurant syndrome,” a group of symptoms including numbness, weakness and palpitations experienced by some people after eating Chinese food. To this day, some restaurants and food manufacturers declare that no MSG is used in their food, especially in the U.S. and Europe.

Against that backdrop, the Group held the WUF in September 2018, recognizing that interest in food safety and health is on the rise today now that consumers all over the world are using the internet. Held in the U.S., the world’s primary information hub, the two-day event featured fact-based discussions and presentations about MSG by prominent influencers in the food community, including dietitians, chefs, journalists, and academics.



Measures to Enhance Corporate Brand Value (1): World Umami Forum

Shedding light on umami from various viewpoints



Sarah Lohman

American Gastronomy Historian and Author

At the forum, Ms. Lohman noted that since the 1960s, MSG has been regarded as bad for health without any scientific evidence. In recent years, however, large-scale clinical studies have proven that there are no harmful effects on the body. She discussed how awareness is changing among Americans as they have more opportunities to try MSG, especially through food prepared by young chefs and Asian chefs.



Dr. Gary Beauchamp

Distinguished Member, Emeritus Director and President, Monell Chemical Senses Center

Dr. Beauchamp explained that umami is a distinct taste from the four basic tastes (sweet, sour, salty, bitter), and although its taste is not enjoyable on its own, it enhances the flavor of the foods it is added to. He also noted that more research is needed in the future to understand why MSG makes food taste good and the mechanisms underlying such phenomena.

Discussions by experts in a wide range of fields

About 200 people attended the WUF. In the opening address, Ajinomoto Co., Inc.'s President and CEO, Takaaki Nishii, emphasized the company's desire to more actively share fact-based information with consumers through transparent means.

Presentations were then given by experts in various disciplines, including a researcher of flavor and aroma, a flavor scientist, a historian of gastronomic culture, as well as leading chefs. From a wide range of viewpoints, they disproved the misinformation about MSG's safety and discussed its benefits, such as improving the taste of low-sodium foods.

In a panel discussion entitled "Debunking the Myths and Mysteries Behind MSG," five experts exchanged views on how to repair MSG's negative image and public misconceptions. They agreed on the importance of education and providing accurate information about MSG, including the fact that it is naturally contained in food and breast milk in the form of glutamate, and is useful for enhancing the flavor of food and making delicious low-sodium dishes.

Fostering an understanding of umami and MSG globally

According to a survey conducted after the WUF, the image of MSG among dietitians and food forward consumers

	Responses to questions	January 2018	November 2018
Dieticians	Have a positive image of MSG	52%	63%
	Understand that MSG is a source of umami taste	50%	62%
Food-forward consumers	Have a negative image of MSG	39%	33%
	Have a positive image of MSG	65%	68%

improved compared with a previous survey before the event as shown below.

American dieticians who attended the forum seemed most impressed by the usefulness of MSG for reducing salt intake, a finding that they widely disseminated via social media. Attendees also had an impact outside the U.S. In Nigeria, for example, social media influencers provided correct information about MSG, especially in the southern part of the country where negative images have persisted. Moreover, a video about the benefits of MSG independently produced by doctors who attended the forum was shown at Brazil's largest nutrition-related conference, Ganepão 2019, which was attended by about 2,000 physicians and dieticians. In Japan, Ajinomoto Co., Inc. has been actively involved in public communications, and has held press conferences to address the consumer issue of "additive free" labels and signs.

Looking ahead, the Ajinomoto Group intends to continue sharing accurate information with consumers so that people around the world can enjoy delicious and healthy food without misplaced concerns over MSG's safety.

Umami cooking competition

One of the highlights of the WUF was an umami cooking competition, in which six top culinary students from the U.S. demonstrated their skills through original dishes rich with umami. The winner was awarded a culinary immersion trip to Japan.



Building an effective system to address the social issues of undernutrition and overnutrition

In July 2017, the Ajinomoto Group established the Group Shared Policy on Nutrition and the Nutrition Strategy Guideline based on the policy. These provide a foundation for the Group's business activities to promote "health and well-being." Since FY2018, a cross-organizational task force headed by a Corporate Senior Vice President has been formulating a comprehensive nutrition strategy with specific commitments along with a system to ensure the strategy is effectively executed.

The Group is currently constructing the Ajinomoto Group Nutrient Profiling System (ANPS), which it plans to use as a tool for reformulating existing products, developing new healthier products in the global product portfolio, and developing healthier menus. The ANPS will clarify upper and lower intake limits of sensitive and positive nutrients based on the World Health Organization recommendations. The Group will be particularly seeking

to manage sodium, saturated fat, added sugars, protein, and fruits and vegetables. The ANPS is unique in that it covers not only products but also menus.

The Group will reflect the nutrition strategy and commitments in its medium-term management plan starting from FY2020, and the ANPS will be sequentially installed in all Group companies.

We are building collaborative relationships with stakeholders and stepping up our activities to improve nutrition.

The Ajinomoto Group is unique in its ability to provide solutions based on deliciousness for the worldwide public health issues of the nutritional double burden: undernutrition and overnutrition. We are using our expertise combining amino acid function with various food technologies to strengthen efforts throughout the Group to improve nutrition and contribute to realizing the United Nations' Sustainable Development Goals. Our products are currently sold in over 130 countries in all regions of the globe, and we are deeply aware of the importance of maintaining active and collaborative relationships with governments, local communities, and other stakeholders in each country and region. Based on external evaluations such as the Access to Nutrition Index (ATNI)*, the Group will focus on and continue advancing its nutrition improvement activities.

*The ATNI is a nutrition access index developed by the Access to Nutrition Foundation (ATNF), an independent non-profit organization based in the Netherlands, created to objectively evaluate and improve companies' efforts to address global nutrition issues.



Masaya Tochio
Representative Director,
Corporate Senior Vice
President

▶ For details, please see the Ajinomoto Group Sustainability Data Book 2019.
<https://www.ajinomoto.com/en/activity/>

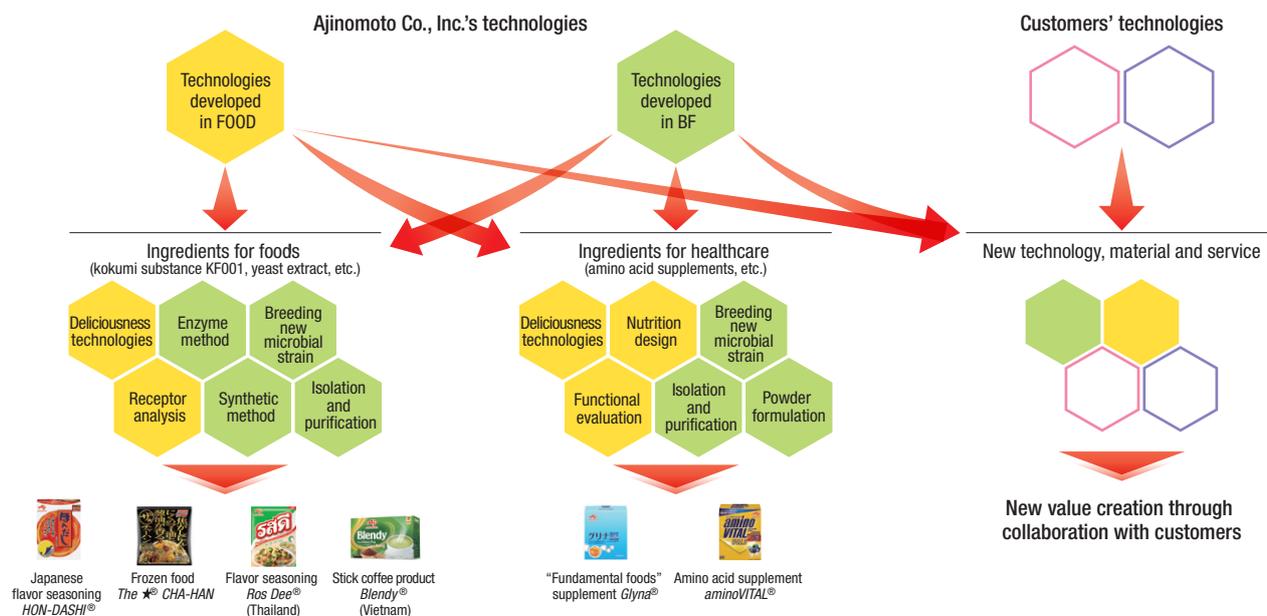
Accelerating research and development to provide value to customers more rapidly

Ajinomoto Co., Inc. reorganized its R&D structure in April 2019 to enable quicker response to the rapidly changing market environment. The new organizational structure will enable the Company to create value even more linked to business, which will accelerate progress from fundamental research to product development and industrialization, and contribute to achieving sustainable growth.

To better align R&D activities with business strategies, the Company has reorganized its research in new fields and technological support function of the Institute for Innovation into the Research Institute for Bioscience Products and Fine Chemicals (BF), Institute of Food Sciences and Technologies (FOOD), Information System

Planning Department, and Production & Technology Administration Center. In addition, the Group will strengthen collaboration with outside organizations in R&D, and through integration of various technologies, will accelerate research and development to provide value to customers more quickly.

Accelerate the creation of synergies through technological integration



Accelerate creating new business and customer value through agile R&D

At the Research Institute for Bioscience Products and Fine Chemicals, I am particularly eager to apply the vast knowledge, technology, and experience that the Institute for Innovation has accumulated in the areas of analysis, structural analysis, and safety to create new businesses. One example is creating new business through communications with customers at the Client Innovation Center. I also expect the Institute of Food Sciences and Technologies to accelerate customer value creation in the food products business by integrating the research in taste receptors, nutrient metabolism, health, and pharmaceutical materials conducted at the Institute for Innovation. The new organization brings together the strengths of all of our researchers giving us the ability to quickly meet a wide range of customer needs.



Hiroyuki Kojima
Corporate Senior Vice President

The Ajinomoto Group is carrying out digital transformation to raise corporate value to new heights.

Through digital transformation the Ajinomoto Group is becoming more innovative and operationally efficient. This is essential to becoming a Global Top 10 Class Food Company. Appointed to the new position of Chief Digital Officer (CDO) in June 2019, Hiroshi Fukushi explains the Group's digital strategy and goals.

