

# 02

## Medium- to Long-term Growth Strategy

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## CIO Shiragami Talks about the Sustainable Growth Strategy

## The Ajinomoto Group's strategy for sustainable growth and the path to creating our own unique value

### Hiroshi Shiragami

Director,  
Representative Executive Officer & Executive Vice President,  
Chief Innovation Officer (CIO)  
Supervision of R&D



#### The Ajinomoto Group's strategy for sustainable growth

It is my honor to accept the position of Representative Executive Officer & Executive Vice President, and Chief Innovation Officer of the Ajinomoto Group. My objective is to lead the Group as we continue to develop our unique strengths and to use the new organizational structure as a foundation for highly cohesive executive management that furthers our sustainable growth and raises our corporate value.

The Ajinomoto Group is implementing a three-tiered strategy to establish sustainable growth. We are presently working to improve the asset efficiency of the six core businesses and convert them to high-value-added businesses with the aims of accelerating their "steady growth" and meeting our targeted medium-term management indicators. The second tier is to advance groupwide business model transformation centered on social issues and market to position us for our 2030 vision. The drivers of the Group's growth will be the integrated food products and AminoScience businesses and our digital technologies. The third tier is to frame a Picture of the Future for the Group beyond 2030 and backcast from that vision to lay the foundation for next-generation businesses that will be the pillars of our business in four areas of innovation. This three-tier growth strategy is designed to build the Group's corporate value and establish a sustainable growth track.

#### Business model transformation to drive growth

The business model transformation that the Ajinomoto Group has implemented over the past decade has contributed greatly to the growth of the AminoScience business. The shift in focus from the commodity business of amino acid materials to high-profit businesses, such as healthcare and electronic materials, has led to business profit in the Healthcare and Others segment growing by an average pace of 26% over the last five years and reaching a record-high of ¥43.3 billion in fiscal 2021. We are also accelerating our growth by integrating digital

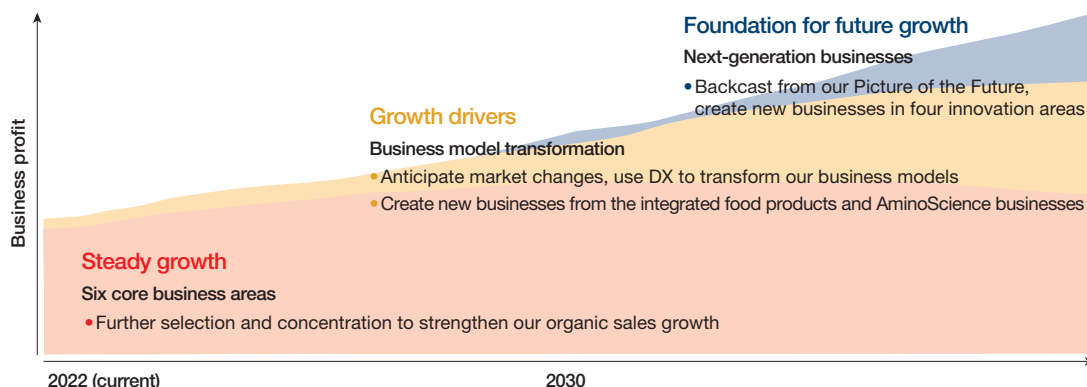
transformation into our processes. We forecast the combination of growth in our existing businesses and our business model transformation to add another roughly ¥16 billion in business profit in fiscal 2025.

In the Healthcare segment, we have formulated a unique liquid phase production method and developed oligonucleotide therapeutics, which have applications for treating intractable diseases, into a core business. We are also progressing with products with uses in advanced medical care fields, such as regenerative medicine and cell therapy. In addition, the integration of the food products and AminoScience businesses is opening many avenues for developing new medical food products, such as meals designed for people with metabolic syndrome in North America.

In the electronic materials business, we are stepping up forward-looking R&D investment in next-generation high-speed communications and new applications that will be used in a sustainable and smart society. We are also seeking to accelerate our growth by developing applications for digital technologies, such as for materials informatics. We have outlined specific scenarios for driving the growth of each business toward our 2030 targets.

In these successful business model transformations, we anticipated technological innovations that have had major impacts on social change and industrial structures and constructed ecosystems with partner companies to co-create social value and innovate solutions with economic structures that are unmatched by other companies. To develop these successes into templates for use throughout the Group, our business divisions and R&D and business development departments are working together to integrate the food products and AminoScience businesses to create groupwide business model transformation to address social issues and achieve the outcomes we are pursuing. For example, we are building business models for combining our amino science and digital technologies to use food for solutions

Scheme to raise corporate value



to health issues like lifestyle diseases and maintaining cognitive function with the outcome of people enjoying happy and flourishing lives. In 2021, we invested in the startup company Oishi Kenko Inc. with the aim of constructing an ecosystem with related companies.

We are also anticipating strong growth in the market for meat alternative products and have begun developing cultivated meat and plant-based meat alternative products.

In the emerging market for plant-based meat alternative products, we are developing new technologies in the integrated food products and AminoScience businesses that will broaden our business providing products with nutritional value and deliciousness. In addition, we have invested in startup DAIZ Inc. and SuperMeat the Essence of Meat Ltd. of Israel to build an ecosystem for developing and commercializing unique technologies for cultivated meats and low environmental impact protein. Through the Ajinomoto Group’s touchpoints with consumers around the world, we are building businesses to provide sustainable food products that are delicious, high in nutritional value, and catered to the local food cultures.

**Backcasting to creating next-generation businesses contributing to our “Eat Well, Live Well.” aspiration**

The rapid innovation in virtually all industries is triggering major changes in the industrial structure. Our mission is to contribute to the health of the earth and society and help people “Eat Well, Live Well.” To create an image of what we want the Ajinomoto Group to be in the future, we have projected forward from the megatrends in the earth’s environment, society, consumers, and technology to create a Picture of the Future how we expect the world to look in 2030 and beyond. We see opportunities for business growth in all categories from contributing to the earth’s environment to the growing markets for healthcare and information technology, and pursuing innovations in the digital, bioscience, and sustainability fields. We then backcast from our future image of the Group and defined four areas of innovation from the perspectives of the markets and consumers: healthcare, food and wellness, information and communications technology

(ICT), and green innovation. We are creating detailed images for the Group in each of these areas toward which we will use to guide aggressive investment in research and business development to create next-generation businesses that contribute to a sustainable society.

The objective of our innovation in healthcare is to help realize healthy 100-year lifespans. We are using the Group’s unique abilities to create a solution business that extends healthy life expectancy by providing early disease prediction and prevention and supports sustainable healthcare systems. Innovation in the food and wellness field will seek to create foods that support mental and physical health and happiness. These are natural areas for the Group to take the initiative, and will seek to deliver customer experience value that tangibly adds to personal health and happiness in ways suitable to the lifestyle and culture of each country and region.

Innovation in ICT will be aimed at contributing to environmentally conscious smart societies. One way we are doing that is by participating in the IOWN® Consortium, which is working to develop high-speed, low-energy optical communication systems for a sustainable and smart ICT society.

Our green innovation will seek to create businesses that contribute to “the earth, society, and future generations.” Constructing food systems that preserve the global environment and support the health of a global population expected to reach 10 billion in 2050 is the very definition of ASV. We are also working to create green amino acid production methods that account for the environmental footprints of manufacturing processes, form supply chains that coexist and harmonize with nature with carbon-neutral biocycles, and construct complete and recirculating local ecosystems that minimize the unnecessary distribution of goods.

At the Group’s amino acid plant in Thailand, we are engineering a low-impact, on-site ammonia production and supply system, which was developed by Tsubame BHB Co., Ltd., a company we established with the Tokyo Institute of Technology in 2017. The innovative ammonia production system features significantly lower CO2 emissions and will mark a major step toward fulfilling the SDGs.

Our overall vision for the four innovation areas embodies how we see the Ajinomoto Group contributing to sustainable society in the future, and we will continue bringing that vision into clearer focus as we progress toward fulfilling our objectives.

\* Innovative Optical and Wireless Network (IOWN<sup>®</sup>) is a registered trademark of NTT Corporation.

### Contributing Ajinomoto Group value creation to create a sustainable society

Realizing the sustainable growth we are seeking to establish will require that we refine our unique strengths. The source of our strength and our most important intangible asset is our human resources. Our human resources are invaluable. I want the Group to create a corporate culture of innovation in which we all share the Group mission to “unlock the power of amino acids to resolve the food and health issues” and everyone is highly motivated and excited about the challenge we are pursuing to create social value. Innovation also requires a blending of different values, and that is why we will continue promoting diversity and inclusion.

Amino acids are vital elements of the earth, humankind, and life. Since its founding, the Ajinomoto Group’s efforts to thoroughly explore the power of amino acids have created new value that has resolved various social issues. The technology assets we have developed along the way are also one of the Group’s strengths and are the foundation of value creation. Our pursuit of “unlocking the power of amino acids” has involved a wide range of technical fields and has resulted in a diverse menu of unique platform technologies, including our Deliciousness Technologies and leading-edge bioscience and fine chemical technologies. Continuing to advance

and intertwine these technologies will lead to innovation that will make it possible for us to create value that is unmatched by other companies.

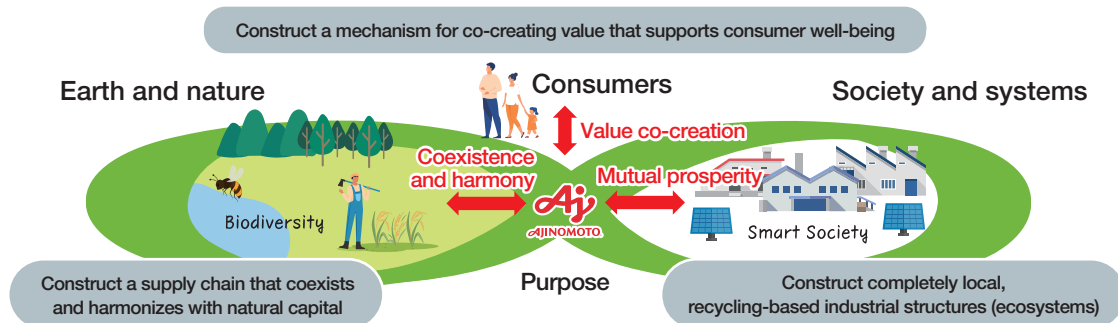
In the food products business, we have developed the Deliciousness Technologies and promoted marketing and product development geared to the national and regional cultures and lifestyles encompassing some 700 million people worldwide, giving us an unparalleled strength in business development. One of our unique strengths in our Healthcare and Electronic Materials businesses is our ability to anticipate innovation that will lead to changes in the industrial structure by developing leading-edge bioscience and fine chemical technologies. This foresight enables us to create a business model for developing products and services with unmatched value. We will further hone these strengths with innovation and DX to create businesses with social value that contribute to the well-being of the earth and humankind.

