



Ajinomoto Group
Integrated Report 2020



Becoming a solution-providing group of companies for food and health issues



Help extend the
healthy life expectancy of

1 bln people



Reduce our
environmental impact by

50%

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Vision and ASV for fulfilling our founding aspiration

The Ajinomoto Group (the Group) has continuously pursued the potential of amino acids following its founding aspiration of “Eat Well, Live Well.” Under our new vision, we will pursue ASV (The Ajinomoto Group Creating Shared Value), our unchanging commitment to help resolve social issues and create value through our business.

Our founding aspiration

In 1908, Dr. Kikunae Ikeda discovered that glutamic acid was the source of the flavor of kelp. The history of the Ajinomoto Group began soon thereafter with the launch of *AJI-NO-MOTO*®, the world's first umami seasoning, by Saburosuke Suzuki II, who was sympathetic to Dr. Ikeda's commitment to improve the nutrition of Japanese people.



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



Discoverer of the umami taste
Dr. Kikunae Ikeda,
Tokyo Imperial University Professor

Since then, for more than a century, we have passed down the founding aspiration of “Eat Well, Live Well.”, and continually tackled the challenge of value creation through food and health, while facing changing social issues, market needs and technology trends.



Ajinomoto Group founder
Saburosuke Suzuki II



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

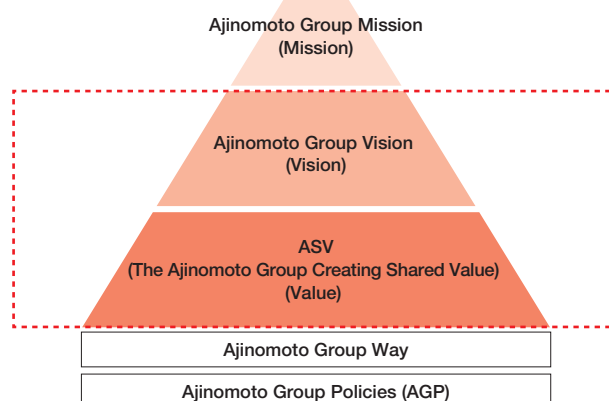
Our Founding Aspiration

“Eat Well, Live Well.”

Our Philosophy

Since its founding, the Ajinomoto Group has consistently engaged in initiatives to resolve social issues through its business. By creating shared value with society and local communities, we have improved economic value; thus, leading to the Group's growth. These initiatives have been named ASV. We have positioned ASV at the core of Our Philosophy as we strive to realize our mission and vision. In 2020, we established a new vision that defines our purpose in society and the path to achieving it. Aimed at realizing this vision, we are now working to help a billion people extend healthy life expectancy and reduce our environmental impact by 50% by 2030.

Eat Well, Live Well.