Changing to Stay Ahead of the Market

As digital technology makes ever more astonishing progress, expectations from customers and other stakeholders are rising and diversifying. In this context, continuing to be a company that is expected to deliver results and respected by stakeholders requires transforming quickly enough to stay ahead of market demands. To that end, we will dramatically raise corporate value by making full use of the latest digital technology and accelerating the creation of new values unique to the Group.



Hiroshi Fukushi

Representative Director,
Corporate Executive Deputy President & Chief Digital Officer

Chief Digital Officer — Function of the CDO

As CDO, my function is to advance the Group's digital transformation. I apply digital technology to boost productivity and competitiveness based on the gathered information on stakeholders' real needs. This process drives new growth for the Group to become a global top

10 class food company. To realize this mid- to long-term DX vision, the Group has formulated a DX Policy and formed a DX Committee. Steps are also being taken to implement a network linking outside entities to the Group.

Two Platforms for Transformation — Business and Operations

Separate platforms support business transformation and operations transformation.

1) Business transformation platform

Transforming the entire enterprise is the ultimate aim of this platform, as it employs digital technology to add non-traditional functions and strengthen weak ones. The point is to use digital technology and systems to accelerate transformation that endows the business structure and organization with the agility to respond rapidly to changing customer trends.

Key elements of transformation are a focus on core businesses, global business management, e-commerce promotion, small mass-marketing, personalization, and the like. For each, consideration must be given to which digital technologies and systems are most appropriate to the business environment, local region, and other variables. Progress in transformation will be achieved through a stage-gate process. Clearing the transformational goals and performance goals of each stage will advance the Group toward becoming a global top 10 class food company.

2) Operations transformation platform

In contrast to the business platform's goal of transformation in business organization, this platform is about transforming operations, that is, ways of working.

Operations differ in each region and in each function — corporate, marketing, research, manufacturing, sales, and so on. The Group formulates sharable transformation KPIs (ROA and productivity per person, for example) and aims to achieve the KPIs established for each function and



region.

The first stage is implementing the operational excellence (OE) program, a strategy for raising productivity. Upon the OE foundation of global best practices in operations, DX proceeds by introducing IoT, AI, Big Data utilization, and other digital technologies and systems, while synchronizing business transformation and operations transformation.

The Ajinomoto Group's Competitive Advantage Lies in Shared Growth of Individuals, the Organization, and the Business.

The competitiveness of the Group is not in the ability to develop digital technology per se, but rather in the integrated knowledge created by individuals interacting with the organization. Integration of knowledge results from sharing personal and organizational goals and accomplishments through presentations and discussions.

Individuals help the organization grow, and the organization helps individuals grow. The resulting business growth, in turn, brings with it fresh opportunities for

personal and organizational growth. This shared-growth model — for individuals, the organization, and the enterprise — will be adopted across the Group, worldwide.

By implementing advanced, digital technology to share this integrated knowledge and combine it with outside data, the Group's digital transformation has the capability to raise corporate value to new heights, in my confident opinion.



The Management Foundation Supporting ASV

Corporate Governance, human resource development and initiatives to reduce the environmental footprint are the foundation of ASV, and also support its evolution.

To achieve sustainable growth through ASV, the Group implements management with due consideration for ESG.



Basic Approach to Corporate Governance

The Ajinomoto Group positions corporate governance as one of the most important aspects of its management foundation for accelerating its ASV efforts and achieving its vision of becoming a Genuine Global Specialty Company. While continuously working to establish an effective corporate governance system that balances “supervising appropriate execution to reflect stakeholders’ opinions” and “flexible decision making and execution,” the Group

sincerely maintains the Ajinomoto Group Policy, which shows the behavior and way of thinking that each Group company, officer, and employee should follow. The Group believes that continuing to work on the establishment of internal control systems and their appropriate operation, and deepening dialogue and collaboration with stakeholders will become the foundation of ASV, continuously enhancing corporate value.

▶ For details, please see the Ajinomoto Principle on Corporate Governance and the Corporate Governance Report.
https://www.ajinomoto.com/en/ir/strategy/corp_gov.html

Initiatives to reinforce governance

2003

- Introduction of executive officer system
- Decrease in the number of directors (from 30 to 12)
- Appointment of an outside director (one out of 12 directors)

2004

- Appointment of outside corporate auditors (three)

2005

- Establishment of Nominating Advisory Committee
- Establishment of Compensation Advisory Committee

2009

- Increase in the number of outside directors (two out of 15 directors)

2011

- Appointment of a female outside director (one out of 15 directors)

2015

- Increase in the number of outside directors (three out of 14 directors)

2016

- Introduction of evaluation of the Board of Directors’ effectiveness
- Introduction of the Global Governance Policy

2017

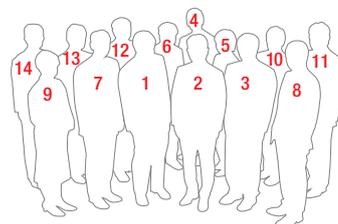
- Decrease in the number of internal directors (from 10 to 6)
- Establishment of Corporate Governance Committee
- Introduction of a medium-term company performance-linked stock compensation system

Overview of the corporate governance structure

Main Items	Current Status
Type of system	Company with Audit & Supervisory Board
Number of directors (including outside directors)	9 (3)
Number of Audit & Supervisory Board members (including Audit & Supervisory Board members [external])	5 (3)
Number of Board of Directors’ meetings held (FY2018) (Average attendance rate of outside directors) (Average attendance rate of Audit & Supervisory Board members [external])	17 (98%) (96%)
Number of Audit & Supervisory Board meetings held (FY2018) (Average attendance rate of Audit & Supervisory Board members [external])	17 (96%)
Directors’ term of office	2 years
Adoption of corporate executive officer system	Yes
Voluntary committees, etc. of the Board of Directors	Nominating Advisory Committee, Compensation Advisory Committee, Corporate Governance Committee, Management Foundation Review Committee
Compensation systems for officers, etc.*	(1) Monthly compensation (2) Short-term company performance-linked compensation (3) Medium-term company performance-linked stock compensation (See p52)
Accounting auditor	Ernst & Young ShinNihon LLC

* Outside directors and outside Audit & Supervisory Board members only receive (1).

Management Team



1 Masatoshi Ito
Chairman of the Board

2 Takaaki Nishii
Representative Director,
President & Chief Executive Officer

3 Hiroshi Fukushi
Representative Director,
Member of the Board &
Corporate Executive Deputy
President

4 Masaya Tochio
Representative Director,
Member of the Board &
Corporate Senior Vice President

5 Chiaki Nosaka
Member of the Board &
Corporate Vice President

6 Etsuhiro Takato
Member of the Board

7 Yasuo Saito
Outside Director

8 Takashi Nawa
Outside Director

9 Kimie Iwata
Outside Director

10 Yoichiro Togashi
Audit & Supervisory Board Member
(Standing)

11 Shizuo Tanaka
Audit & Supervisory Board Member
(Standing)

12 Atsushi Toki
Audit & Supervisory Board Member
(External),
Attorney-at-law

13 Hiroshi Murakami
Audit & Supervisory Board Member
(External)

14 Hideki Amano
Audit & Supervisory Board Member
(External),
Certified Public Accountant

▶ For more information on officers, please see below.
<https://www.ajinomoto.com/en/aboutus/data/officers.html>

Message from the Chairman of the Board



Developing a management and governance structure to respond flexibly to environmental changes

Masatoshi Ito

Chairman of the Board

All chairs of advisory bodies are Outside Directors, in order to ensure independence and stimulate debate.

The business environment surrounding the Ajinomoto Group is undergoing dramatic change. This includes slowing growth in the Japanese market due to the declining birth rate and aging society, ever more diverse and personalized patterns of consumption in conjunction with the evolution of digital technologies, and the reorganization of sales channels. To accurately identify these changes and realize sustained growth by creating value through ASV, the Group strives to implement decision-making and business execution swiftly and appropriately. At the same time, the Group is working continually to develop and enhance its corporate governance system, which monitors business transparency and fairness as well as the effectiveness and efficiency of business execution.

From June 2019, all three committees that report directly to the Board of Directors – Nominating Advisory Committee, Compensation Advisory Committee and Corporate Governance Committee – are chaired by outside Directors. This ensures the objectivity and independence of each committee, while at the same time drawing on the expertise of the outside Directors, as well as their extensive knowledge and experience, to stimulate debate at committee meetings. This will further enhance their effectiveness as advisory bodies to the Board of Directors.

Addition of Non-Executive Internal Director to strengthen Group cross-organizational management and supervisory functions

Under the new structure, which launched in June 2019, we appointed one additional Non-Executive Internal Director to enhance the effectiveness of the Group cross-organizational supervisory function. The Group has numerous consolidated subsidiaries, both in Japan and