I also believe that our active efforts to use open innovation to co-create social value is another unique strength of the Group. To fulfill our mission to “unlock the power of amino acids to resolve the food and health issues,” we will form an ecosystem of companies, new startup firms, academia, local communities, and consumers that share our objective so we work together to create social value.

This is our vision for the Ajinomoto Group in 10 years and beyond, when we are using our unique strengths for the well-being of the earth, society, and all people and are working with local communities and consumers in a shared purpose of creating social value. This initiative is ASV management, and I believe it is the path for the Group to create value that contributes to realizing a sustainable society and enhancing our corporate value.

#### Our vision realized through four innovation areas

Using our businesses to co-create value with local communities and consumers for the well-being of the earth, society, and people



# Advancing business model transformation across all businesses

The Ajinomoto Group is working to create innovative businesses and services across businesses. While anticipating external environment changes at our customers and in society and industry, we are linking our existing businesses to develop new businesses that will contribute to profits beyond fiscal 2025.

## Case 1: Working with customers to create solutions for new medical care modalities

The Group's Bio-Pharma Services (contracted pharmaceuticals manufacturing services) have mainly consisted of producing pharmaceutical intermediates following a process received from the client pharmaceuticals company. However, we are currently shifting to using our own proprietary technologies in a business model where we work with clients to co-create solutions beginning at the R&D stage.

As various advanced medical care modalities emerge around the world, demand is growing for the active pharmaceutical ingredients (APIs) needed to realize the modalities. Anticipating particularly strong growth in the market for oligonucleotide therapeutics, we are developing AJIPHASE® and other unique drug production technologies for services to provide APIs for intractable disease treatments and advance development of medium- and large-molecule drug such as protein and antibody-drug conjugates as well as to apply the technologies to the fields of mRNA and gene therapy and vaccine therapy.

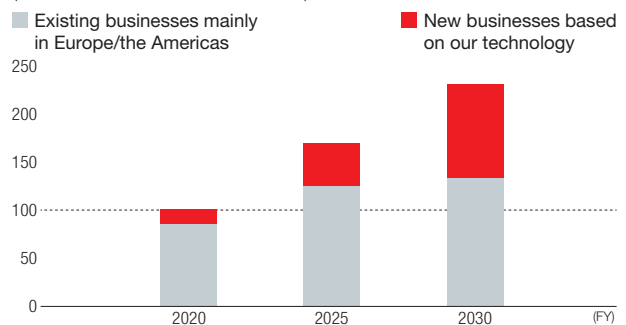
We are also working on a cell therapy support business for regenerative medicine and cell therapy. In culture medium for regenerative medicine, we are working

with the Center for iPS Cell Research and Application at Kyoto University and other leading research institutes in regenerative medicine to create a development ecosystem that will provide high-quality, high-performance medium for iPS cells needed for clinical development activities.

We provide the de facto standard in Japan for the clinical use of iPS-derived cell therapy products, and we are actively expanding our services overseas to contribute to the health of people around the world.

### Growth plan for Bio-Pharma Services business

(Based on FY2020 sales as 100)



### The Ajinomoto Group and advanced medical care modalities

Ajinomoto Group solutions		Advanced medical care modalities	
<b>AJIPHASE®</b>	Proprietary efficient manufacturing technology for oligonucleotides, which have an expanding market as a therapeutic agent for intractable diseases	Oligonucleotides	
<b>TALAMAX®</b>	Attracting attention as a manufacturing technology for antibody mimetics proteins and antibodies without sugar chains	Protein	
<b>AJICAP</b>	Breakthrough technology to control the number of drugs that bind to antibodies	Antibody drug conjugates	
RNA fermentation production technology	mRNA is attracting attention for novel coronavirus vaccines	mRNA, gene therapy and vaccine therapy	
Culture medium for regenerative medicine Culture growth factors	Medium for iPS cells contributes to clinical development as the de facto standard in Japan	Cell therapy using iPS cells and mesenchymal stem cells	<p>Cultivation of iPS cells → Differentiation into organ cells → Treatment of each organ (Eyes, Heart)</p>

## Case 2: Accelerating development of electronic materials for emerging technologies

The Electronic Materials business is the result of a successful business model that grew out of the specialty chemicals business.

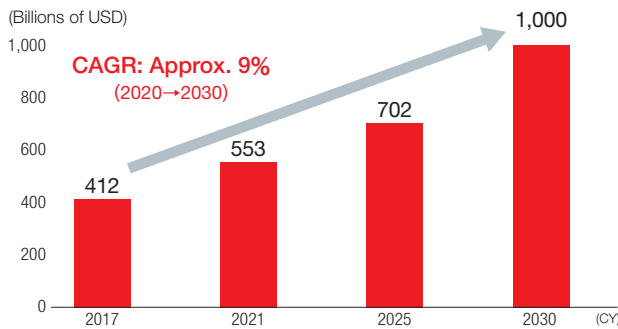
The business has been growing in tandem with the semiconductor market and its main product, *Ajinomoto Build-up Film® (ABF)*, an interlayer insulating material for semiconductor packages, has become the industry standard as a core component of semiconductor package substrates used in personal computers and servers.

We are applying our materials informatics\* and other digital technologies to accelerate development of the

next-generation *ABFs* and advanced materials with the functions needed to make each subsequent technology generation faster, larger capacity, smaller, and more energy efficient. We are also participating in the development of a co-creation ecosystem in the semiconductor industry that will bring about the transformation needed for high-speed communications in future societies.

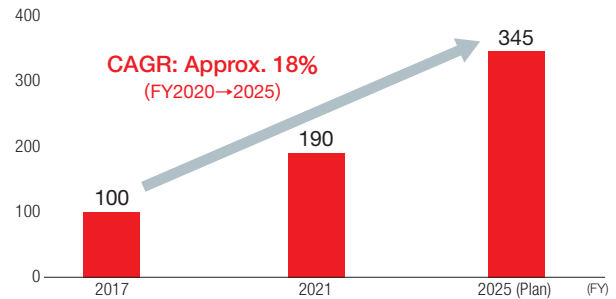
\* Informatics using statistical analysis to search for new materials from a large volume of data.

### Global semiconductor market trends



### ABF shipment quantity transition

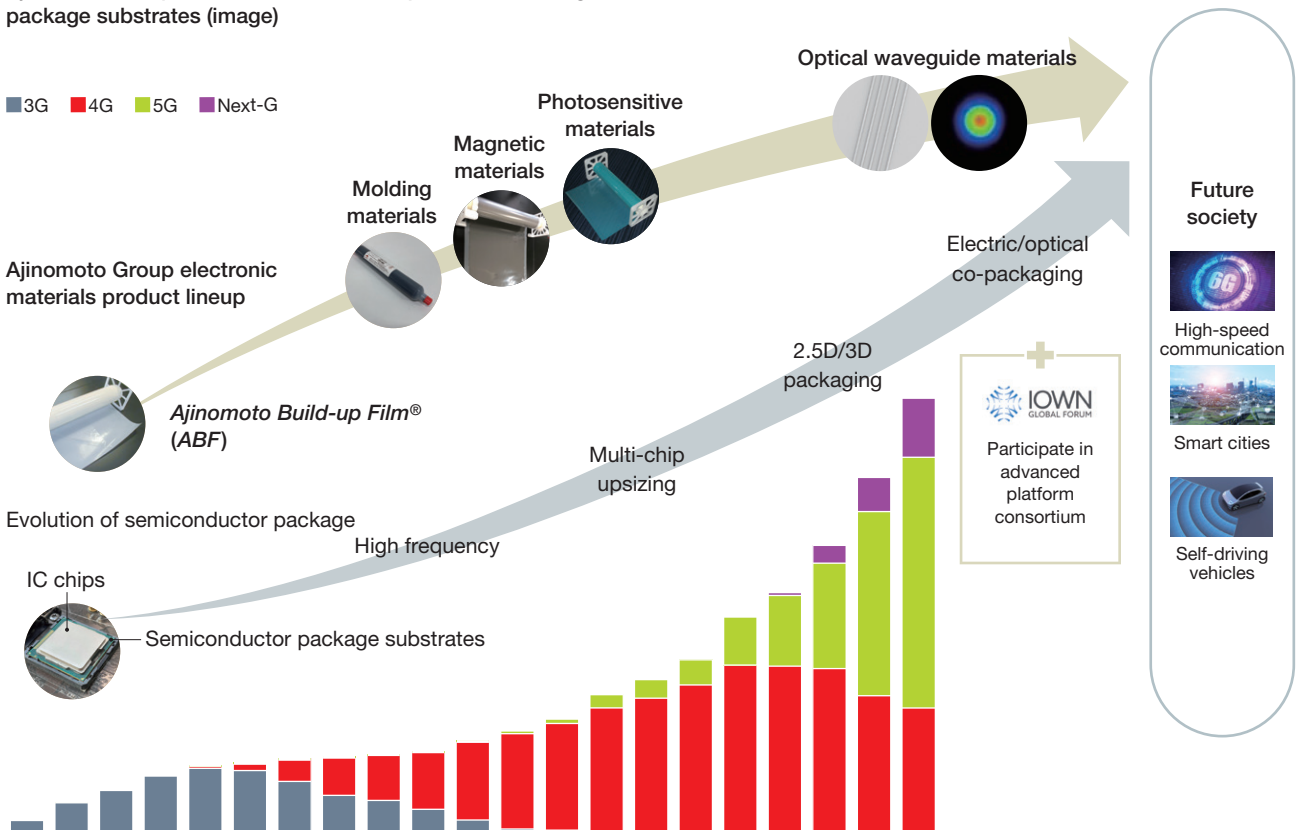
(Estimate provided the shipment volume in FY2017 as 100)



World Semiconductor Trade Statistics (WSTS) (Spring 2021)

Semiconductor Market Analysis, Market research firm International Business Strategies, Inc. (IBS) (January 2021)