The Ajinomoto Group Vision and ASV

Vision

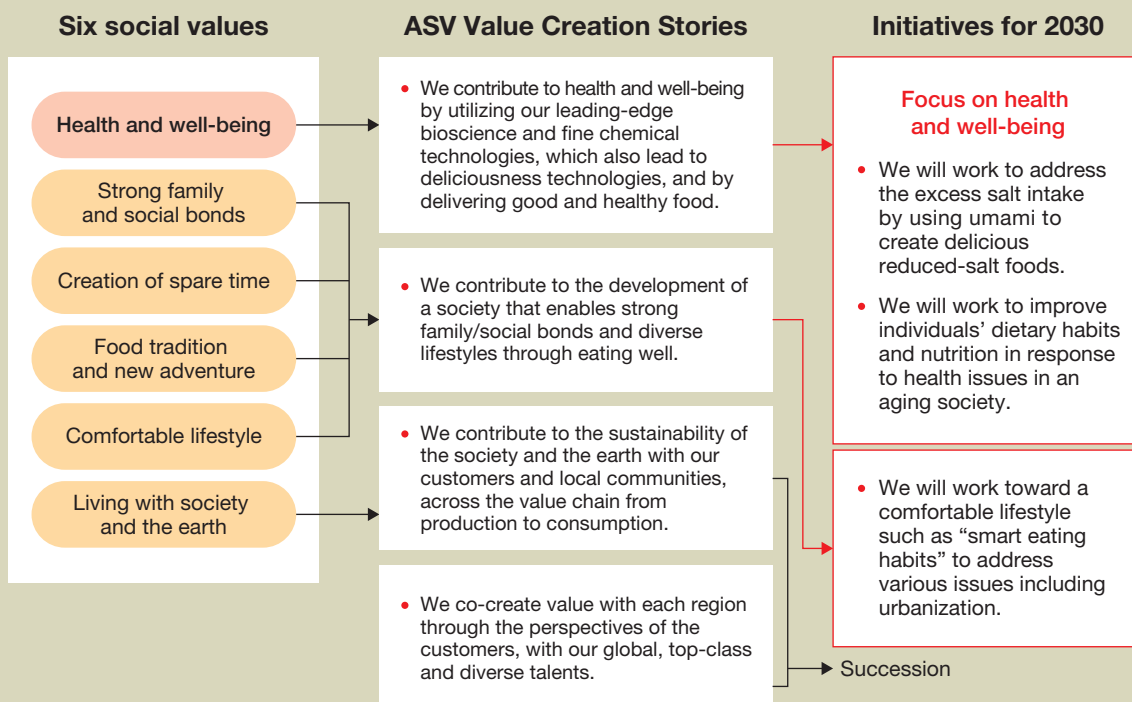
Contribute to greater wellness for people worldwide,
unlocking the power of amino acids to resolve the food and health issues
associated with dietary habits and aging.

By 2030:

- Help extend the healthy life expectancy of 1 billion people
- Reduce our environmental impact by 50%, while improving business performance

ASV

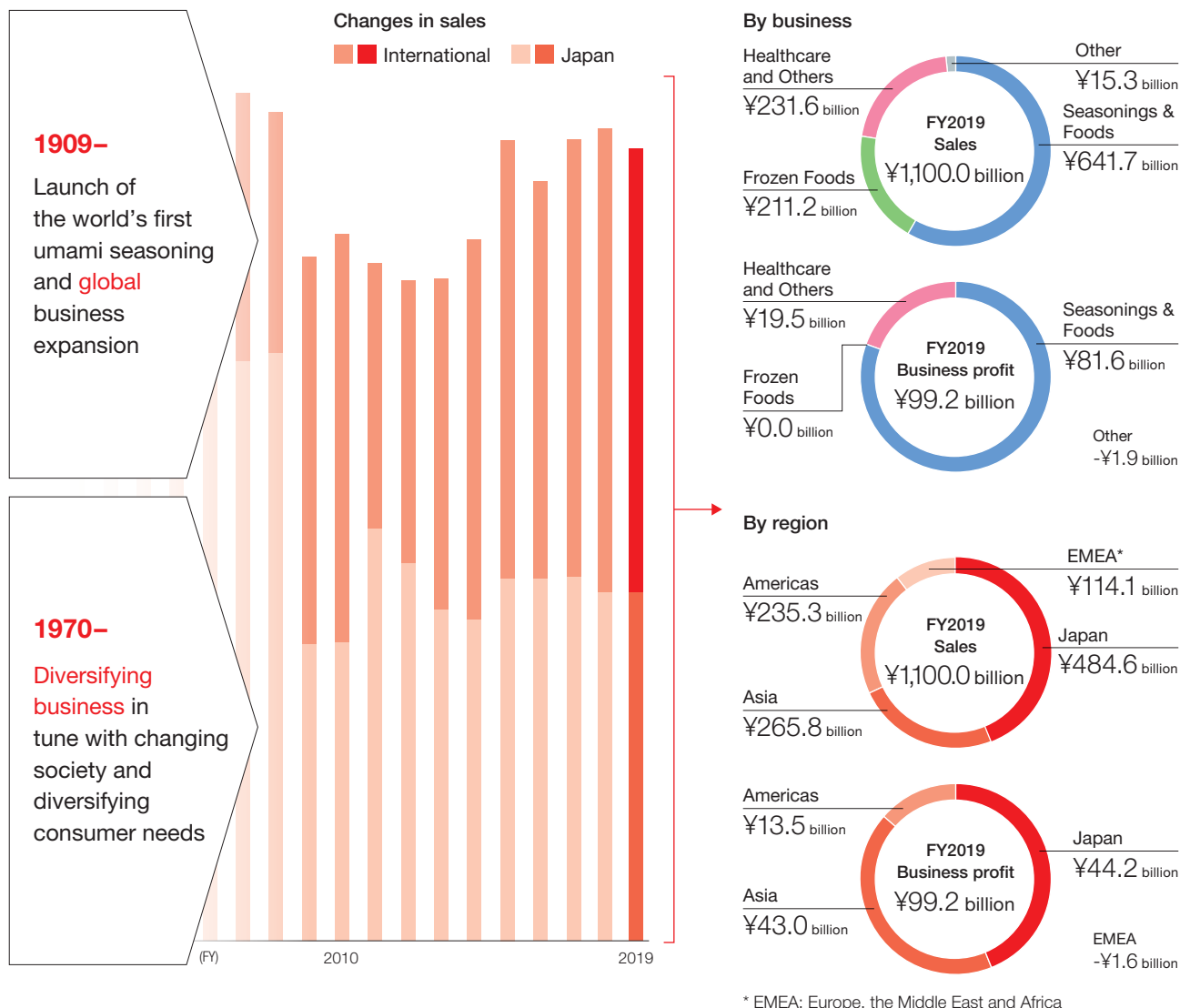
ASV represents our unchanging commitment:
With our stakeholders and businesses,
we help resolve society's issues, leading to the creation of economic value.