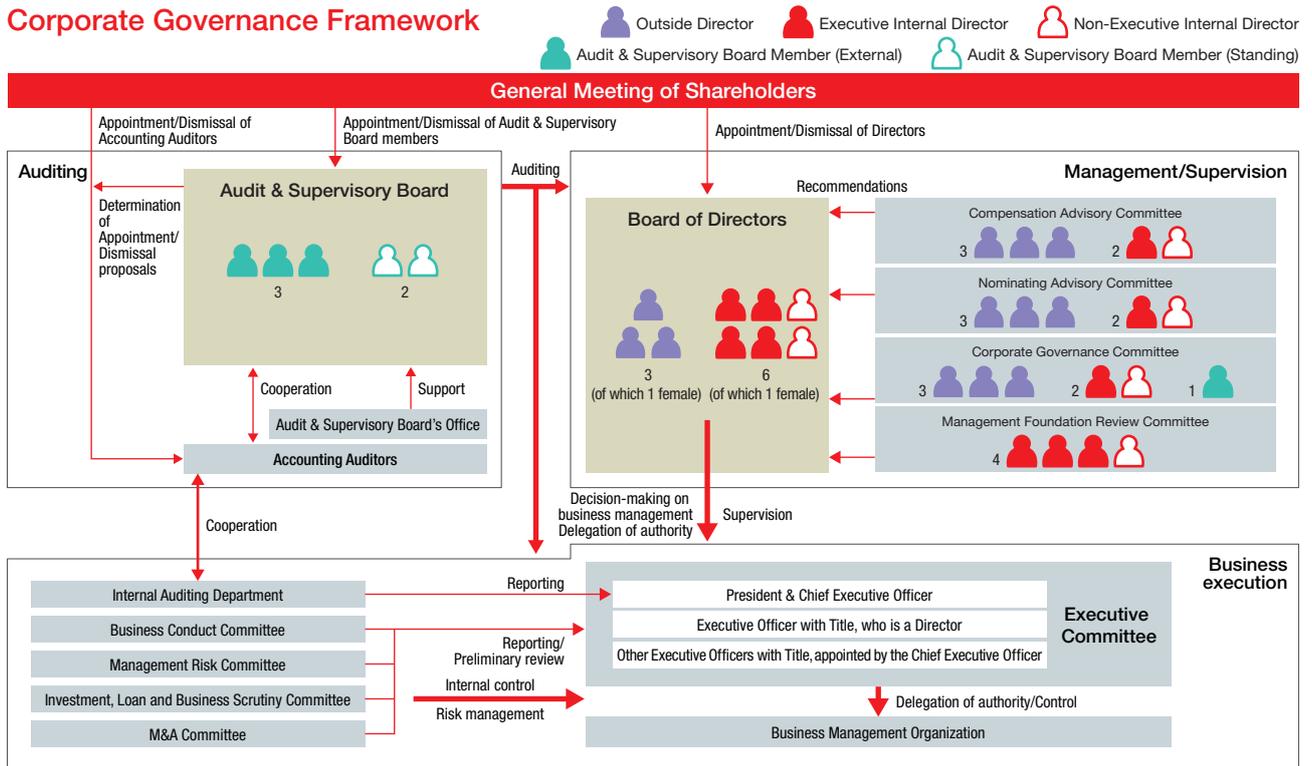
overseas, and we took this decision as we felt a full-time non-executive internal Director, who has deep knowledge and experience of the Group's operations, would be well qualified to closely supervise their management and business execution. The Non-Executive Internal Director appointed on this occasion will supervise a total of five companies, including subsidiaries that have a significant impact on consolidated earnings and recently acquired important subsidiaries.

In addition, we have launched a Management Foundation Review Committee, which reports directly to the Board of Directors, in order to strengthen the foundation of the cross-Group management function. It is composed of three Representative Directors and the abovementioned Non-Executive Internal Director, making a total of four members, including the President who serves as the chair. The Management Foundation Review Committee conducts discussions on strengthening internal control of each group company, and on the portfolio of group assets in relation to the strategic direction of Group management, and provides feedback on these discussions to the Board. Its role is to further deepen Board discussion while supporting Group cross-organizational business decision-making.

We also seek to build a management and governance structure that enables us to respond flexibly to environmental change and diversifying values. We will do this by actively appointing Directors (internal and outside) with high-level expertise from a wide range of backgrounds, regardless of gender or nationality, so as to increase diversity.

Masatoshi Ito
Chairman of the Board

Corporate Governance Framework



Audit & Supervisory Board

The Audit & Supervisory Board members work together with the accounting auditor and Internal Auditing Department to conduct audits on the execution of duties by Directors and Corporate Executive Officers, etc.

Nominating Advisory Committee

The Nominating Advisory Committee consists of five Directors, including three Outside Directors. The Committee deliberates on such matters as Director nominees and proposals for the election of Directors and a successor plan of future Chief Executive Officer, and reports on these deliberations to the Board of Directors.

Management Foundation Review Committee

The Management Foundation Review Committee consists of three Representative Directors including the President and one Non-Executive Internal Director (total of four). The committee determines the strategic direction for Group management and strengthens the foundation of the cross-Group management function. It reports on its deliberations to the Board of Directors.

Board of Directors

The Board of Directors oversees the business execution of Directors and Corporate Executive Officers, and makes important business execution decisions as management's highest decision-making body.

Compensation Advisory Committee

The Compensation Advisory Committee consists of five Directors, including three Outside Directors. The Committee deliberates on proposals for compensation of Directors and Corporate Executive Officers, etc., and reports on these deliberations to the Board of Directors.

Executive Committee

The Executive Committee deliberates on company management policies and plans, and makes important decisions concerning business execution.

Corporate Governance Committee

The Corporate Governance Committee consists of five Directors, including three Outside Directors, and one Audit & Supervisory Board member (External). The Committee holds discussions on matters related to corporate governance, and reports on these discussions to the Board of Directors.

I will help the Corporate Governance Committee perform its function while improving corporate governance.

When analyzing the soundness of the Company's corporate governance and exploring how to improve it in the future, it is extremely important to accurately understand the roles of the function of the Audit & Supervisory Board and its members. For that reason, I believe it is significant that an external member of the Audit & Supervisory Board sits on the Corporate Governance Committee and provides impartial information and analyses. As that member at present, I express opinions and analyze issues concerning the Company's corporate governance system from a legal standpoint while comparing it to the systems of other companies. In that process, I make use of my experience as an outside director at several companies and my expertise as a lawyer specializing in corporate legal affairs. I also intend to propose ideas for the corporate governance system while reflecting the opinions of outside directors on the committee as much as possible within the framework of current laws. I look forward to helping the committee fully perform its function as an advisory body.



Atsushi Toki
External member of the Audit & Supervisory Board and member of the Corporate Governance Committee

Succession Plan

For selection of Directors and top management candidates, including Chief Executive Officer, the following competence requirements, etc., are determined by the Board of Directors, based on discussions of the Nominating Advisory Committee.

1. Ability to achieve ASV
2. Ability to achieve global top 10 class company
3. Ability to create markets
4. Ability to achieve sustainable growth

Based on these competence requirements, etc., the Nominating Advisory Committee reports to the Board of Directors about candidates for future Chief Executive Officer, develops a successor plan, and confirms and advises on its operation.

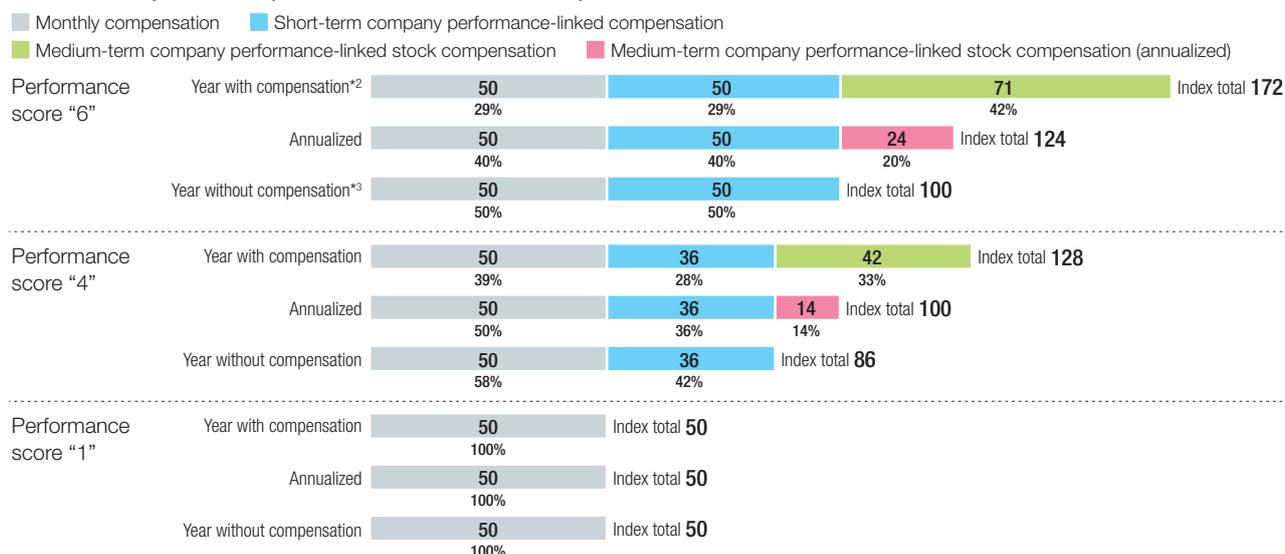
Compensation Systems for Officers, etc.

Compensation for Directors (excluding outside Directors) comprises (1) monthly compensation; (2) short-term company performance-linked compensation; and (3) medium-term company performance-linked stock compensation. The details and evaluation indicators are shown below.

Compensation	Details	Evaluation Indicator
Monthly compensation	Set with reference to the results of a survey by an external organization	–
Short-term company performance-linked compensation	Paid according to companywide and divisional performance for the fiscal year	Sales, business profit, profit attributable to owners of parent company, ROE (all on a consolidated basis)
Medium-term company performance-linked stock compensation	Shares of the Company and an amount of cash equivalent to the conversion value of Company shares are provided according to performance in the final fiscal year of the MTP	Business profit and ROA in the final fiscal year of the MTP (both on a consolidated basis)

The payment ratio of “monthly compensation,” “short-term company performance-linked compensation,” and “medium-term company performance-linked stock compensation” is approximately 50:36:14 (annualized*1) when the performance target criteria are achieved (performance score of “4” out of 6 levels). This ratio varies depending on performance. Taking the total compensation (annualized) when the performance score is “4” as 100, the index for total compensation and the ratios of each type of compensation for the highest performance score “6” and the lowest performance score “1,” are shown below.

Ratio of compensation (in the case of the President)



*1 The amount that would have been paid each year after equalizing the medium-term company performance-linked stock compensation provided after the three-year period of MTP

*2 The amount paid in a year with medium-term company performance-linked stock compensation

*3 The amount paid in a year without medium-term company performance-linked stock compensation

Messages from Outside Directors

“ It is essential to clearly explain the need for asset-light management.

The Group has set a goal in the next medium-term management plan to bolster its competitiveness and achieve sustainable growth through asset-light management and digital transformation. I fully expect that management will stay focused on this vision while recognizing that the means are not ends in themselves. Therefore, management should clarify its approach and clearly explain the reasons and goals of asset-light management and impart this information to employees and investors. At the same time, I will constructively examine management's efforts to demonstrate how ASV initiatives and work-style innovation will lead to the growth of the Ajinomoto Group.

**Yasuo Saito** Outside Director**“ We need to clarify our short- and long-term goals and do everything necessary to achieve them.**

Today's world is changing rapidly, so it is important to have a clear roadmap to follow over the long term from 2030 through to 2050. Accordingly, we need to start envisioning that path through concrete discussions and then do everything necessary to move forward. Over the short term, the Ajinomoto Group's management tasks are to shift to an asset-light business model and step up the pace and scale of productivity improvements. Over the long term, we must create the Group's own growth algorithm, and for that purpose, it will be vital to develop and attract a new generation of management talent. I believe it is especially important to actively recruit talent from outside the Group into its management.