### Ajinomoto Group electronic materials shipments for each generation of semiconductor package substrates (image)



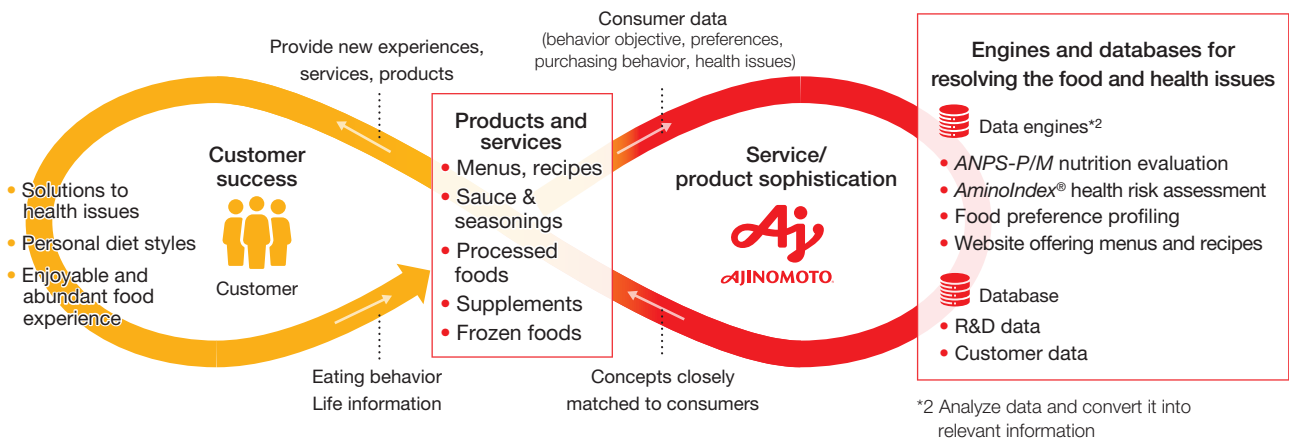
### Case 3: Enhancing customer experiences with a combination of online and real services

We provide processed foods, supplements, and other physical products as well as online information for recipes and menu preparation in a multidimensional approach to helping customers address their health issues, create personal diet styles, and fully enjoy an abundant food experience. We will use our data engines and database for profiling food preferences, applying the Ajinomoto Group Nutrient Profiling System (ANPS-P/M), conducting health risk evaluations, and proposing menus and recipes to link our services together to enhance customer experiences and provide sophisticated products and services that integrate the food products and Amino Science businesses.

An example is the use of our products and technology to aid in dementia prevention. We can use *AminoIndex*<sup>®\*1</sup> to analyze blood amino acids for risk of cognitive decline and our *Brain Health Diary for 100-year Life* that creates a scorecard for proposing dishes to help maintain brain function. We also offer our *No-katsu Seven Amino*<sup>®</sup> supplements and propose meals proven to help maintain and improve cognitive function. We are also working on menu ideas and supplements that can help maintain healthy carbohydrate levels for the prevention of diabetes.

\*1 Our unique service that can assess with a single blood test the risk of the three major diseases and other conditions from the balance of amino acid concentration in blood

#### Customer experience evolution cycle

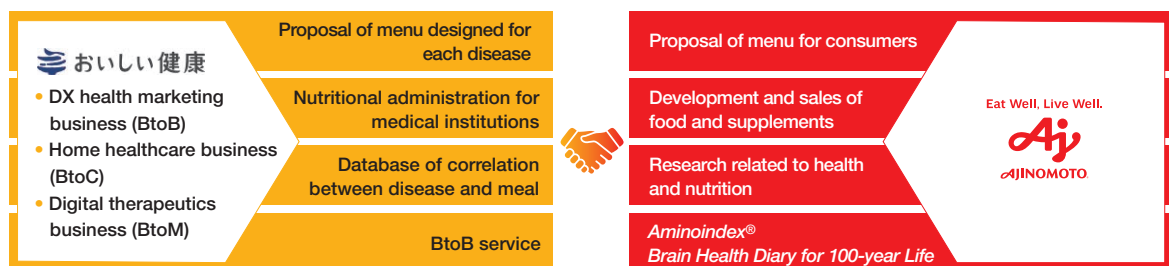


### Investment in Oishi Kenko, a startup offering menus for specific health issues

As part of its strategy to engage in the co-creation of value, Ajinomoto Co., Inc. has conducted capital investment in Oishi Kenko Inc., a startup that offers menus catered to specific health issues. We plan to combine Oishi Kenko's expertise in online food and health services with our Deliciousness Technologies and our expertise and R&D capabilities in amino acid nutritional and physiological functions. Together, we will develop solutions for consumers battling unhealthy dietary habits and for patients with lifestyle diseases and to help realize dietary lifestyles that are delicious, healthy, and personal.



Example of a menu proposal

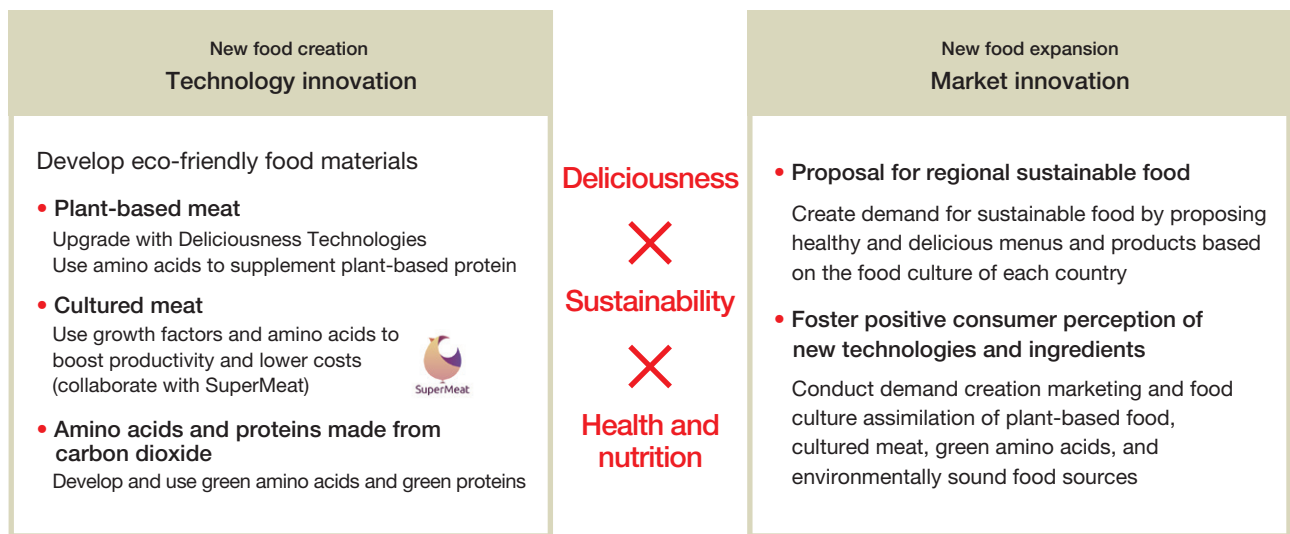


### Case 4: Building a sustainable food system that only the Ajinomoto Group can

The growing demand for animal protein is creating a future scenario of supply shortages and growing environmental burden from food production, which is leading to increasing attention on plant-based meat alternatives and cultured meat. The Ajinomoto Group is contributing to solutions for various environmentally conscious food materials, including offering amino acids for healthy and nutritious plant-based meat alternatives, providing development and production services for delicious and

cost-effective cultured meat, and developing and using amino acids and proteins made from carbon dioxide.

We are also actively collaborating with startup companies in this emerging industry. Our objective is to construct a sustainable food system by proposing sustainable foods developed in consideration of local country and regional food cultures, health, and the environment, and by the fostering of positive consumer perception of new technologies and ingredients.



### Investment in cultured-meat startup SuperMeat

Ajinomoto Co., Inc. entered a capital investment in March 2022 with the Israeli food tech company SuperMeat the Essence of Meat Ltd. (“SuperMeat”), which is developing and producing cultured meat. We will contribute our solutions expertise to SuperMeat as it seeks to commercialize, develop technologies and materials, and construct a value chain for cultured meat.



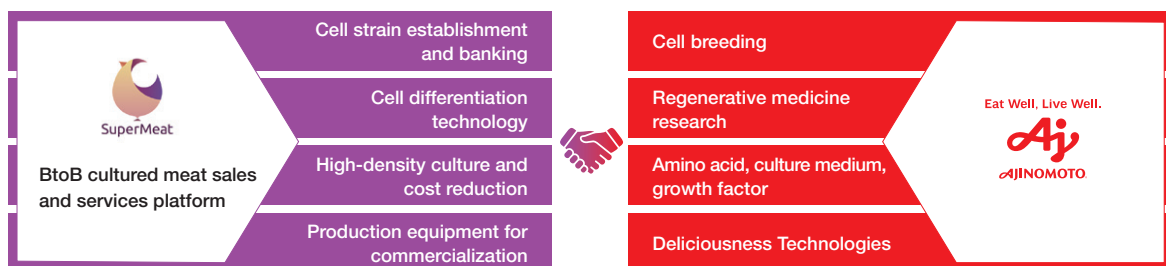
Cultured meat hamburger



Pilot plant



Dining venue adjoining to the pilot plant





# Actions for the future rooted in environmental awareness

The structure of industry is undergoing monumental changes in a worldwide movement to address global social issues. The Ajinomoto Group has identified megatrends we see influencing industries through 2030 and beyond and has defined four innovation areas where we can best use our business to address social issues and fulfill our vision.

## Our focus on megatrends

We have categorized four domains for innovation—people/consumers, social systems, global environment, and technology—in the megatrends that affect our business, which include the growing global population, changes in

geopolitical social conditions, extending healthy life expectancy with medical advances, intensifying global environmental issues, and evolving social, industrial, and health conditions with advances in technology.

### Growing world population

Population over age 65\*1

**1.5 billion**

### Transition to the new normal after the COVID-19 pandemic

- Changing consumer behavior
- Increased awareness of hygiene and health management
- Increased awareness of the stable supply of goods
- Social fragmentation
- Increasing occasions of eating alone
- Promotion of Green Recovery

### Insufficient food production

Needed increases in food production from 2012 to 2050\*2

**+50%**

### Climate change

Global average temperature by 2100\*3

**+4.8°C**

### Accelerated use of digital technologies

- Emergence of new business opportunities and competition
- Changes in the way information, products and services are provided
- Increasing opportunities for direct communication with consumers
- Increasing influence of Generation Z

## People/consumers

Growing global population/increasing urbanization/GenZ/health consciousness/100-year lifespans/extending healthy life expectancy/diversifying personal preferences/well-being

## Social systems

Seamless, global distribution of people, products, and money/geopolitical situations/national self-sufficiency/nationalism/digital economic zones/AI automated decision-making

## Global environment

Reinforcement of CO<sub>2</sub> emission regulations/diminishing secure food resources/agricultural reform/development of alternative energy resources/cyclic production/prediction and prevention of large-scale disasters

## Technology

Maturity of AI/data acquisition competition/singularity/digital technologies/biotechnologies/renewable energy sources

\*1 United Nations (UN), 2020 \*2 Food and Agriculture Organization of the UN, 2017 \*3 Intergovernmental Panel on Climate Change, 2013

## Creating next-generation businesses in the four innovation areas

For a business environment that we expect to be radically different under the four megatrends, the Ajinomoto Group has created multiple future scenarios and a Picture of the Future based on our vision of social issues and consumer needs in

2030. In that picture, we have determined the areas where we can contribute to supporting and improving people's lives and categorized them into four innovation areas where we can begin now to create next-generation businesses.

