

Transforming our corporate culture with an eye toward 2030

The Ajinomoto Group has long emphasized scale in its vision and management targets. As a result of our past division of work and tendency to focus on the short-term profits of each division, we were unable to hone the Group's ability to adapt to environmental changes. Moreover, this approach became deeply rooted in our corporate culture. Going forward, we need to fundamentally review our approaches to management to fulfill the expectations of stakeholders while responding to sudden changes in the external environment.

First, we revamped the Group's vision, defining it as our purpose in society. However, we will fall short of this vision without each and every employee feeling that they are contributing to resolving food and health issues.

Our new definition of corporate value involves the cycle where improving the engagement of employees in the creation of customer value leads to higher economic

value, which is then returned to employees, leading to higher employee engagement.

As a mechanism for realizing our vision, we will transform human resources development, organizational management and the process behind formulation of business strategy. At the same time, we will also revise our management policy on profits and shift to pursuing efficiency and growth rather than scale.

To steadily implement these measures, the Business Model Transformation Task Force and Companywide Operational Transformation Task Force were established, with both reporting directly to the President and CEO. With DX as a focal point, these task forces will work closely with the two business divisions and Corporate Division to transform the Ajinomoto Group into a group of companies that provides solutions to food and health issues.

The Ajinomoto Group's five areas of transformation

Revamp the Ajinomoto Group's vision

Our new vision is: Contribute to greater wellness for people worldwide, unlocking the power of amino acids to resolve the food and health issues associated with dietary habits and aging. Under this vision, the Group will seek to help extend the healthy life expectancy of one billion people and reduce its environmental impact by 50% by 2030.

Transform management policy on profits

We will shift our focus from the short-term profits of each division to the efficiency of invested capital (time, things, money) and organic growth. As structural targets for fiscal 2030, we will aim to achieve ROIC of 13% in excess of capital costs from the perspective of efficiency and an organic growth rate of 5% from the perspective of growth.

Redefine corporate value

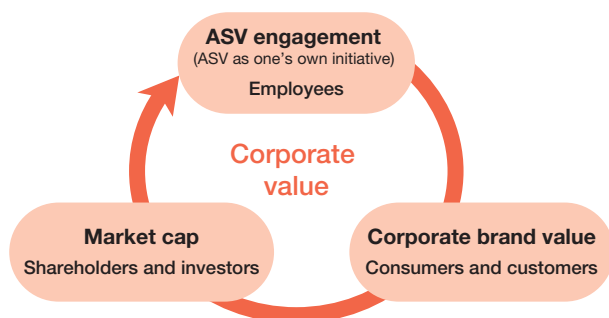
We redefined corporate value as the result of a cycle where improving employee engagement in the creation of customer value leads to higher economic value, which is returned to employees, leading to higher engagement. Through this cycle, all employees will work in concert to enhance corporate value as the purpose of ASV management.

Transform human resources development and organizational management

We will set organizational and individual goals to solve problems together with customers, and implement the plan-do-check-action (PDCA) cycle of human resources management. In addition, we will incorporate into organizational management a mechanism whereby employees can contribute to the enhancement of corporate value through increased customer value.

Transform process for creating business strategy

In the past, we have planned strategy closely tied to the profit growth targets of each business and region. Going forward, we will establish business strategies for the forward three years and six years by backcasting from our vision for 2030 based on defined market changes.





We will continue realizing ASV to offer better value for consumers.

Kaoru Kurashima

General Manager, Food Products Division

1984 Joined Ajinomoto Co., Inc.
2003 President of PT AJINOMOTO SALES INDONESIA
2011 President of AJINOMOTO DEL PERÚ S.A.
2016 Corporate Vice President, General Manager, ASEAN Division
2019 Corporate Senior Vice President

Delivering food and health products and services for changing consumer trends

To fulfill our vision for 2030, the Food Products Division is “raising value for consumers centered on health.” People’s refraining from going outside during the coronavirus pandemic has spurred renewed interest in enjoying food and cooking at home. People are also recognizing again that a nutritionally balanced diet is important not only for preventing lifestyle-related diseases but also for helping boost the immune system. Our team will work with the AminoScience Division to strengthen our lines of products and services to provide solutions for food and health issues.

The Ajinomoto Group has been an active promoter of healthy food choices. In Japan, we have been highlighting delicious and reduced-salt products and recipes in

collaboration with local governments and the media for many years. Our *Kachimeshi*[®] (“winning meals”) campaign featuring top athletes to promote the importance of balanced nutrition has been very influential. In fiscal 2020 we will launch campaigns to promote reduced-salt and nutritionally balanced foods in various regions while also providing more information about food and health. We are boosting our lineups of high value-added products matched to the health awareness and changing lifestyles in different countries and regions. Such products include menu-specific seasonings that make it easy to prepare authentic, nutritionally balanced local dishes and beverages that make protein intake delicious and easy.

All employees engaged in ASV

To continue providing high value, we must strengthen the profit structure by improving the efficiency and productivity of the entire value chain and enhancing our human resources and organizational capabilities.

It is important to strengthen educational programs as well as to boost each employee’s motivation by helping them develop a shared sense of purpose and accomplishment. Each employee must practice ASV by asking themselves “what can I do for our customers?” and by starting to improve in small areas, such as changing the food testing spoons from plastic to recyclable paper. Little individual efforts like that can build into a strong movement that will lead to creating new social and economic value.