**Takashi Nawa** Outside Director**“ I will draw on my experience in administrative affairs and corporate management to help enhance corporate value.**

Having been newly appointed as an outside director in June 2019, I hope to contribute to enhancing corporate value going forward by making the most of my experience in administrative affairs, corporate management, and non-profit organizations, while also drawing from my perspective as a female consumer. To help supervise management from a standpoint independent of business execution, I intend to learn as much as possible about the Ajinomoto Group so I can actively contribute in deliberations by the Board of Directors and offer alternative ideas if there are any issues I oppose. I also hope to play a useful role in providing advice to management by applying the experience I have gained in promoting diversity, work-style innovation, and creating shared value management.

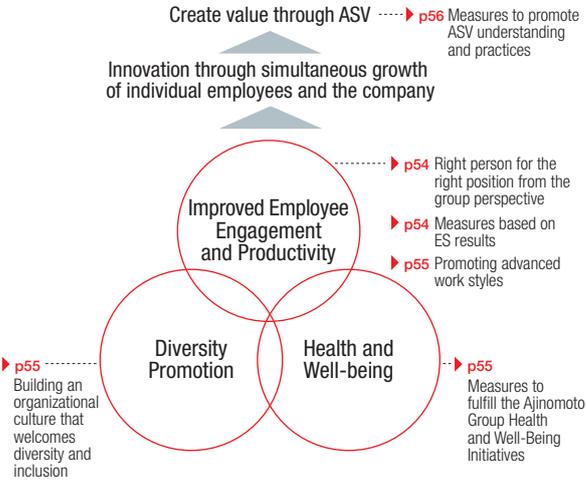
**Kimie Iwata** Outside Director

Talent for Realizing ASV

Approach to Human Resource Development

The Ajinomoto Group understands that a diverse staff of world-class employees is absolutely essential to creating value through ASV. Employees are the very source of innovation, and the Group believes the way to stimulate innovation is to provide a work environment in which every employee feels engaged in their work and is motivated to apply and demonstrate their skills.

Approach to human resource development and initiatives in FY2018



Right Person for the Right Position from the Group Perspective

The Group is preparing a group common rule for international employee transfers to place the right person for the right position from the group perspective. The Group provides opportunities for employees of any nationality, race, gender, age, or background to globally demonstrate their abilities. The Group believes the career opportunities will further motivate employees to energetically pursue their career goals.



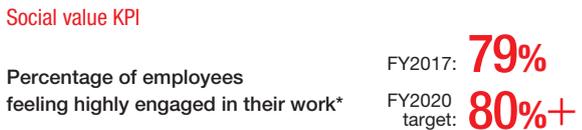
Measures Based on Engagement Survey Results

In FY2017, the Group conducted its first Engagement Survey (ES) with the aim of forming a quantitative framework for assessing each employee’s engagement in their work. The survey findings showed high scores in categories about ASV, including employee understanding and appreciation, but relatively low scores in categories related to diversity and communication. The survey also revealed mixed results between organizations in the areas

of the quality and frequency of communication between superiors and subordinates as well as about the penetration of the corporate vision and strategies.

In FY2018, each organization set specific targets to address issues based on their individual survey results and implemented tailored action plans. The Group plans to conduct ES every other year and to apply the PDCA cycle.

Improving employee engagement



*Percentage of employees that support the goals and targets of the company and feel engaged as they work toward the sustainable growth of the company as measured by the ES of all Group employees.

Examples of measures S.A. Ajinomoto OmniChem N.V., Belgium

- Top executives shared the issues
- Issue 1 Need to further enhance talent management and performance management
 - Issue 2 Need to improve the quality of communication

Held group discussions and set a specific action plan

- Measure 1 All 160 managers discussed and launched newsletters to deliver messages regularly
- Measure 2 Set up digital communication platform (planned)

Building an Organizational Culture that Welcomes Diversity and Inclusion

The Ajinomoto Group is formulating an organizational structure in which each person can advance their career and a culture that welcomes and thrives on diversity.

The Group is aware that Japan is behind the rest of the world in creating structures to accommodate diversity in its human resources. The Group is taking steps to rise to international standards. In FY2018, Ajinomoto Co., Inc. introduced a workshop on innovation and diversity, a mentor program to provide training and promote the

appointment of female employees, unconscious bias training for HR personnel, and diversity training for the sales department. An online course on LGBT awareness, which explains the necessity to create a work environment where everyone can work happily, was also disseminated to 25 group companies in Japan. In addition, Ajinomoto Foods North America, Inc. set up an Ethics Hotline for confidential reporting of issues related to sexual harassment, compliance, discrimination, and other issues.

Promoting Advanced Work Styles

Ajinomoto Co., Inc. is implementing management-led measures for work-style innovation and in FY2018 advanced the work style by introducing hot-desking. Following the penetration of efficient work style to a certain extent, the Company is now shifting its focus to raising work style quality and creativity.

Average annual work hours of Group companies in Japan (Target)

From FY2020 **1,800** hours

Roadmap of Ajinomoto Co., Inc.

	FY15 Actual	FY16 Actual	FY17 Actual	FY18 Actual	FY19
Minimum daily work hours	7 hrs 35 min	7 hrs 35 min	7 hrs 15 min	7 hrs 15 min	7 hrs 15 min
Average annual work hours	1,976	1,916	1,842	1,820	1,800 (Target)
Productivity*	-	-	107.5%	109.8%	-

*Ratio of total sales per employee per hour vs. FY2016

Measures to Fulfill the Ajinomoto Group Health and Well-Being Initiatives

The Group issued the Ajinomoto Group Health and Well-Being Initiatives in May 2018 as part of its commitment to create an environment enabling employees to maintain and improve their health and well-being. Group companies have launched various measures to create a health-promoting environment.

Examples of health-related measures

Group companies in Japan

- The *AminoIndex™* risk screening to help with early detection of cancer and diabetes risk was added as an option in regular medical checkups for employees aged 35 or older.
- Measures for no smoking during business hours and no smoking in the office were implemented.

Ajinomoto Foods North America, Inc.

- A telemedicine program was initiated enabling employees to converse with doctors via telephone or videophone.

AJINOMOTO PHILIPPINES CORPORATION

- A newsletter was launched to promote healthy eating and maintain healthy lifestyle to its employees.

Talent for Realizing ASV

Measures to Promote ASV Understanding and Practices

The Ajinomoto Group engages in various ASV disseminating initiatives designed so every employee feels they are directly or indirectly contributing to realizing ASV through their daily work.

As stated earlier, in the FY2017 Engagement Survey, the Group achieved high scores for the understanding and appreciation of ASV.



Workshop using an ASV engagement material

The ASV Awards

Since FY2016, the Group has been awarding ASV initiatives that are creating both social value and economic value. The award committee, which includes experts from outside the Group, selects initiatives exhibiting outstanding innovativeness and ingenuity.

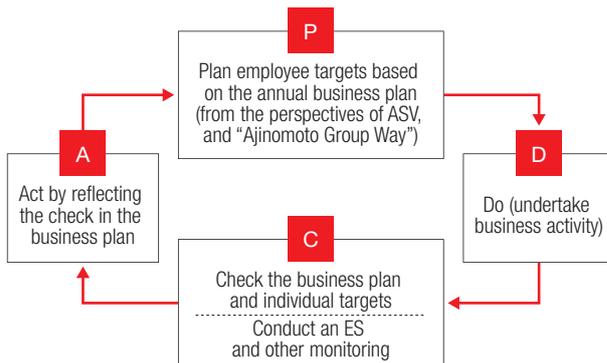
In FY2018, the ASV Awards Grand Prize was presented to the initiative of *Cook Do*® business in Japan, which has been constantly pursuing new values (nutrition, smart cooking, eating together, etc.) throughout the value chain since its launch 40 years ago.



ASV Awards ceremony

Incorporating ASV into business processes

At Ajinomoto Co., Inc., business plans and individual employee targets are set from the perspective of the ASV and “Ajinomoto Group Way” and in line with the group-wide Medium-Term Management Plan. Each employee uses the PDCA cycle to continue advancing toward their targets.



Sharing good cases through dedicated ASV site

The Group is stepping up measures to accelerate the penetration of ASV. One example is the Our ASV website that all employees can access anytime and from anywhere

to see good cases of ASV initiatives. The website also has engagement materials designed depending on understanding and practicing level of ASV.

Sustainable Materials Sourcing

Identifying Critical Raw Materials

The Ajinomoto Group identifies critical raw materials by conducting a comprehensive assessment of raw materials used in its operations and analyzes its findings in consultation with the associated departments and external experts.

Materials are deemed critical based on an overall judgment of their degree of importance in such terms as the reliance on the material, the availability of alternative materials, and relevance to global environmental sustainability. Recognizing that deforestation has a substantial impact on climate change, biodiversity, and also human rights issues, the Group has stepped up measures related to palm oil, paper, and other agriculture and forestry resources. The Group also set a target to procure 100% sustainable palm oil and paper by FY2020 (see p62).

Procuring Sustainable Palm Oil

The Group products that use palm oil or palm kernel oil range from processed food products, like cup soup, instant noodles, and coffee creamers, to specialty chemicals made in regions spanning Japan, Southeast Asia, Europe, and South America. Because some products use palm kernel oil, for which it is difficult to procure certified products, and because the supply of certified palm oil is limited in some regions, the Group defines palm oil that is either certified by the Roundtable on Sustainable Palm Oil (RSPO) or that is traceable to sustainable sources as sustainable. In FY2018, the Group used 36,700 tons of palm oil, 25% of which was certified. The Group is currently gathering usage data on palm oil for which it has confirmed the traceability.



Promoting Use of Sustainable Paper

The Group is promoting procurement of paper containers and packaging based on its Paper Procurement Guidelines.

The guidelines define paper that is sustainable as paper that is not derived from deforestation in areas of high conservation value and paper that is procured from providers that produce it through proper procedures in accordance with laws and regulations of the production areas and with international human rights standards. Sustainable paper includes paper certified by the Forest Stewardship Council® (FSC®) as well as recycled paper and paper made from FSC® Controlled Wood.