### Future Domain 1

- Contributing to food and healthcare for 100-year healthy lives
- Contributing to developing advanced medical modalities

Gather and visualize personal data from genes to daily behavior data, provide value for maintaining health to a wide range of consumers

### Healthcare innovation

Anticipating new modalities of medical care and health evaluation, formulating solution-type businesses

Anticipate new modalities of medical and health evaluations and construct solution-type businesses for the new modalities. This domain includes the leading-edge bio and cell therapy business, which we are already working on as part of our business model transformation.



### Future Domain 2

- Contributing to well-being in daily life and throughout life

Create a new customer experience that makes it fun to eliminate the negative aspects of pain and increases enjoyment

### Food and wellness innovation

Contributing through food to mental and physical health and happiness

In the food and wellness domain, contribute health solutions, personalization, and a sense of enjoyment in the food business. This domain includes personal nutrition and new businesses providing customer experience value that links food with enjoyment, both of which are part of our business model transformation.



### Future Domain 3

- Using our business models to contribute to social system reform

Construct a digital management platform and explore the potential of comprehensive AI management

### ICT innovation

Establishing sustainable and accelerating growth for the Electronic Materials business

Establish sustainable and accelerating growth for the electronic materials business, one of our six core businesses.



### Future Domain 4

- Creating sustainability systems contributing to the sustainability of the earth

Reduce our environmental footprint by transforming our value chain, and create added value by protecting the environment and creating sustainable food resources

### Green innovation

Reforming the biocycle in our amino acid production and creating businesses contributing to the food system

Innovate in amino acid production biocycles that go beyond carbon-neutral to carbon-negative, and create businesses that contribute to realizing sustainable food systems.



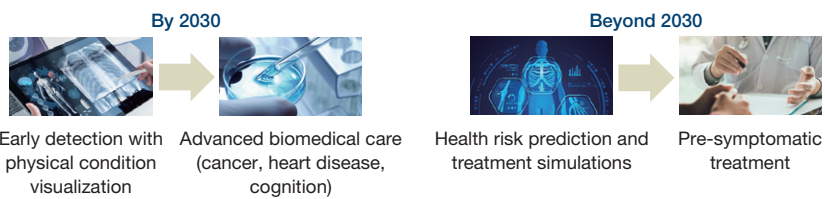
Next-generation businesses under development



**Healthcare innovation**

Visualization of future health risks to move from treatment to prevention

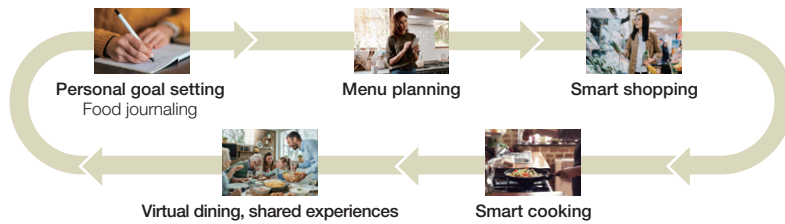
We are aiming to achieve radical advances in treatments for intractable diseases and in personalized medicine by 2030. For the era beyond 2030 with 150-year lifespans, we are aiming to provide disease prevention solutions that predict and avoid disease risk on a personalized level.



**Food and wellness innovation**

Create a cycle that enhances all food experiences

We aim to enhance customer experience value by enabling food experience journeys through menus, meal planning, shopping, food preparation, and individual and group dining in a society where people realize wellness by easy access to products and services that meet personal preferences and health needs.

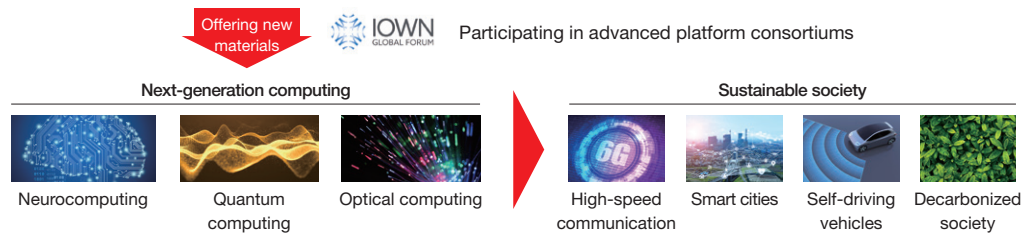


**ICT innovation**

Offering electronic materials for the next-generation communication environment

With the coming of a digital twin\* society when everything in our daily lives is linked to data, we are advancing optical, quantum, neurocomputing, and other future processing technologies and developing businesses in electronic materials for optical communication.

\* A technology that collects information on things and the environment from real spaces and reproduces them in cyberspace.



**Green innovation**

Building a value chain that contributes to the global environment

We will use the sustainable bioprocess we are developing to propose carbon-neutral and carbon-negative amino acid production processes, new meat production techniques such as air protein and cultured meat, and healthy and environmentally conscious food products and food cultures.



Enhance Intangible Assets

Human Assets Technology Assets Customer Assets

# Strengthening intangible assets to generate future value

Intangible assets are indispensable to enhancing corporate value. The Ajinomoto Group has set the intangible assets of organizational assets, human assets, technology assets, and customer assets as its four core assets and is working to strengthen each one.

### Vision

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.



### Intangible assets

Organizational assets

Human assets

Technology assets

Customer assets

> P.31

> P.39

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Soil = Corporate culture

# Human assets

To accelerate the evolution of ASV management, we are increasing investment in human resources and working to promote diversity and inclusion in an effort to speed up innovation.

## Enhance corporate value by ensuring individuals and organizations to grow in a synchronized manner

The Ajinomoto Group understands that human assets are the driving force behind efforts to enhance the value of its intangible assets and for this reason we have been working to further enhance human assets in terms of individuals and organizations.

Our enhancement of individuals involves fostering talent working to achieve ASV based on a process of understanding the points connecting the purposes of the Company and the individual by promoting motivation and personal growth through the individual's own autonomous efforts to tackle new challenges. As to organizations, we seek to co-create value with stakeholders who empathize with our purpose while

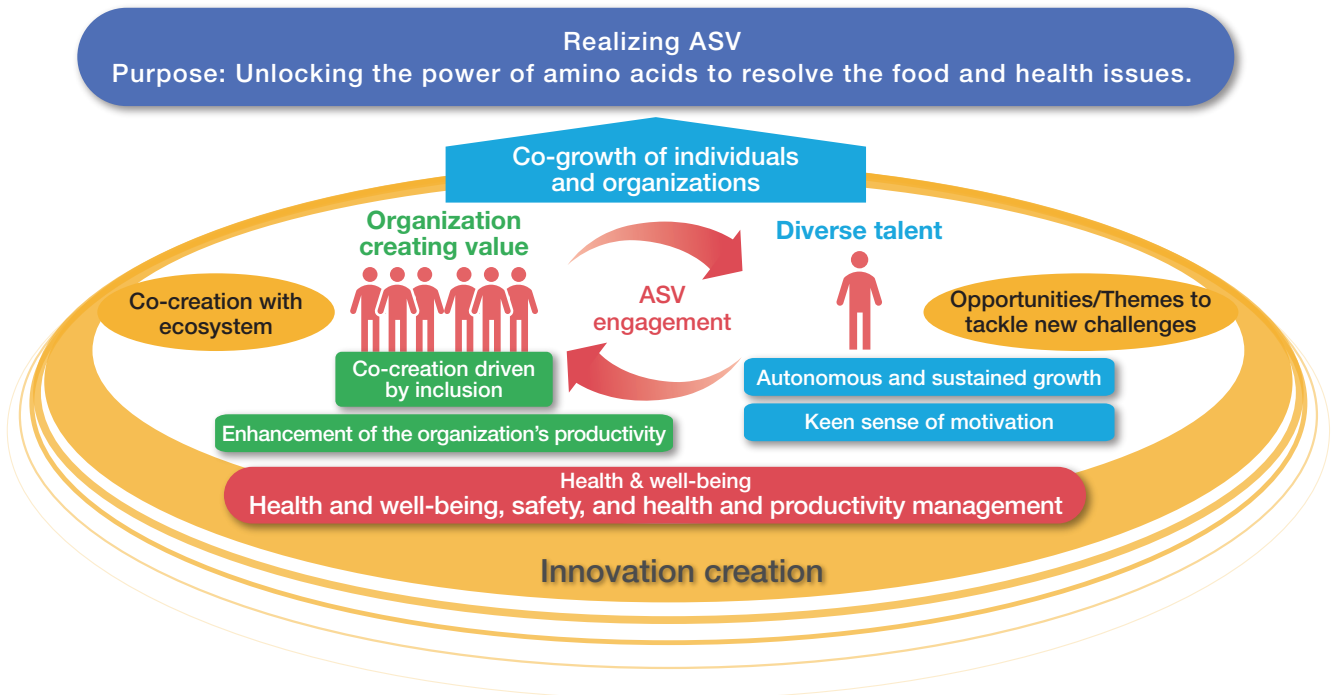
promoting inclusivity among our diverse workforce and raising productivity.

The vision that we hope to achieve through this process is that human resources and organizations enhance corporate value by co-growth of individuals and organizations, while employees who empathize with ASV and our purpose are motivated by their contributions to value for customers and society through their own efforts to tackle challenges and co-creation.

Looking ahead, we will work to enhance our human assets and corporate value, while visualizing the process for ASV management, by backcasting KPIs for achieving our talent management policy from our vision.