The Ajinomoto Group now

The Ajinomoto Group has diversified its business portfolio globally while contributing to resolving social issues through its business. We will now work toward sustainable growth by honing our ability to adapt to rapidly changing markets and enhancing our competitive strengths.

Evolution of the Ajinomoto Group



The story of the Group began in 1909 with the launch of *AJI-NO-MOTO*®, the world's first umami seasoning. Since then, it has continued to grow and expand its business footprint internationally. In the 2010s, with our earnings base centered on the food products business in Japan, we made great strides in expanding our food products business in international markets by focusing on demand from the growing middle class in emerging markets. Concurrently, we invested in growth drivers under the

pursuit of the Group's specialties.

We have also continued to grow our presence in healthcare. Since the latter half of the 2010s, however, categories with weak competitiveness have seen growth stagnate due to tougher competition following the emergence of new competitors. Under our new medium-term management plan (MTP) launched in fiscal 2020, we will now focus on core businesses aimed at a return to growth.

Our six core businesses

Seasonings
& Foods

Sauce & Seasonings

The Sauce & Seasonings business provides a variety of products including umami seasoning *AJI-NO-MOTO*®, flavor seasonings for home-made dishes, and menu-specific seasonings to support smart cooking to more than 130 countries and regions around the world. Through our products, the business helps to deliver deliciousness that suits the consumer tastes of each locality as well as to improve nutrition of consumers.

Core products



Umami seasonings:
AJI-NO-MOTO®

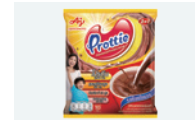


Flavor seasonings:
Ros Dee®

Quick Nourishment

The Quick Nourishment business provides foods that respond to the needs for ready-to-eat meals, individual meals, and healthy meals, such as soups, beverages and instant noodles, and products that improve consumers' nutrition including those for medical institutions. The business contributes to consumers' health and well-being by addressing globally changing lifestyles.

Core products



Protein drink:
Pottie®



Soups:
Knorr® protein-rich soup

Solution & Ingredients

The Solution & Ingredients business supplies products and services globally to our customers (consumer foods industry and food service) to solve their challenges from the consumers' point of view. The business provides Integrated Food Solutions comprising from our Taste/Flavor/Texture Technology based on specialty ingredients.