In FY2018, 95% of the Group's paper containers and packaging in Japan was sustainable. The Group is summarizing overseas usage data.

▶ For details, please see the Ajinomoto Group Sustainability Data Book 2019.
<https://www.ajinomoto.com/en/activity/>

Response to Climate Change

Endorsement of the TCFD Recommendations

The Ajinomoto Group views climate change at the management level as both a risk and an opportunity. To track and improve the Group's environmental performance, the Management Risk Committee and Environmental Committee under the Executive Committee monitor the Group's progress toward attaining target indicators and consider necessary measures.

In May 2019, the Group endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board*. The Group follows the international framework in fortifying its governance systems and reflecting climate-related risks and opportunities in its business strategies.

*International organization of representatives of central banks, financial supervisory agencies, and finance ministries

Scenario Analysis for Southeast Asia

The Group's business domain of products ranges from seasonings and coffee to frozen foods and its business activities extend into Life Support and Healthcare. The geographic range of its operations spans the globe. Climate change can impact the Group's operations in many ways, such as a major natural disaster halting its business activities, affecting its ability to procure raw materials and fuel, and altering consumption of its products.

In FY2018, the Group conducted a scenario analysis of the potential impact from climate change in Southeast Asia on umami seasoning *AJI-NO-MOTO*®, a core product of the Group. The Group determined that a 2°C rise in the average temperature would have a relatively small impact on the main raw materials and on demand for the product, and therefore would not seriously affect the Group's profit. However, profit would likely be pressured by higher energy costs and increased taxes on carbon accompanying efforts to create a low-carbon society. The findings reconfirmed the need to continue converting to renewable energy sources and increase the Group's corporate resilience.

The Group plans to conduct global scenario analysis for *AJI-NO-MOTO*® in FY2019 and similar analysis for other seasonings and products.

Governance structure related to climate change



▶ For details, please see the Ajinomoto Group Sustainability Data Book 2019.
<https://www.ajinomoto.com/en/activity/>

Contributing to a Circular Economy

Aiming for Zero Plastic Waste

Plastic is an important packaging material that helps ensure food is protected and safe to eat. However, its use has become so pervasive that plastic and microplastic pollution in our oceans has become critical around the world. The Ajinomoto Group's annual amount of plastic use was approximately 70 thousand tons in FY2018. While reducing the amount of plastic use, the Group is also developing new recyclable plastic materials and technologies to avoid waste altogether with the aim of achieving zero plastic waste by FY2030.

Initiatives to Reduce Plastic Waste

- Continuing to reduce plastic usage

The Group is constantly improving and developing new materials for its product packaging to make them more eco-friendly. In FY2017, the Group converted some of the stick-shaped packaging of its flavor seasoning *HON-DASHI*® to paper, which reduced annual plastic use by some 11 tons. The Group also designed more compact packaging for its coffee product *Blendy*®, which cut annual plastic consumption by an additional 25 tons.

In addition to reducing the use of plastic in packaging, the Group considers new alternative materials becoming available as technology advances.

- Creating recyclable materials & systems

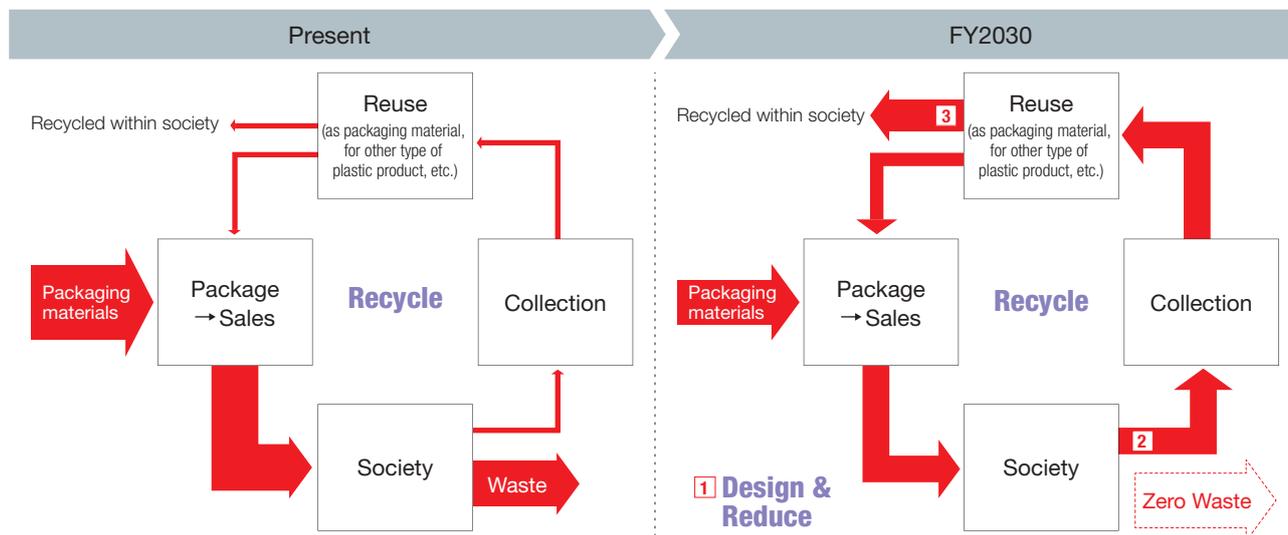
1. Develop packaging materials geared to recycling

The Group develops mono-material plastic packaging and alternative recyclable packaging materials.

2. Help establish recycling-oriented social systems

The Group establishes recycling-oriented social systems, particularly in developing countries and regions where systems are still in the early stages.

Vision for FY2030



With the exception of some regions and countries, including Japan, most of the plastic packaging materials used in the home currently become waste that is collected in landfills or goes directly into the oceans. Only a relatively small percentage of the plastic that is collected is recycled for secondary use.

The vision for FY2030 is a society with zero plastic waste. The Group is advancing the following initiatives to realize that goal.

- 1 Reduce plastic use as much as possible, and reduce the amount to be collected and recycled
- 2 Assist in establishing the social structures for collecting plastic waste
- 3 Recycle and reuse the collected plastic

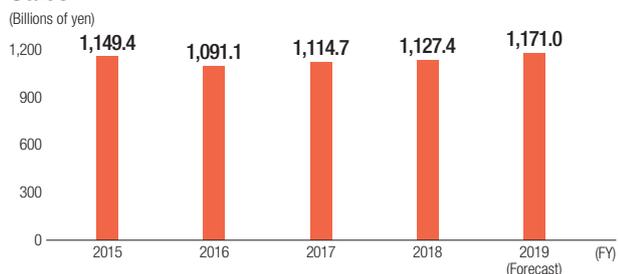
The Group knows it would be virtually impossible for one company to realize this vision on its own, so it is gathering more stakeholders to achieve the objective.

*Arrow size represents volume of plastic.

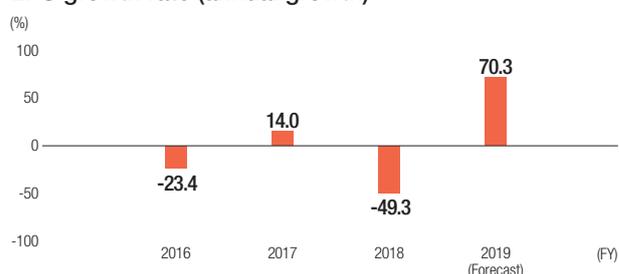
Performance Data

Financial Data under IFRS (Economic Value)

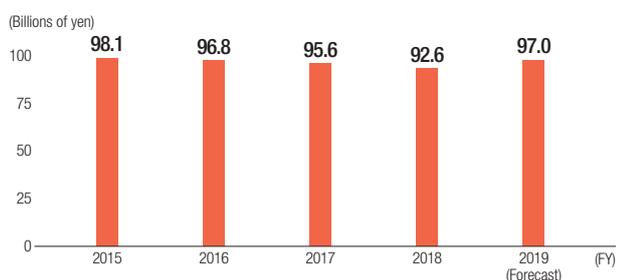
Sales



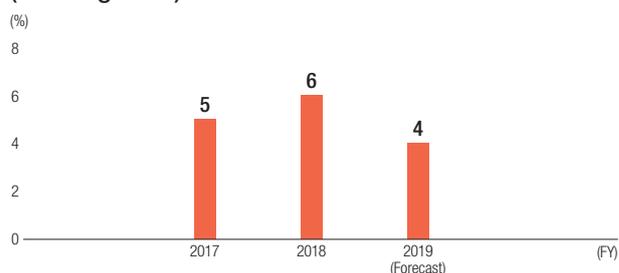
EPS growth rate (annual growth)



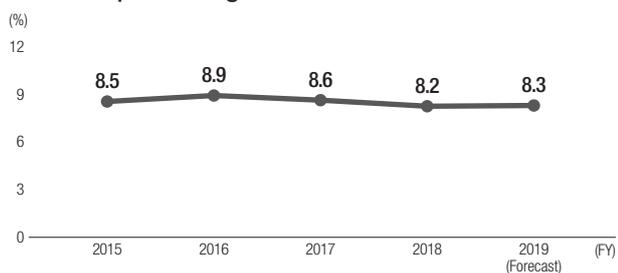
Business profit



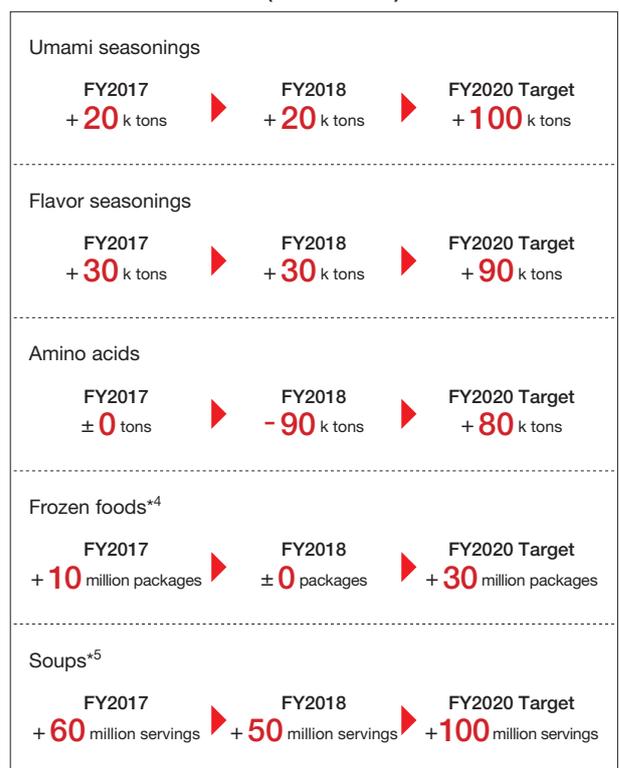
International consumer foods sales growth rate*3 (annual growth)