### Talent management policy

Human resources and organizations that help to enhance corporate value by co-growth of individuals and organizations and where employees who empathize with ASV and our purpose are motivated by their contributions to value for customers and society through their own efforts to tackle challenges and co-creation



## Measures to enhance ASV as one's own initiative

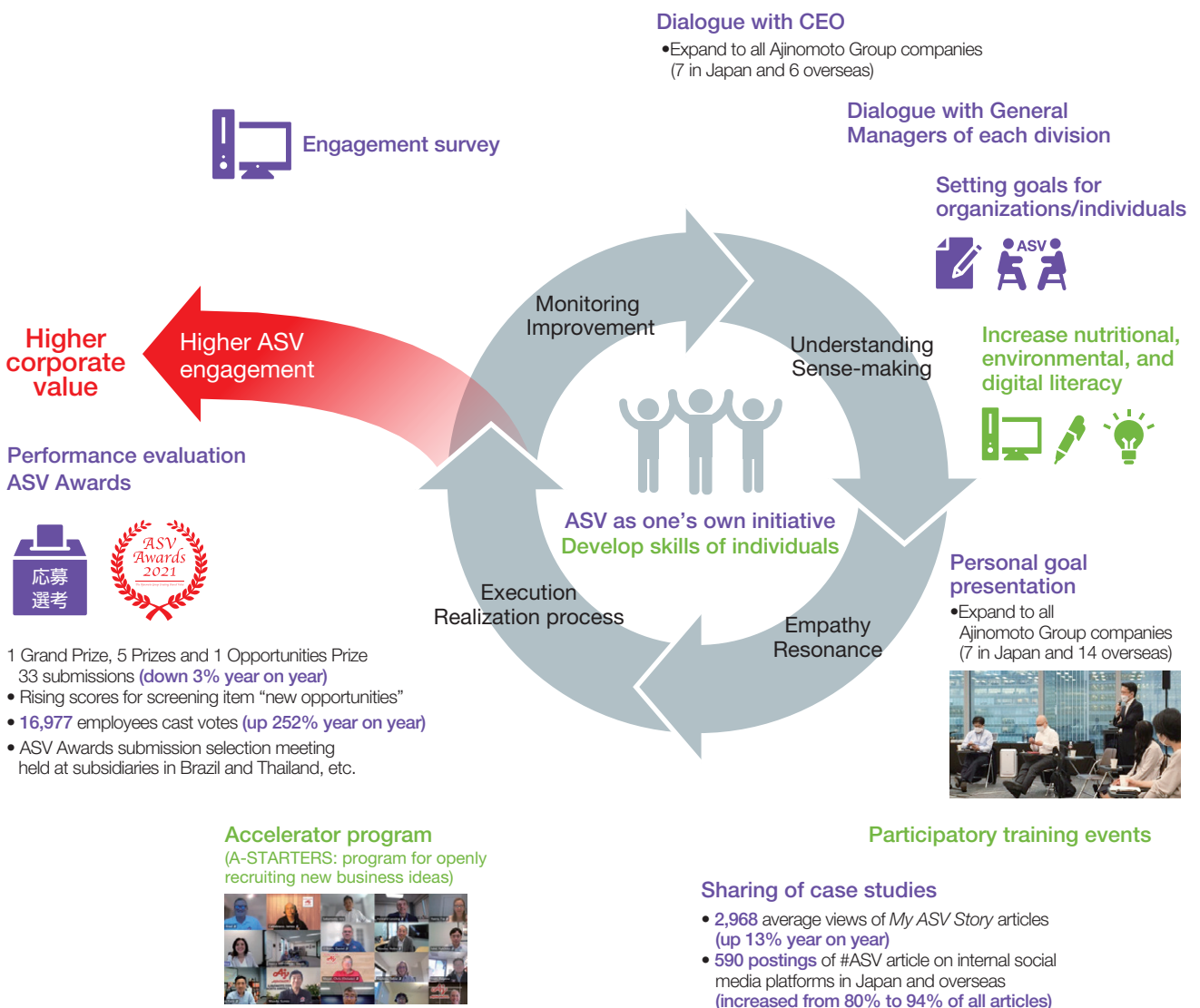
The idea of ASV as one's own initiative helps to speed up ASV realization. Toward this end, we are implementing a number of initiatives under our management cycle for ASV results creation. For example, we held Dialogue with CEO sessions 44 times in fiscal 2021, involving 53 departments at Ajinomoto Co., Inc. along with seven Group companies in Japan and six overseas, reaching a total of 724 employees. We held Dialogue with General Managers of each division 74 times with total attendance of 4,553 employees. As these sessions have expanded, we have seen their importance grow as dialogue is now reflected in actual measures. Starting in fiscal 2021, we held dialogue sessions with management and personal goal presentations at our main Group companies in

Japan and overseas.

The employee engagement score (ASV as one's own initiative) declined three points year on year to 61% in fiscal 2021. Nevertheless, we saw greater employee participation including an increase in employee voting for the ASV Awards that recognize good practices and the holding of pre-selection meetings in Thailand and Brazil for award submissions.

Fiscal 2022 marks the third year of our management cycle. This year we intend to evolve the personal goal presentation and other venues as a place to foster talent and promote collaboration beyond organizational lines aimed at further enhancing the idea of ASV as one's own initiative.

### Management cycle for ASV results creation (FY2021 results)



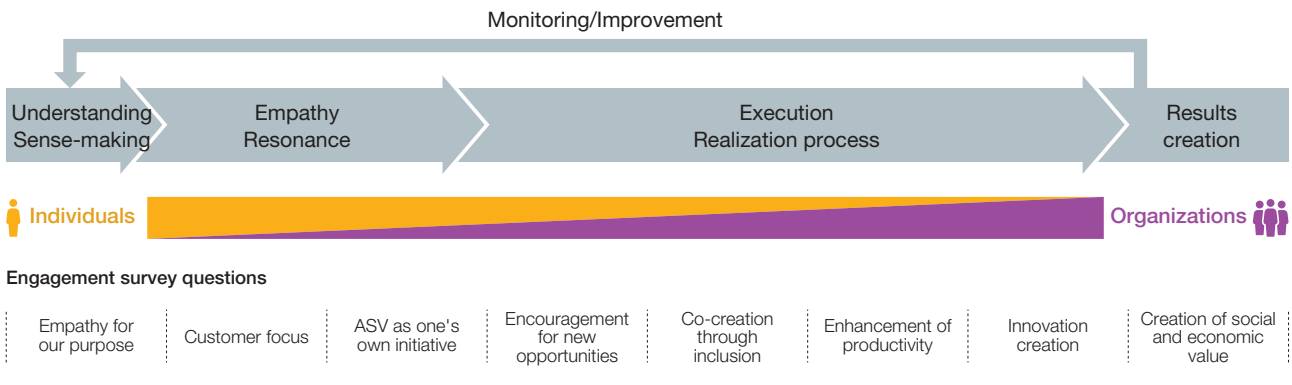
## Visualizing the ASV achievement process of individuals and organizations

Previously, we used the employee engagement (ASV as one's own initiative) score as a priority KPI to measure the achievement of ASV. In fiscal 2022, in addition to the score for ASV as one's own initiative, as a new initiative we have begun measuring the progress of ASV management using the engagement survey to visualize the process leading up to ASV realization.

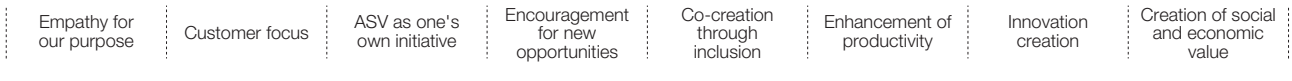
As a monitoring method, we tabulate and analyze the scores for questions on individuals' "empathy for our purpose," "ASV as one's own initiative," and "encouragement for new opportunities" along with questions on organizational management benefiting "inclusion" and "innovation" in the engagement survey

conducted every year. After visualizing each step up to results creation as a company, related questions and scores from the ASV understanding and sense-making of individuals, we compare the results with global high-performance companies and benchmarks for each country and conduct a comparison within the Group based on age, gender, department, and company. This enables us to clarify the issues of each company and organization and utilize this as data useful for countermeasures. Visualizing the passion of employees toward ASV realization and organizational culture and management allows us to continuously enhance human assets, evolve ASV and improve corporate value.

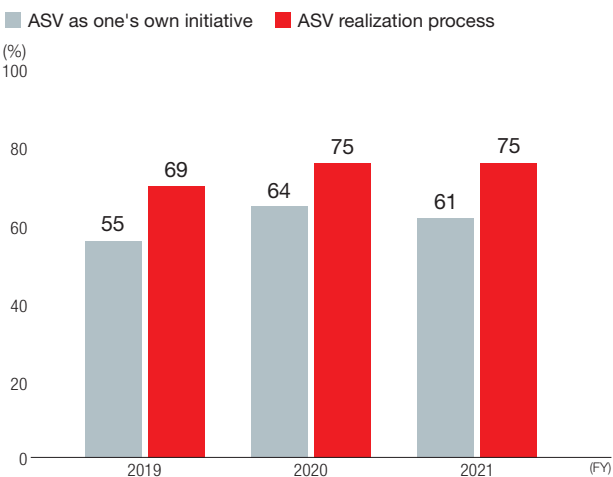
### ASV realization process



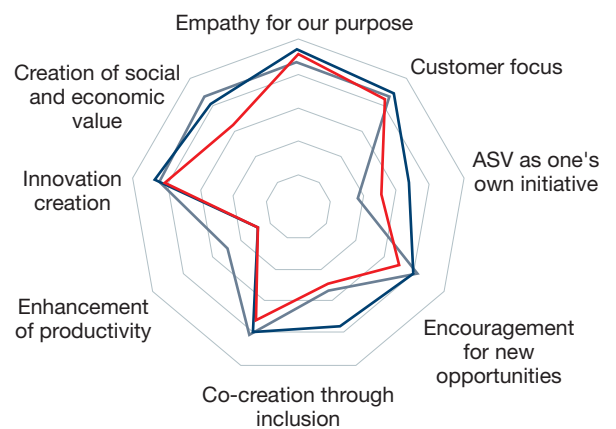
### Engagement survey questions



### Engagement survey score



### Visualization of relevant engagement survey score (example of previous fiscal year comparison)



## FOCUS

### Correlation analysis of employee engagement and performance

We conducted a correlation analysis with performance based on the results of the previous three engagement surveys. The results indicated that scores for “empathy for our purpose,” “customer focus,” and “enhancement of productivity” correlate with sales and business profit.