Core products



Enzyme preparation
for improving
cooked rice



Tencho (Savory
seasonings):
*Ajinomoto Brand
Savorboost U*

Frozen
Foods

Frozen Foods

The Frozen Foods business provides products mainly in the Asian foods category such as *gyoza* and fried rice to markets in Japan, North America and Europe. With a focus on deliciousness, the business meets consumers' needs for quick and easy cooking and healthy frozen foods.

Core products



Gyoza



Fried rice:
TAI PEI®

Healthcare
and Others

Healthcare

The Healthcare business provides amino acids along with products and services using amino acids to customers globally in a broad range of industries including pharmaceuticals, foods and cosmetics. The business helps to improve consumers' quality of life and support comfortable lifestyles utilizing the nutritional, physiological and flavoring functions of amino acids.

Core products and services



Fundamental foods:
Glyna®



Pharmaceutical
contract development
and manufacturing

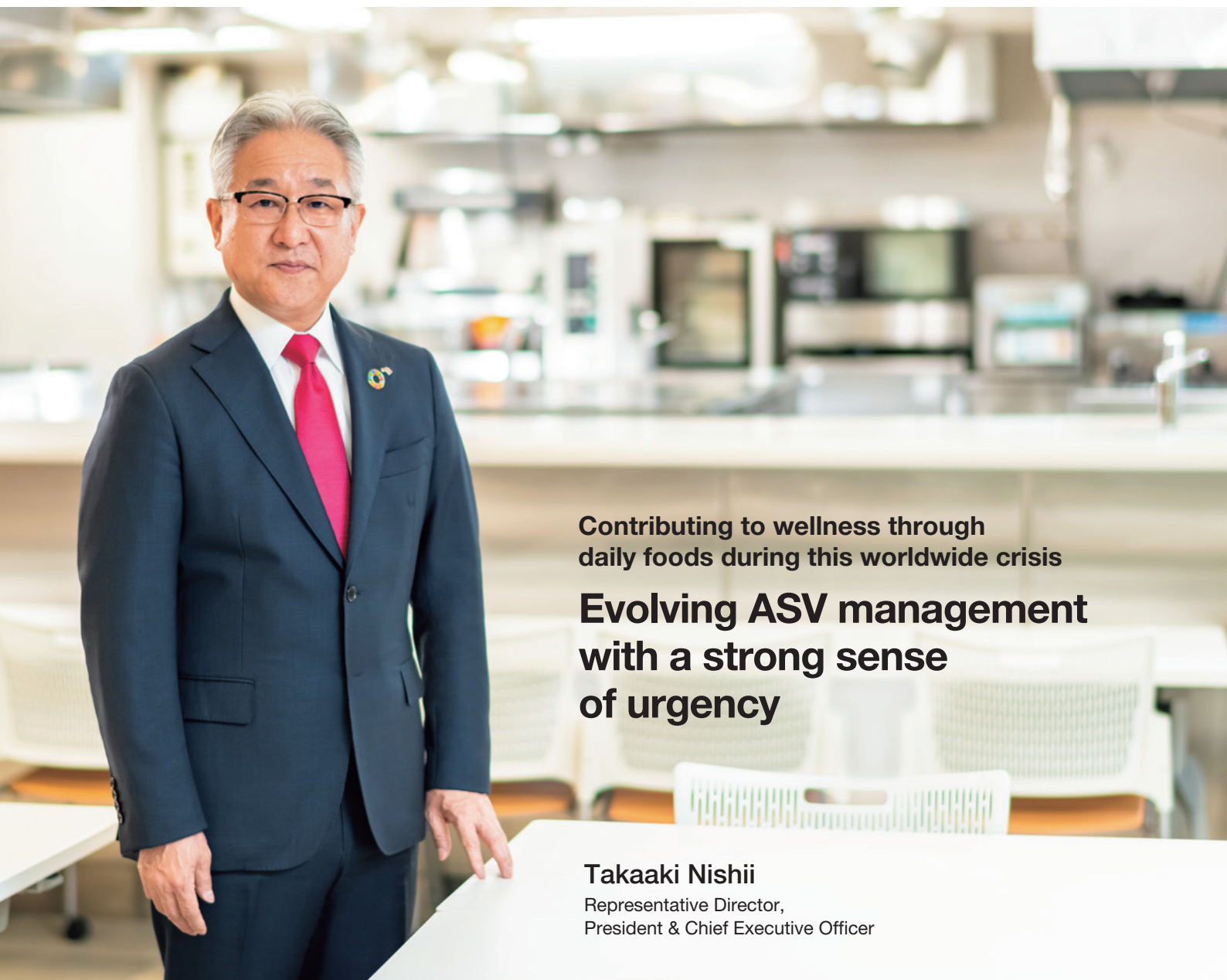
Electronic Materials

The Electronic Materials business supplies products globally centered on *Ajinomoto Build-up Film*® (ABF), an interlayer insulating material for semiconductor packages. These products are mainly used in PCs, servers for data centers, and communications network applications, playing a key role in providing more comfortable lifestyles to consumers together with our customers.

Core products



*Ajinomoto Build-up
Film*® (ABF)



**Contributing to wellness through
daily foods during this worldwide crisis**

Evolving ASV management with a strong sense of urgency

Takaaki Nishii

Representative Director,
President & Chief Executive Officer

On behalf of the Ajinomoto Group, allow me to first express our utmost sympathies to those affected by COVID-19 and deepest condolences to those who have passed away as a result. We would also like to extend our appreciation to the frontline healthcare workers around the world helping to treat and stop the spread of the virus.

COVID-19 will have negative impacts on the Ajinomoto Group's earnings for fiscal 2020, but we will aspire toward a v-shaped recovery in fiscal 2021 after implementing various measures to mitigate these impacts.

The pandemic will not get in the way of structural reform efforts under our medium-term management plan. Aimed at achieving our vision for 2030 to become a "solution-providing group of companies for food and health issues," we promise to contribute to the fight against COVID-19 through our healthcare business and improving people's diets, a strength of our company since its founding.