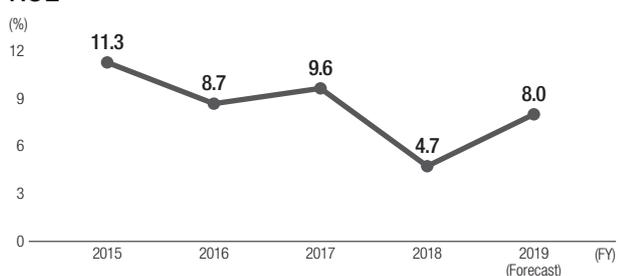
Business profit margin



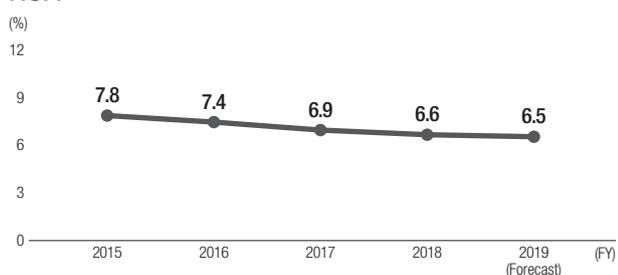
Sales volume increase (vs. FY2015)



ROE*1



ROA*2



Cost reduction (vs. FY2016)



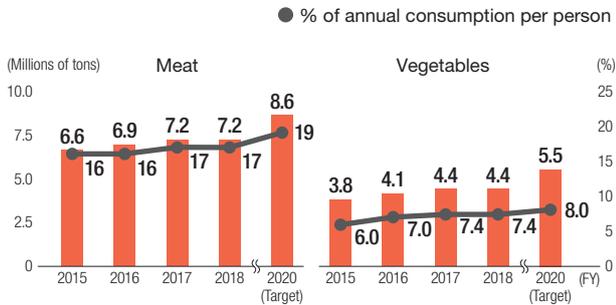
*1 Return on equity = Profit attributable to owners of the parent company / Average equity attributable to owners of the parent company

*2 Ratio of business profit to total assets = Business profit / Total assets *3 Local currency basis including frozen foods

*4 Counting only products for household consumers in Japan *5 Counting only cup soup products in Japan

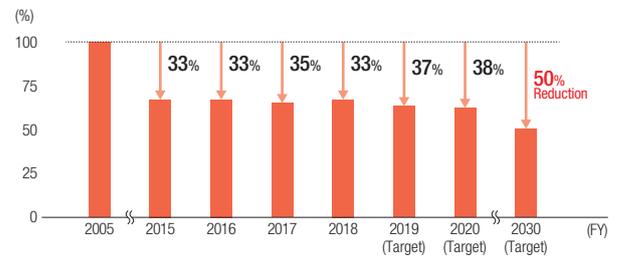
Non-Financial Data (Social Value)

Volume of meat and vegetable consumption through the Group's products (Japan and Five Stars*1)

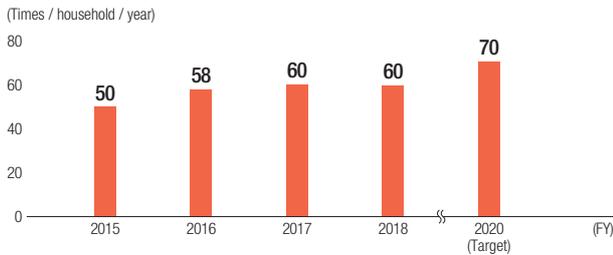


Reduce greenhouse gases

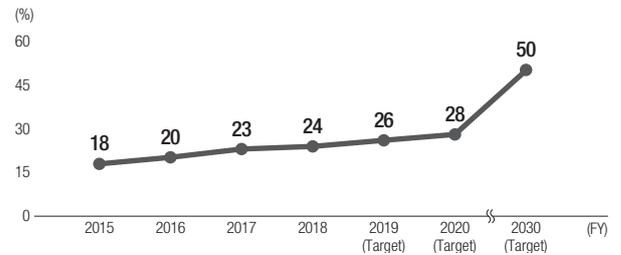
- Reduction rate of greenhouse gas emission volume vs. emission intensity (vs. FY2005)



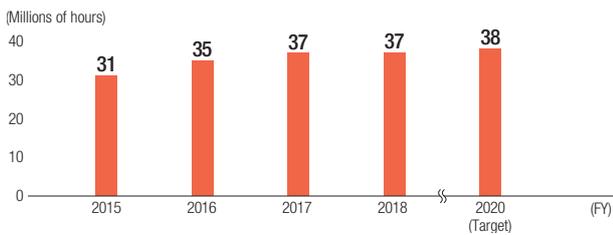
Contribution to people eating together through the Group's products (Japan and Five Stars)



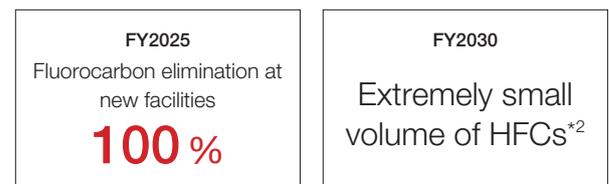
- Renewable energy use ratio



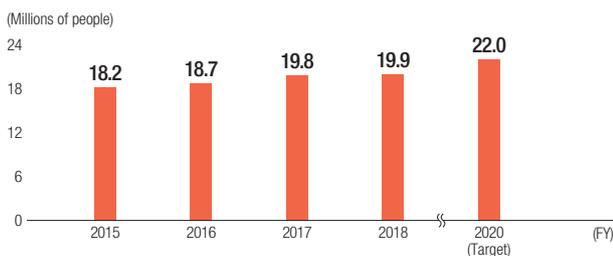
Spare time created through the Group's products (Japan)



- Fluorocarbon elimination

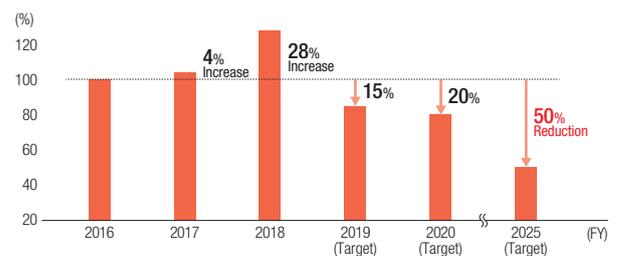


Contribution to comfortable lifestyles through amino acid products (AminoScience)



Reduce food loss

- Reduction rate of food loss from receipt of ingredients through to customer delivery (vs. FY2016)



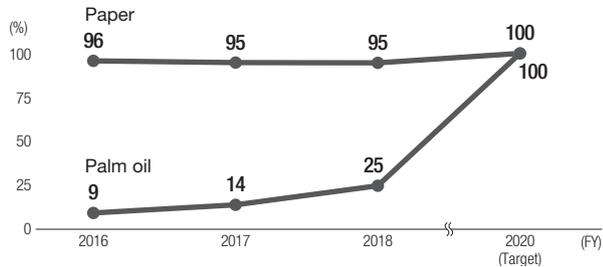
*1 Thailand, Brazil, Indonesia, Vietnam, the Philippines *2 Hydrofluorocarbons

Performance Data

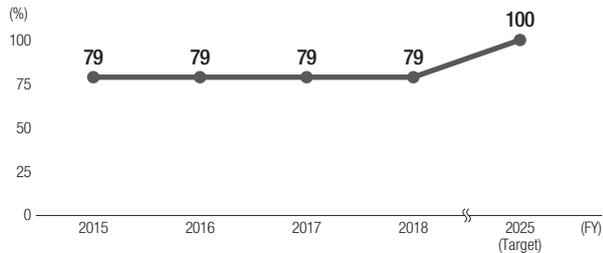
Non-Financial Data (Social Value)

Secure food resources and protect natural environment, including ecosystems and biodiversity

- Sustainable procurement

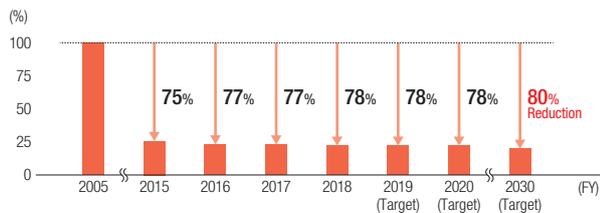


- Ratio of factories installing resource-saving fermentation technologies



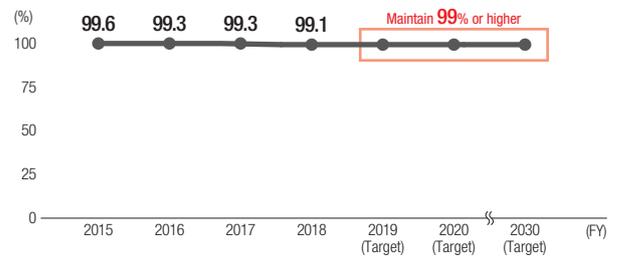
Conservation of water resources

- Reduction rate of water usage vs. production volume unit (vs. FY2005)



Reduce, reuse, recycle (3Rs) for waste material

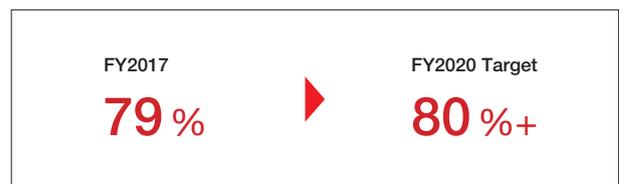
- Resource recovery ratio of waste generated by business activities