We will also focus on formulating an organization capable of producing quicker results. We recently

established the Quick Nourishment Department to develop food products that are quick sources of nutrition. The new department will include people with experience in research and development of the AminoScience Division to strengthen our ability to develop high value-added products. We will also expand our e-commerce business, which is a common customer contact point for our food and AminoScience products. Operational excellence (OE) and DX will be advanced by first asking “are we doing everything we should be doing?” and then transforming our operations and business model. In promoting this transformation, my focus is communication with employees. We will practice ASV through dialogue to share our vision and by encouraging each employee to actively apply our values to their daily activities.

Creating customer-centric solutions to lifestyle and health issues and hence realizing ASV

Gwin Bompas

General Manager, AminoScience Division

2004 Joined S.A. Ajinomoto OmniChem N.V. (Belgium)
2007 President, S.A. Ajinomoto OmniChem N.V.
2013 Corporate Executive Officer, General Manager,
Pharmaceuticals Custom Manufacturing Dept., Ajinomoto Co., Inc.
2019 Corporate Vice President



Setting common goals for realizing ASV

My values closely align with ASV in terms of using our business to help people live healthier lives. Our new vision crystallizes what we are doing and what our objectives are. Our products are the end results of that vision. For the Ajinomoto Group to continue making forward progress, we need to first focus on creating value for customers and then construct our business from there.

The AminoScience Division has set five common objectives to realize and deepen ASV. These are to increase the value we provide to our customers, develop our talent and teams, create trust, improve for the future, and deliver results. All employees should have fully aligned and detailed goals to aim for. My role as a leader is not

only to set the direction, but to be fully supportive of our people and create a workplace where they can perform to their best. We do this using three main platforms. The first is committing to a customer-obsessed focus. We are improving our OE and DX so we can focus on both customer needs and optimizing our resources, and this provides the foundation for concentrating on producing value for the customer. The second platform is creating a workplace in which we all can thrive, and the third is developing our people to become “fit for the future” global talent. These platforms encourage all of our employees to take the initiative for personal growth and fully engage ASV.

Integrating food and AminoScience for new added value

I see providing solutions for health issues and for an aging population as a business growth opportunity. We are pursuing opportunities by improving our production processes and through innovative technologies and DX to become faster at proposing solutions for customers. With the spread of COVID-19 tightening supply in virtually all industries, customers are recognizing the value of a reliable source. Supplier sustainability will likely be even more important in the post-COVID-19 world. We will show that we are a product supplier that also provides the added value of solutions that reach beyond BtoB to our customers' customers.

Linking our operations with the Food Products Division will be key. Combining the food and

AminoScience businesses can produce health products like supplements, but also add value to our customers' food products. For example, our BtoB customers are using amino acid compounds in efforts related to physical and cognitive functions. We are also developing medical foods for people with specific conditions, such as phenylketonuria or protein allergies.

We will strengthen the collaboration between the direct marketing business of the AminoScience Division and the E-commerce group of the Food Products Division to provide more attractive services. In April 2020, we even moved our offices beside each other because I believe that working as One Team will lead to new business opportunities.



Actively innovating for new customer value

Hiroyuki Kojima, Ph.D.
Chief Innovation Officer

1985 Joined Ajinomoto Co., Inc.
2005 Assigned to ZAO “Ajinomoto-Genetika Research Institute” (Russia)
2015 Corporate Vice President and General Manager, Research Institute for Bioscience Products and Fine Chemicals
2019 Corporate Senior Vice President and General Manager, R&D Planning Dept.

Creating a sustainable business as a foodtech company

We are the first company in the world to commercialize glutamic acid, an amino acid, in the form of umami seasoning *AJI-NO-MOTO*®. Later, we elucidated all the elements of deliciousness, including taste, flavor, texture and external environment, and then combined these results with original new ingredients, new manufacturing methods, and applications to meet the needs of customers around the world. As a result, we are now capable of delivering all forms of solutions in the food industry (see p.22). Also, we provide solutions globally in healthcare using proprietary leading-edge bioscience and fine chemical technologies based on our many years of research into amino acids.

To become a solution-providing group of companies for food and health issues, it is essential that we always utilize customer-driven thinking to generate new value while combining various technologies to ensure a sustainable supply of products and solutions. This is the epitome of “foodtech,” the very essence of what we strive for. To realize this vision, we must transform our corporate

culture and foster an innovative culture.

I am now spearheading efforts as leader of the Business Model Transformation Task Force. One of our most important initiatives is the Picture of the Future (PoF) project. This project involves thinking outside the box in examining the value creation possible by the Ajinomoto Group, driven by social issues and consumer needs in 2030, and formulating the business themes and processes needed for this. At the same time, the project promotes open innovation and corporate venture capital. Looking ahead, we will steadily and swiftly map out a path to become a “foodtech company” that provides solutions to food and health issues (see p.24).

As discussed in the Message from the President and CEO, we will increase investments in R&D and business model development for our core businesses. For the period from fiscal 2020 to 2022, we are planning to spend 87 billion yen on R&D, with more than 80% of this amount going to core businesses, and 26 billion yen on business model development, including investments in DX and human resources development.

Roadmap for business model transformation