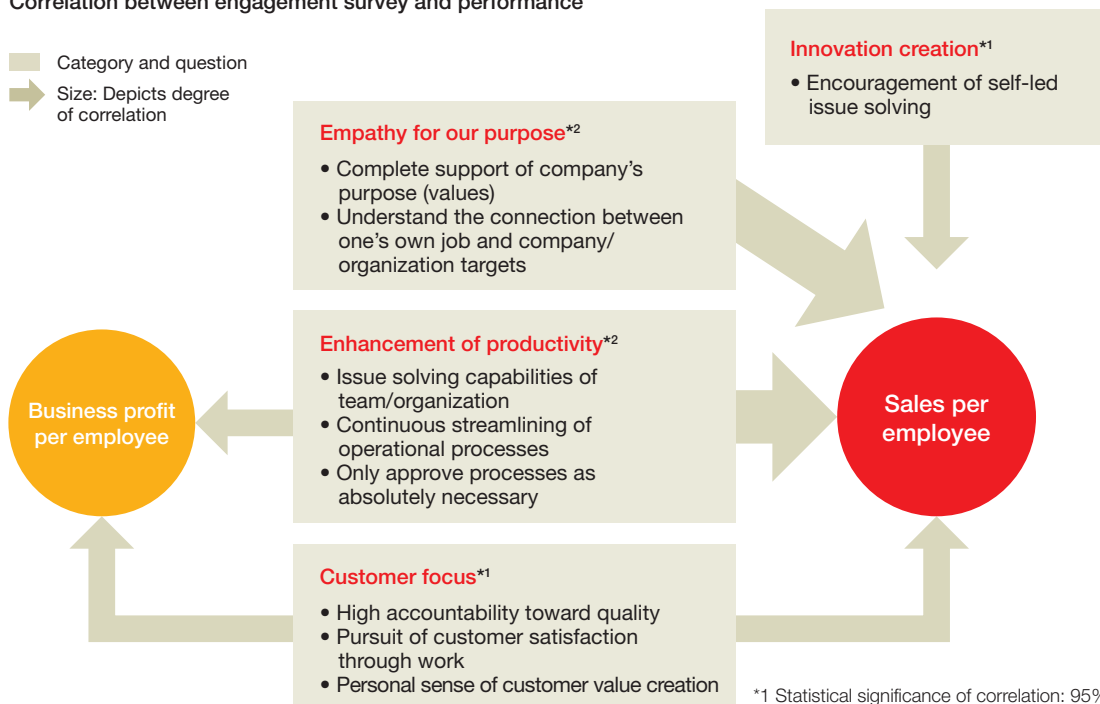
The greatest correlation with sales per employee were scores for “empathy for our purpose” and “enhancement of productivity” followed by “customer focus” and “innovation creation.” As for

business profit per employee, correlation was observed with scores related to “enhancement of productivity” and “customer focus.”

In the future, we will increase the accuracy of analysis by accumulating larger amounts of data. In turn, we will strengthen talent and organizational management linked with improved performance and utilize information from the engagement survey to realize ASV.

#### Correlation between engagement survey and performance

- Category and question
- ➔ Size: Depicts degree of correlation



\*1 Statistical significance of correlation: 95%

\*2 Statistical significance of correlation: 99%





## Diversity and inclusion at the Ajinomoto Group

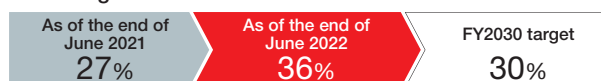
The Group recognizes the importance of inclusion that respects the diverse experiences and specialization of its workforce irrespective of such concepts as gender, age, and nationality, and that embraces and utilizes diverse viewpoints. Such inclusion fosters a corporate culture that accelerates innovation, achieves value co-creation, and encourages self-led action. Therefore, we are currently focusing on cross-sectional human resource exchange between business divisions with different specialties. Until now, we have assigned employees with R&D experience to business departments to enhance our ability to produce business concepts and assigned employees from the AminoScience Division to the Food Products Division to combine novel technologies and know-how. In fiscal 2022, to further accelerate the integration of the food products and AminoScience businesses, we will reflect cross-sectional approaches in mechanisms and measures for recruitment, assignment, development, and at the same time, utilize our HR information system to

quantitatively measure the progress of our initiatives.

Additionally, in Japan we continue to support the careers development of women. Through AjiPanna Academy, a mechanism for development of female human resources launched in fiscal 2020, we have held career workshops, college, and mentor program for a total of 292 female employees to date. We will continue to expand our pipeline of leadership talent and key decision makers.

### Percentage of female directors and line managers (Ajinomoto Co., Inc.)

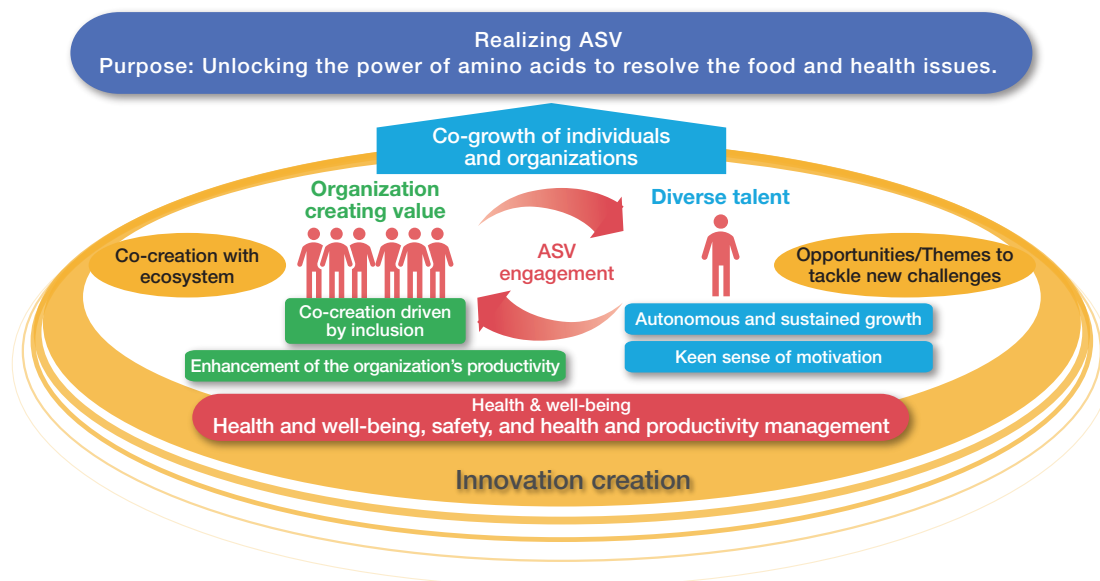
#### Percentage of female directors



#### Percentage of female line managers



### D&I management for elevating human assets



### One team inclusion

- Create a “model” to utilize the Ajinomoto Group’s unique strengths
- Organization:
  - ✓ Strengthen ASV management cycle activities
  - ✓ Co-create using cross-sectional human resources
  - ✓ Management that utilizes diversity to draw out capabilities

### Diverse talent

- Attribution: Gender, age, nationality, LGBT, disability, etc.
- Experience/Skills:
  - ✓ Cross-sectional human resources (food products x AminoScience, business x R&D, etc.)
  - ✓ Specialist human resources (specialist knowledge/skills in each domain)

## HR investment and effects

We are stepping up investment in human assets to strengthen our workforce, considered an important asset for long-term value creation.

Ajinomoto Co., Inc. increased its human resource investment per employee for training and HR system costs including DX, nutritional, and environmental literacy for realizing our vision from ¥222,000 in fiscal 2020 to ¥249,000 in fiscal 2021. Moreover, since initiating the calculation of not only direct costs associated with human resource investment but also opportunity costs determined by multiplying hourly pay by total number of hours of participation (personnel costs/Number of employees [manager + non-manager]), emphasizing visualization of human resource development opportunities received by individuals, the opportunity cost

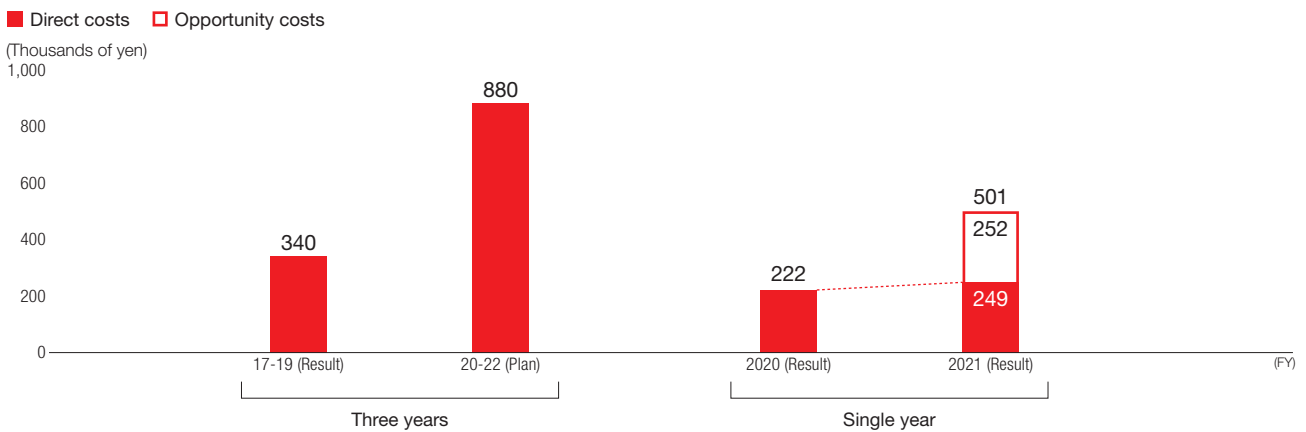
per employee for fiscal 2021 totaled ¥252,000. From fiscal 2022, we have initiated similar monitoring at our main Group companies.

As for productivity, which is an outcome of human resource investment, in conjunction with our management policy to emphasize growth and efficiency, we began monitoring consolidated business profit per hour\*1, in addition to the conventional consolidated sales per hour\*2. We will continue to monitor the effects of human resource investment because they are expected to appear several years later, and will find ways to roll out effective human resource measures and investments.