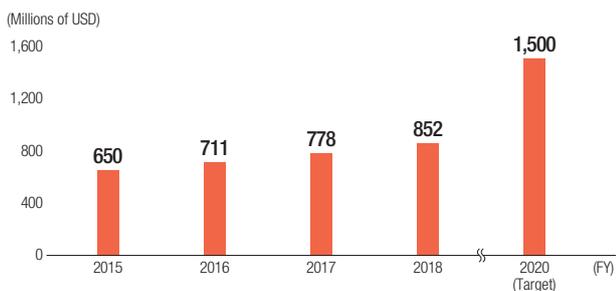
- Reduction in plastic waste

Targeting zero plastic waste
by the Group in FY2030

Percentage of employees feeling highly engaged in their work



Corporate Brand Value*

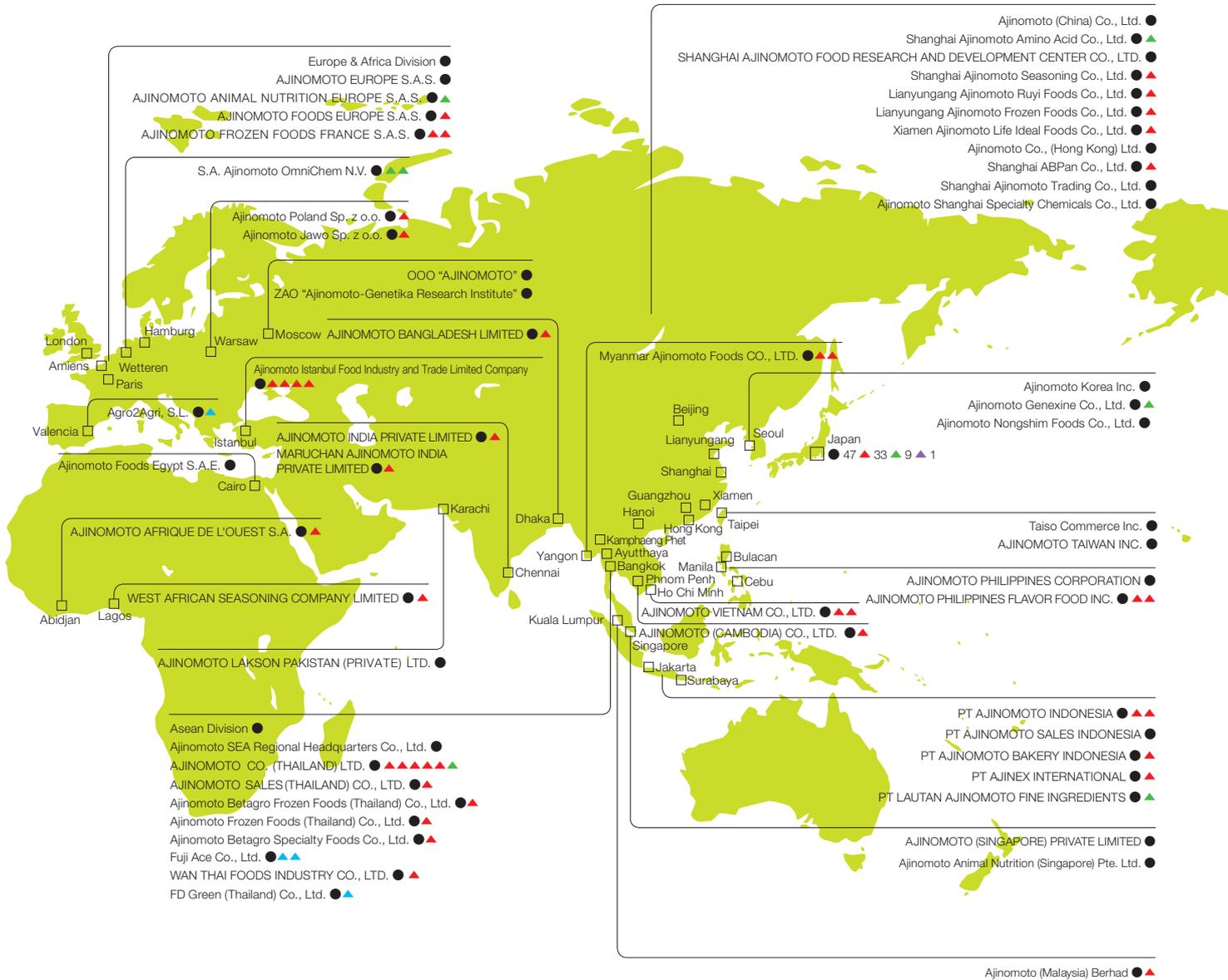


* Evaluated by Interbrand, "Japan's Best Global Brands"

Global Network

Global Network (As of April 1, 2019)

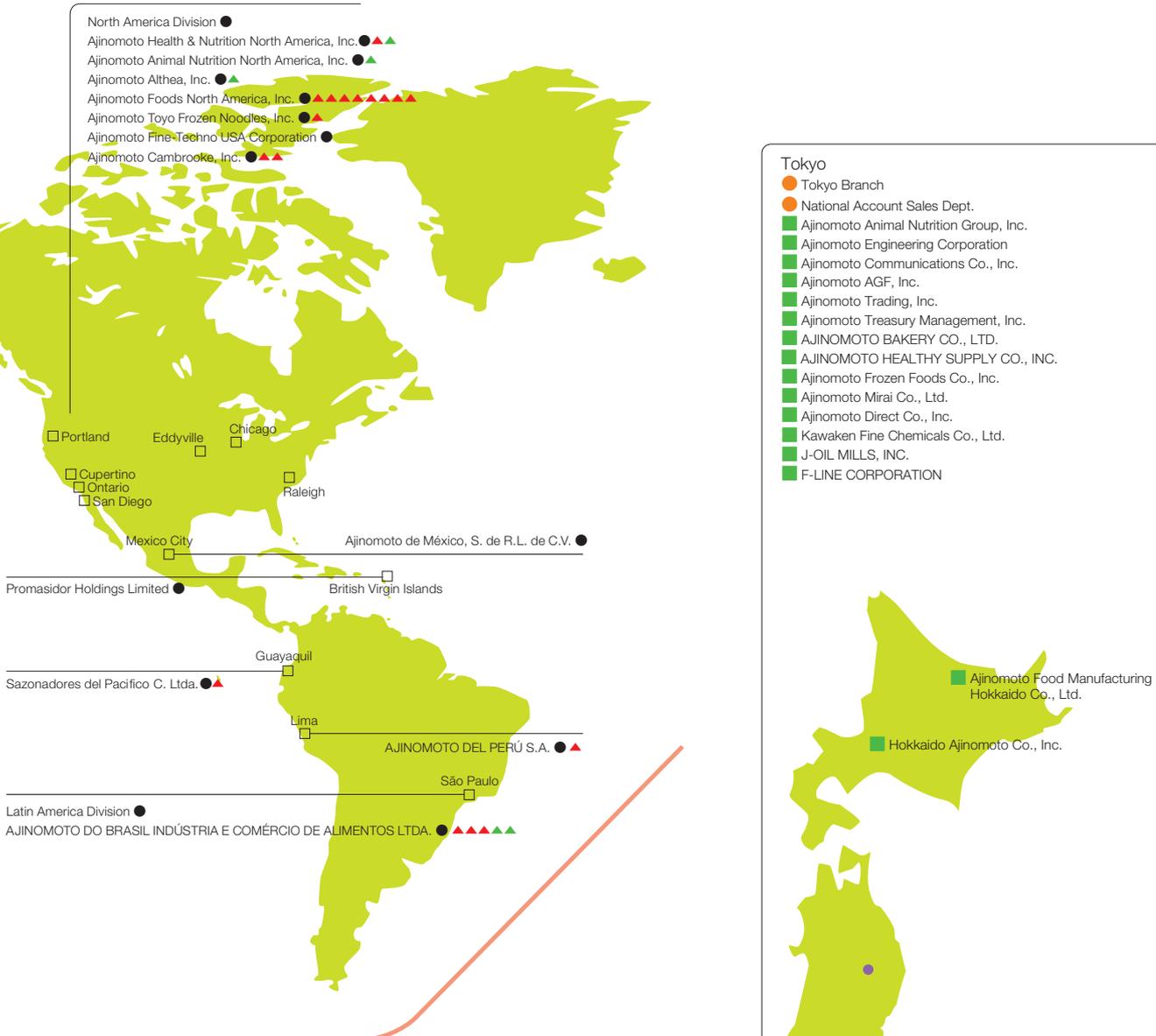
The Ajinomoto Group is globally expanding in a wide range of business fields, with operations spanning 35 countries and regions.



Global network: 35 countries and regions
 (including 121 plants in 24 countries and regions)
 (Japan: 43; Other Countries: 78)

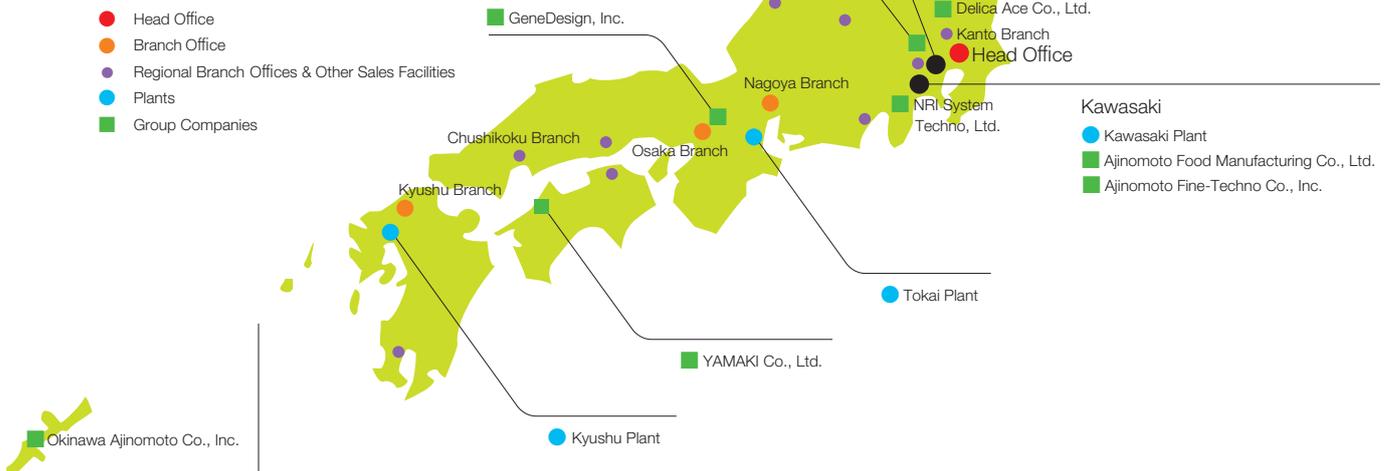
- Subsidiaries, Affiliates and Offices of Ajinomoto Co., Inc.
- ▲ Foods Plants 93
- ▲ Amino Acids and Specialty Chemicals Plants 22
- ▲ Pharmaceuticals Plants 1
- ▲ Other Plants 5

Note: 1 Plants include packaging plants.
 2 Not all plants are displayed on the map.
 3 Divisions are regional headquarters.