Where we stand today

The Ajinomoto Group finds itself at a turning point

Since before the pandemic, I have felt a strong sense of urgency about the Ajinomoto Group's current situation and future. Over the past two decades, our profits have tripled, from around 33.0 billion yen in fiscal 1999 to 99.2 billion yen in fiscal 2019. By evolving ASV, which balances social value and economic value, I'm convinced that we can create greater value and contribute to the Sustainable Development Goals (SDGs) at a higher level. As was revealed when the previous MTP was not achieved, however, we must face the risks of not being able to

realize sustainable growth without using our intangible assets. During the process of formulating our new MTP, we reaffirmed the expectations placed in us through engagement with many investors. For this reason, we strongly determined that we must improve capital efficiency and return to organic growth. Put simply, we find ourselves at a turning point. At this important juncture, it is my role as President and CEO to use the correct roadmap (MTP) and compass (KPI) in determining the right path, evolving ASV management, and enhancing corporate value.

Evolve ASV management

Before		Now and in the future	
Focus on short-term P/L		Emphasis on medium- to long-term business portfolio aimed at realizing the Vision	
Integrated target	Corporate brand value	Corporate value	Enhance ASV engagement, corporate brand value, and market cap in sync
Non-financial	Nutritional balance, eating together, smart cooking, comfortable lifestyles, reducing the Group's environmental impacts, employees' engagement	ESG (outcome)	Resolving food and health issues and sustainability (climate change, resource recycling society, sustainable procurement)
Financial	Earnings structure of a global top 10 class food company (business profit, business profit margin, ROE, etc.)	Financial	Earnings structure that can generate highly efficient growth (ROE>ROIC>ROA>WACC)
Investment	Allocate to shareholder returns and capital investment for each business segment, based on the three-year operating cash flow plan, leaning toward dynamic growth (M&A)	Investment	<div>Important indicators</div> <div>Emphasis on earnings power of business (ROIC and ROA) and organic growth</div> <div> <div>Tangible</div> <div>Intangible</div> </div>
	Emphasis on business profit		<div>Leaning toward core business</div> <div>Human resources, R&D, marketing, new business, supply chain management (DX)</div>