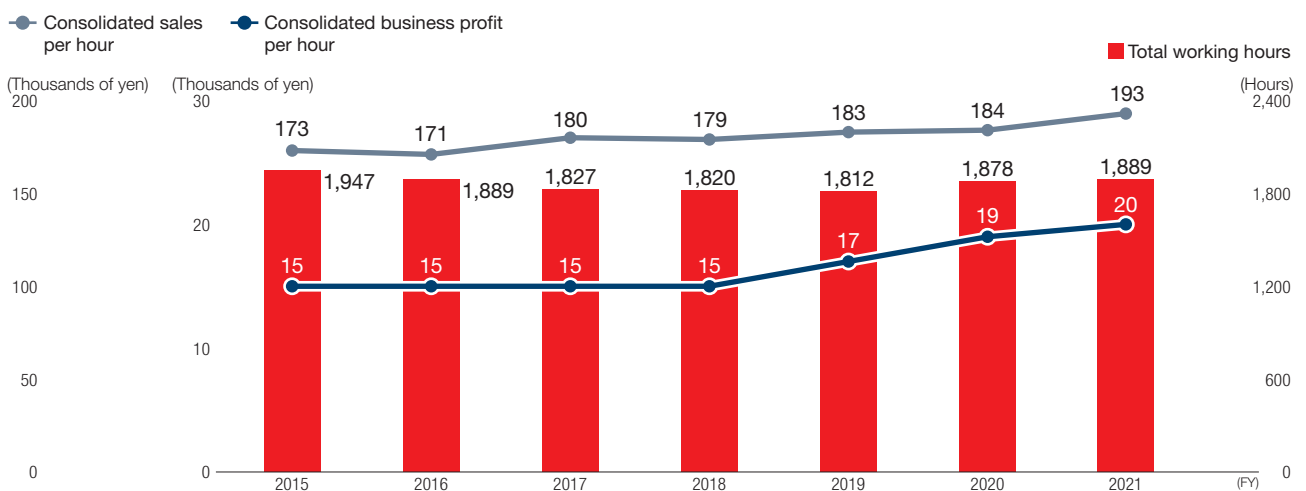
\*1 Consolidated business profit ÷ (Number of employees of Ajinomoto Co., Inc. x Total working hours)

\*2 Consolidated sales ÷ (Number of employees of Ajinomoto Co., Inc. x Total working hours)

### HR spending per employee (Ajinomoto Co., Inc.)



### Consolidated sales/Consolidated business profit per hour



## ASV Awards recognizing best practices for realizing ASV

The ASV Awards program commends particularly excellent examples of initiatives that embody ASV. The program's aim is to promote ASV as one's own initiative by recognizing and sharing best practices for realizing ASV. In fiscal 2021, the sixth year that the awards have been presented, we added the new Opportunities Prize to recognize efforts to generate innovation even if the value created in the near future is small. We also promoted the online voting for the awards, and the number of employee votes received online increased to a cumulative total of 16,977, an increase of 252% (vs. fiscal 2020).



### The fiscal 2021 ASV Awards Grand Prize

The fiscal 2021 ASV Awards Grand Prize was awarded to the *Smart Salt* project for “delicious salt reduction” using umami and *dashi* broth and for addressing the global health issue of excess dietary sodium intake. The initiative was chosen from a field of 33 praiseworthy entrants.

The *Smart Salt* initiative includes conducting online advertising aimed at specific customer clusters, developing tasty, reduced-salt products, educating employees, and constructing ecosystems with local governments, distributors, and academia. Know-how accumulated in Japan is being shared with Group companies overseas with the aims of increasing the number of people following low-salt diets and increasing Group sales of low-salt products. Sales of low-salt products have grown markedly compared to two years before the initiative's launch, and the number of consumers following low-salt diets (purchasing low-salt products) has grown by 1.54 million in Japan, including 570,000 younger consumers, who generally have little awareness of food sodium content.



### Award-winning features

- Achieved scale-up by linking research results to commercialization and social implementation
- Unwavering perseverance to create results
- Marketing success using customer clustering and stimulating behavioral change for low-awareness groups

### Comment from an award recipient

Our biggest challenge with this project was stimulating awareness of salt reduction among people who are not at an age when salt is usually considered an issue. They have few opportunities to become aware of the amount of salt in their food and basically need to become aware of it on their own, which meant the usual communication tools would not be much help. We decided that we had to use the very latest digital methods, and so we used trial and error to find the most effective messages. It was a real challenge, but we were determined to succeed because we had seen the results of fact-finding surveys about salt reduction in various countries. People everywhere had the same reservations about reducing salt. They know it's important for health, but salt-reduced food doesn't taste as good, and it takes effort so it's hard to continue. We were driven to make it work in Japan because we knew that if we could succeed here, then we can apply it around the world and help people everywhere attain better health. I'm excited about increasing the partners for this initiative so we can help extend healthy life expectancy worldwide.



Kazumi Tateyama (left in photo) and member Sauce & Seasonings Department Ajinomoto Co., Inc.



## Active communication between outside judges and employees

Every year, the Ajinomoto Group invites a panel of outside judges to participate in the selection of ASV Awards winners. The direct Q&A sessions between the judges and award candidates are valuable opportunities for the judges to deepen their understanding of employee initiatives and for employees to gain new perspectives on their projects. Here, we present some of the conversations with the selection committee.

### Outside judges for ASV Awards



Junko Edahiro  
President  
e's Inc.



Yukiko Yabu  
Outside Director  
Daiwa House Industry Co., Ltd.



Scott Davis  
Professor  
College of Business  
Rikkyo University



Kimie Iwata  
Outside Director  
Ajinomoto Co., Inc.



Takashi Nawa  
Outside Director  
Ajinomoto Co., Inc.



George Nakayama  
Outside Director  
Ajinomoto Co., Inc.

**Q** Reduced plastic and improved product display with calendar-type packaging in Indonesia

This initiative had clear objectives to protect the environment and reduce costs. What was the biggest hurdle to making it a success?

**A** The biggest hurdle was getting final approval from all of the people in the related departments. This was a major change to package design that would affect all work sites. Getting approval to eliminate the inner plastic bag was huge, because it's basically the "last mile" for food products. Many people still believe the inner plastic bag is necessary, but in the end they all also strongly believed that we need to do something to help solve Indonesia's serious problem with marine plastics pollution.

**Q** Culture medium with the world's highest productivity and began supplying it to antibody drug manufacturers

What is the biggest factor that contributed to the project's success?

**A** The biggest factor was our company's knowledge of amino acids. The Ajinomoto Group's advanced analysis technology gives us highly detailed understanding of amino acids, such as the specific concentration of amino acids and how they are act in the cell culture process. We also have the huge benefit of being able to adjust the amino acids composition in accordance with the analysis results. In other words, the biggest factor was our ability to use our company's technology to draw out the full "power of amino acids."

**Q** Science-based regulatory guidelines formed with industry input  
Contribution to science-based regulatory guidelines

What kind of structure did you need to make this immense project such a huge achievement success?

**A** Using our relationships with industry groups was crucial. Our company's managers and people involved in this project worked every day on creating and strengthening relationships of trust with relevant industry groups. Their efforts helped us obtain details about changes in administrative guidelines, gather opinions from other companies through the industry groups, and submit our recommendations to the government.

### Award winners



# Technology Assets

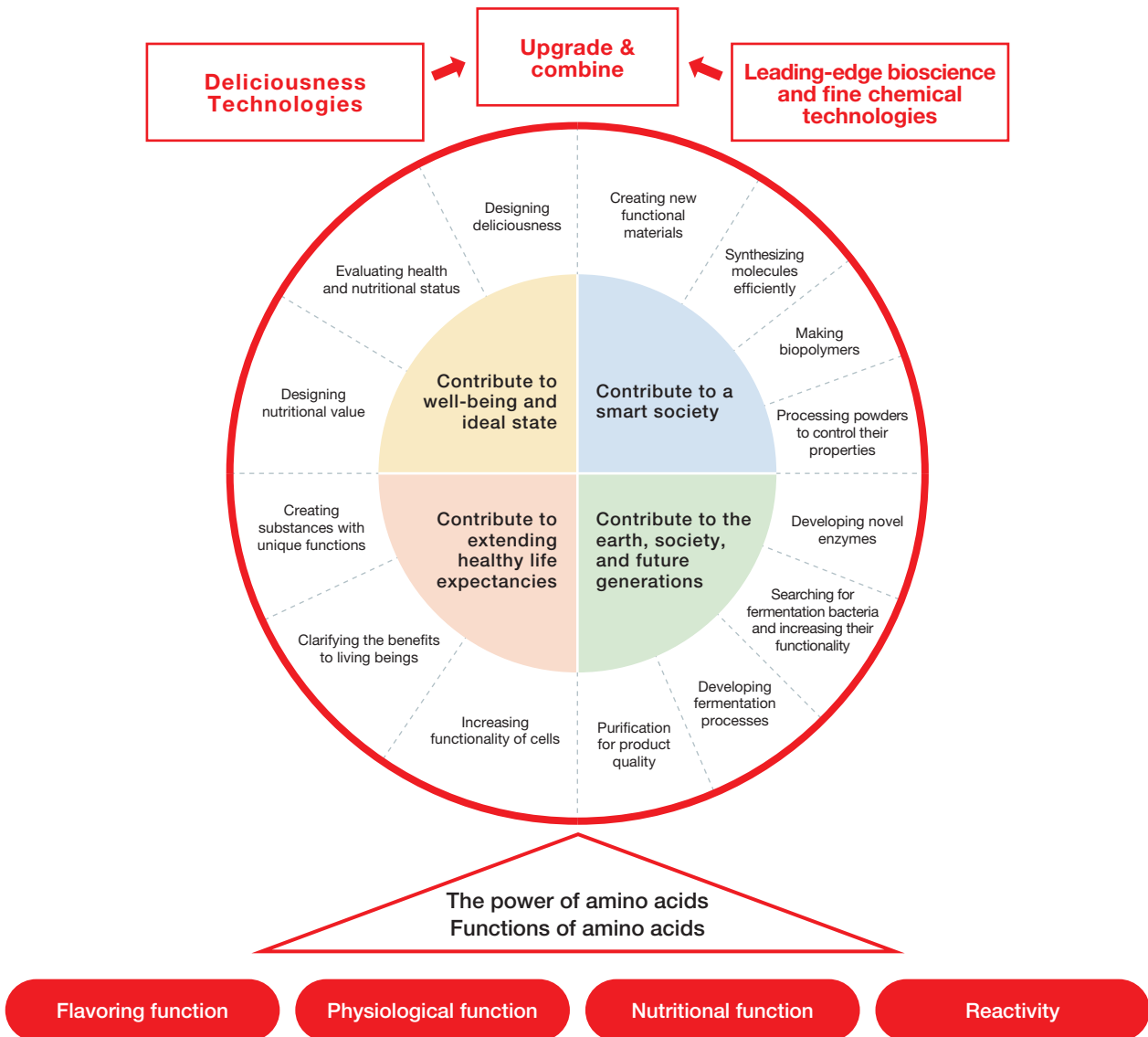
We are upgrading and combining technology assets behind our pursuit of the power of amino acids and creating new value by adding them to our organizational assets and customer assets.

## Upgrading and combining platform technologies

During the course of its continuous pursuit of the power of amino acids since its founding, the Ajinomoto Group has established unique platform technologies from a wide range of technological fields, including Deliciousness Technologies and leading-edge bioscience and fine chemical technologies. By combining these technologies, we are creating various new materials and products and

providing new value to the world.

Looking ahead, we will further upgrade and combine the technologies we create and utilize them through open innovation and collaboration with start-ups. This will generate continuous innovation and enable us to enhance technology assets while obtaining new platform technologies.



## Smart R&D

The Group is working on digital transformation (DX) in R&D as “Smart R&D.” We are accelerating and upgrading development processes with artificial intelligence (AI) that incorporates our leading technologies and know-how with big data. Also, we are using materials informatics and digital twins\* to develop electronic materials with greater performance than conventional methods and to enable high-

performance compounding for cell culturing. Furthermore, we are utilizing bio-digital platforms to create new customer value, such as substantially shortening the development timeline of microbial breeding required to create food materials from the conventional 10 years to 4 months.