Network in Japan

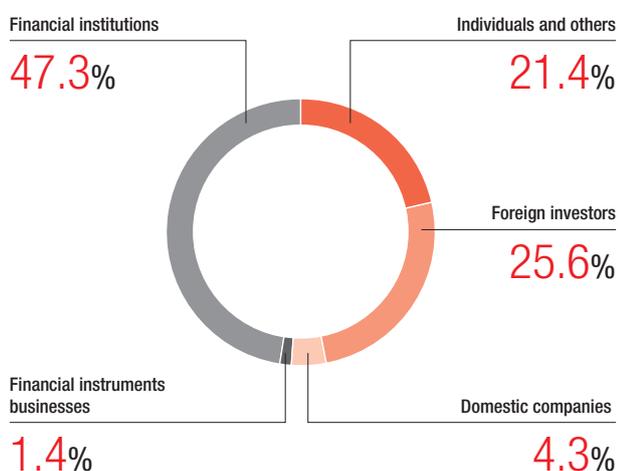
(As of April 1, 2019)



Company Name: Ajinomoto Co., Inc.
Founding: May 20, 1909
Paid-in Capital: 79,863 million yen
Number of Employees: 34,504 (consolidated)
 3,494 (non-consolidated)
Fiscal Year-end: March 31
 (General Meeting of Shareholders: June)
Head Office: 15-1, Kyobashi 1-chome, Chuo-ku,
 Tokyo 104-8315, Japan
 Tel: +81-3-5250-8111
<https://www.ajinomoto.com/en/>

Common Stock Authorized: 1,000,000,000 shares
Issued: 549,163,354 shares
Number of Shareholders: 146,527 (YoY increase of 11,859)
Listing: Tokyo Stock Exchange
 (Ticker Code: 2802)
Shareholder Registrar: Mitsubishi UFJ Trust and Banking Corporation
Independent Auditor: Ernst & Young ShinNihon LLC

Distribution of shareholders



Major shareholders

Name of Shareholders	Number of Shares (thousands)	Equity Position (%)
The Master Trust Bank of Japan, Ltd. (trust account)	57,598	10.49
Japan Trustee Services Bank, Ltd. (trust account)	29,143	5.31
The Dai-ichi Life Insurance Company, Limited	26,199	4.77
NIPPON LIFE INSURANCE COMPANY	25,706	4.68
MUFG Bank, Ltd.	14,574	2.65
Meiji Yasuda Life Insurance Company	12,624	2.30
Japan Trustee Services Bank, Ltd. (trust account 5)	8,698	1.58
STATE STREET BANK WEST CLIENT – TREATY 505234	8,584	1.56
Mitsubishi UFJ Trust and Banking Corporation	8,083	1.47
Sompo Japan Nipponkoa Insurance Inc.	7,853	1.43

Inclusion in SRI indices

Dow Jones Sustainability World Index
 Consecutive inclusion since 2014



FTSE4Good Global Index
 Consecutive inclusion since 2004



MSCI Global SRI Indexes
 Consecutive inclusion since 2011



MSCI ESG Leaders Indexes
 Consecutive inclusion since 2010

Main evaluations and awards relating to Ajinomoto Group business activities

- Ranked 14th in 2018 Access to Nutrition Index (ATNI)
- Nadeshiko Brand 2019



- 2018 Telework Promotion Award “Excellence Award”
- 2019 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500)
- 2019 Health & Productivity Stock Selection

Main evaluations of Integrated Report 2018

- Sixth Annual WICI Japan Award for Excellence in Integrated Reporting
- “Excellent Integrated Reports” as selected by GPIF’s asset managers entrusted with domestic equity investment
- 22nd Environmental Communication Awards by the Ministry of the Environment and Global Environmental Forum Award of Excellence for Sustainability Reports from the Minister of Environment

▶ **Public Awards and Feedback**
<https://www.ajinomoto.com/en/ir/esg/sri/2018.html>

Stock Performance

Stock performance (TSR) (annualized rate)*1

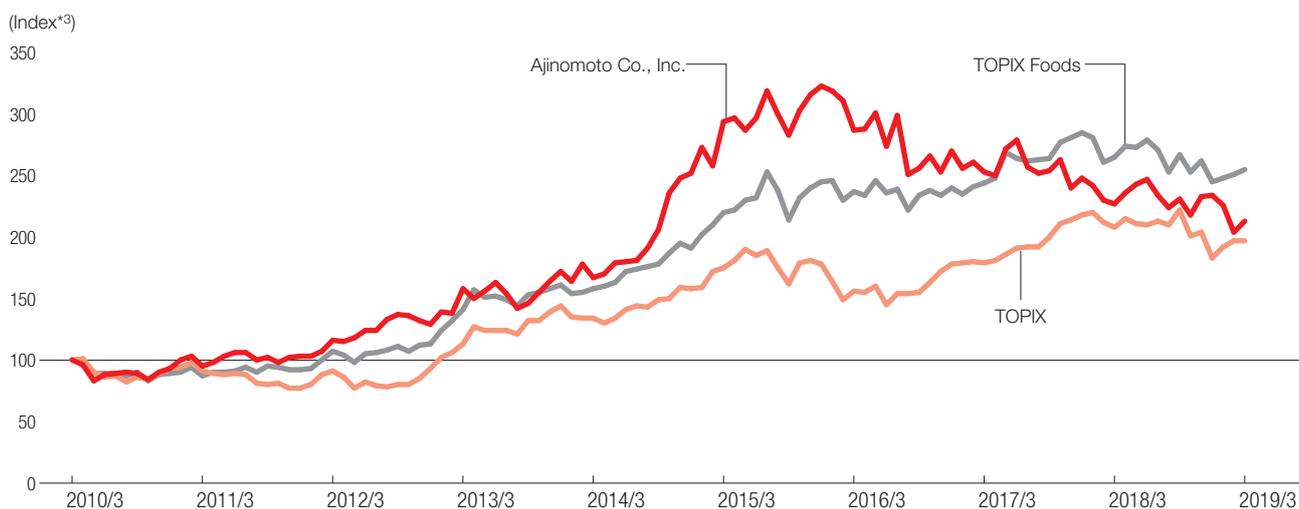
	1 year	3 years	5 years	10 years
Ajinomoto Co., Inc.	93.6%	90.2%	105.4%	111.2%
TOPIX	95.0%	108.1%	108.0%	109.7%
TOPIX Foods	96.4%	102.5%	110.1%	112.4%

*1 Total shareholder return: Return on investment assuming that dividends are reinvested
Source: Bloomberg

Stock price by fiscal year

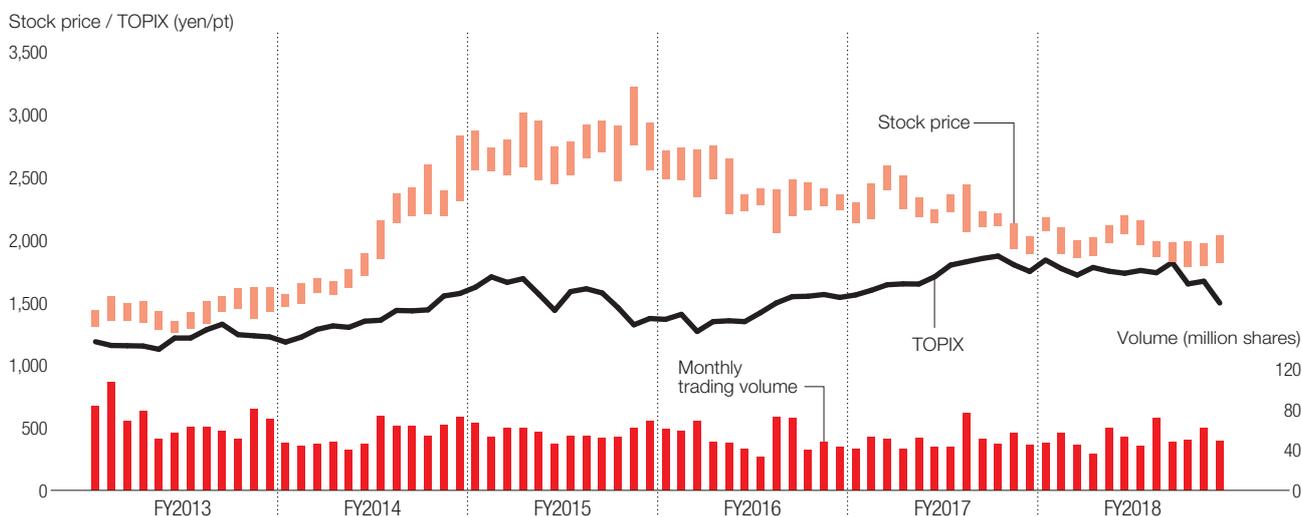
Fiscal Year	High (Yen)	Low (Yen)	FY end (Yen)	Volatility*2
2009	969	680	926	26.8%
2010	953	729	867	26.9%
2011	1,047	847	1,038	26.2%
2012	1,416	1,018	1,415	20.0%
2013	1,594	1,236	1,475	28.2%
2014	2,782.50	1,443.00	2,634.50	26.2%
2015	3,161.00	2,404.00	2,539.50	33.6%
2016	2,702.50	2,020.00	2,196.50	28.2%
2017	2,543.50	1,853.00	1,925.00	19.2%
2018	2,188.00	1,624.50	1,769.00	25.4%

*2 Expressed in standard deviations



*3 Trend in dividend-inclusive stock indices. Closing price on March 31, 2010 = 100

Monthly stock price range and monthly trading volume



Eat Well, Live Well.



Ajinomoto Group Integrated Report 2019

Front Cover

The front cover reflects how the Ajinomoto Group is sustainably growing through ongoing innovation and investment in its six core businesses.



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