\* A technology that collects information on things and the environment from real spaces and reproduces them in cyberspace.

### Advanced data analysis using cutting-edge data science and AI



- |                                                                                                                                                                                                                               |                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| <b>Materials informatics</b>                                                                                                                                                                                                  | <b>Digital twins</b> |
| <ul style="list-style-type: none"> <li>• Discovery of high-performance electronic material compounds</li> <li>• Discovery of high-performance cell culture medium compounds</li> <li>• Halved development timeline</li> </ul> |                      |

Create high-performance compounds for electronic materials and cell culturing impossible with conventional methods

### Automation of high-speed evaluation and analysis using cutting-edge evaluation technology and robots



- |                                                                                                                    |
|--------------------------------------------------------------------------------------------------------------------|
| <b>Bio-digital platform</b>                                                                                        |
| <ul style="list-style-type: none"> <li>• Dramatically speeding up microbial breeding for food materials</li> </ul> |

Substantially shortened development timeline from 10 years to 4 months

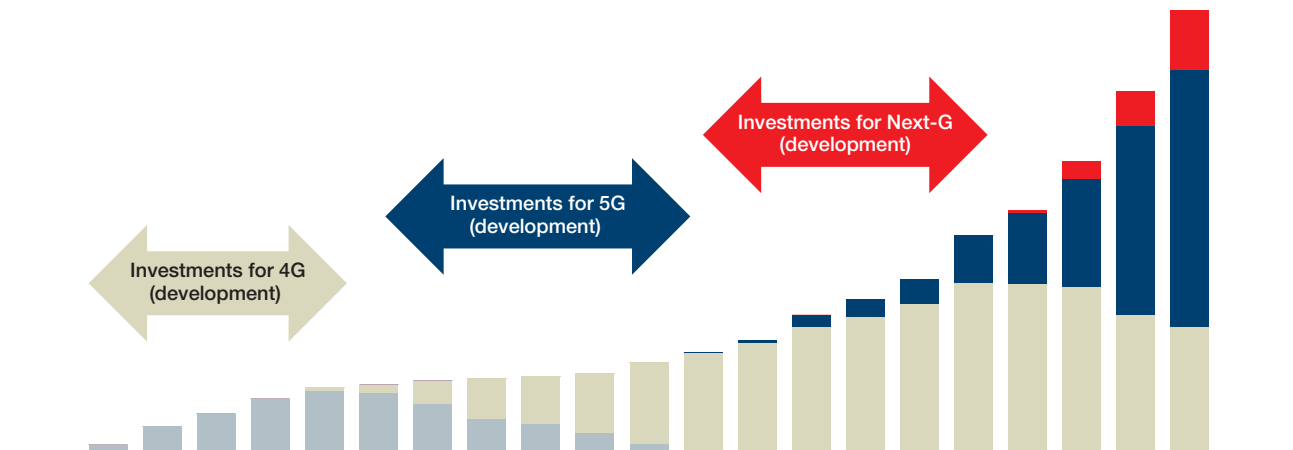
## R&D investments for sustainable growth

The Group has made appropriate investments in R&D for the organic sales growth of existing businesses and new business development based on an understanding of changes in the business environment. The figure below represents one example. The current growth of our six core businesses and contributions to business profit

represent outcomes from previous R&D investments. Going forward, in addition to investment for the growth of core businesses, we will continue to create new value by transforming the business model and increasing investment for the creation of next-generation businesses.

New product development period and shipment volume of electronic materials (image)

■ 3G ■ 4G ■ 5G ■ Next-G



# Customer Assets

We seek to increase brand value and earn the trust and support of more customers by generating a keen sense of the Ajinomoto Group’s social value through our products and services along with information dissemination in response to changing consumer values.

## Understanding of environment

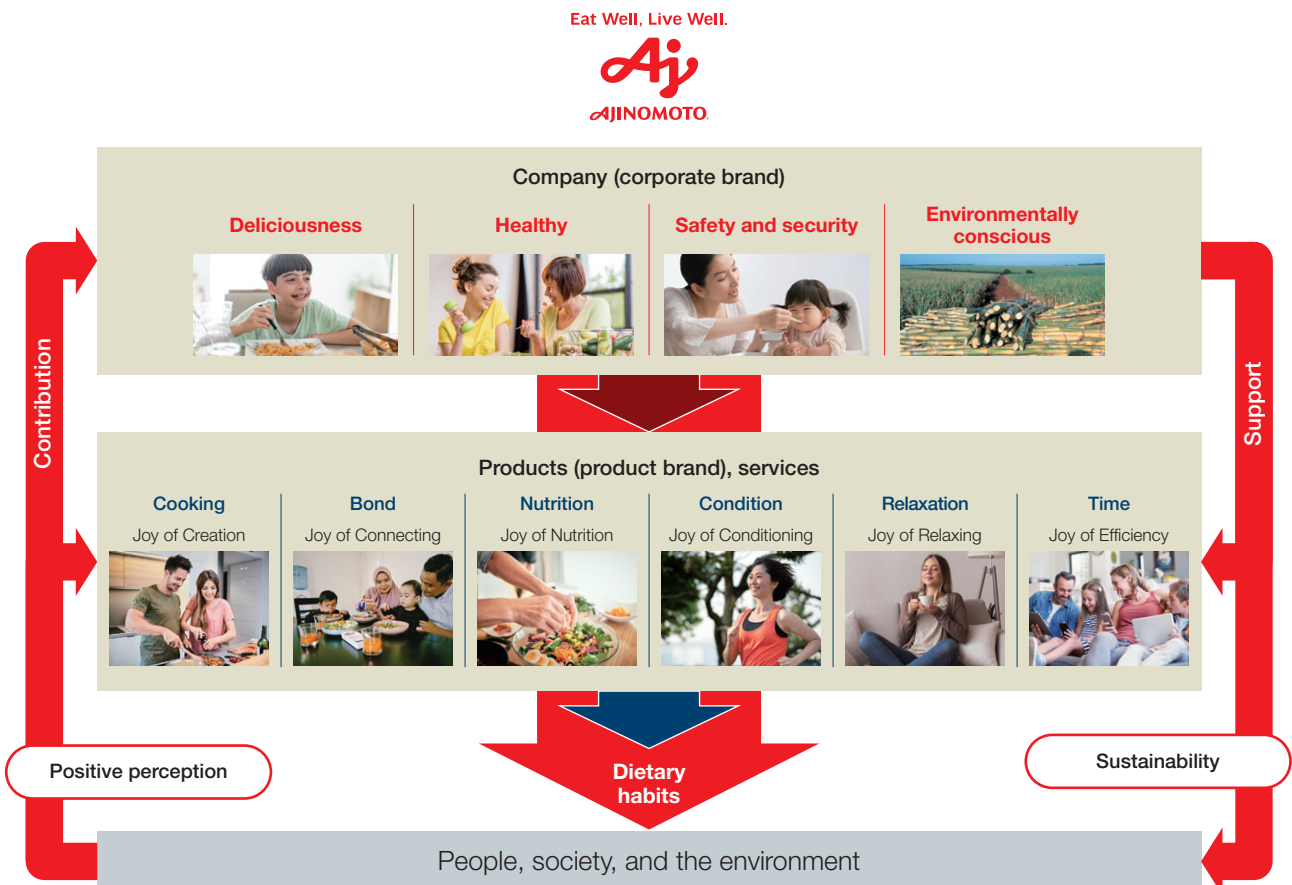
The way we communicate and convey information has changed dramatically with the advent of digital technologies and drastic evolution of communication tools. Amid growing interest in sustainability and the SDGs, consumers’ awareness and expectations of

corporate brands are also changing. Moreover, the influence of millennials and Generation Z will become even stronger in the future. This requires branding that aligns to consumer values, including these generations.

## Branding model of the Ajinomoto Group (BtoC)

The Ajinomoto Group seeks to further increase its brand value by having consumers experience and interact with the four forms of support value and six forms of contribution value through its products and services. The four forms of support value elevate trust and support our products and services and the six forms of contribution

value are linked with customer wellness. By disseminating information through companies and our products and services as well as carrying out sustainability initiatives, we are forming a positive perception toward becoming a “solution-providing group of companies for food and health issues.”



## Measures to enhance corporate brand value

Support from consumers appears as corporate brand value. The Group utilizes Interbrand’s Corporate Brand Valuation Methodology as an indicator for measuring brand value. In fiscal 2021, our corporate brand value increased 30% over fiscal 2020 and we were selected as one of the Top 5 Growing Brands in Japan. This is because our efforts were highly lauded for promoting the purpose branding of resolving food and health issues under the strong leadership of management by incorporating ASV, which generates economic value by resolving social issues through business and creating value together with communities and society into the cycle for corporate value enhancement.

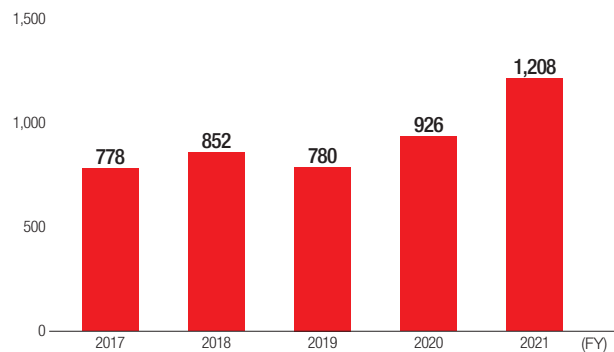
Going forward, we will accelerate support for product brand by focusing investment on disseminating our message for health and nutrition and the environment aimed at further enhancement of corporate brand value. We are also deploying communication approaches that appeal to Generation Z using digital technologies. This will enable us to depart from our image as a seasoning company and traditional company to strengthen our perception as a

company that resolves food and health issues.

At the same time, in terms of product brands, we are focusing marketing investments on priority domains and brands by visualizing our brand portfolio. We will carry out communication focused on the path to the aforementioned six forms of contribution value to accelerate the accumulation of corporate brand value.

### Corporate brand value

(Millions of USD)



## Strengthening brand management and governance

We are working to visualize how marketing investments strengthen our brands (economic value of brands and ROI) in an effort to optimize investment in each brand and media through marketing mix modeling (MMM). We implement the PDCA cycle to review these results quantitatively and reinvest, which further elevates our product brand value and earnings.

We established the new position of Executive Officer responsible for marketing strategy to reinforce our governance system for brand management. Furthermore, discussions on brand investments are held at meetings of the Board of Directors as part of deliberations on the Group’s growth strategy.