KPI no longer based on scale

In our MTP drawn up in February 2020, we announced five financial and non-financial priority key performance indicators (KPIs): return on invested capital (ROIC), organic sales growth, percentage of sales from core businesses, employee engagement score and unit price growth. Few publicly traded companies in Japan above a certain size threshold have disclosed targets in a medium-term plan covering ROIC and weighted average cost of capital (WACC) for their core businesses without disclosing size targets. Analysts and investors wanted to know about conventional targets such as sales and business profit, while employees also seemed puzzled. To be clear, it's

not that we don't disclose these; rather, we simply stopped setting KPI related to scale. This is because a company always pursuing scale runs the risk of becoming a conglomerate that loses direction, producing businesses that are uncompetitive or that don't generate economic value. The reason for my sense of urgency is because our pursuit of scale in the previous MTP was a factor behind our underperformance. Unfortunately, this tendency toward KPI of scale was an integral part of our corporate culture fostered over a long period of time. Therefore, I strongly resolved that our corporate culture must be changed in order to shift to a profit policy that emphasizes ROIC over capital cost.

We reaffirmed that our competitive advantages serve as key growth drivers

When formulating the MTP, we closely examined past MTPs and took stock of our achievements and our shortcomings, including falling short of our targets despite moving closer to our vision of becoming a Genuine Global Specialty Company. Above all, it's clear that only business units with our competitive advantages made progress by proposing unique and innovative solutions to customer issues.

While our basic and flavor seasonings have achieved the biggest market share in the world, their growth slowed during the previous MTP. We saw sales growth for our menu-specific seasonings and personal foods, and enjoyed success with frozen Asian foods and health foods, including foods with functional claims, that meet demands for health and wellness. We had success without delay in growing the market for amino acids and specialty chemicals, where health consciousness and plant-based ingredients as well as fermentation methods are linked. Although small in scale now, over the next decade I have high hopes for advanced contract development for oligonucleotides in pharmaceuticals, cell culture medium for regenerative medicine, and our proprietary *AminoIndex*®.

Our determination for a unified approach with strong business entities

At the same time, we also found underperforming businesses in spite of aggressive structural reform and businesses with flat or slightly negative growth over the long term despite contributing to overall business profit. From around 2018, we discovered that the relatively small-scale specialty businesses and products we had developed and marketed were losing out to competition in local markets who sharpened management resources focused on a limited number of products. Competition has lessened the effect of investment in the development and marketing of our mainstay products of basic and flavor seasonings, which is a major reason why the previous MTP didn't go as planned toward the back half. We saw some results from our shift to specialty from bulk in the 2000s, but we also experienced the side effects above.

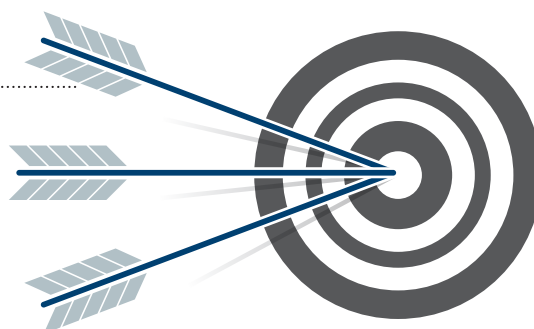
When I was a student, I enjoyed Japanese archery. There is a story about how Mori Motonari, a 16th century Japanese feudal lord, teaches his children that "one arrow alone is weak, but three together are strong." We shouldn't compete with partial optimization in individual specialty segments; rather, we must unite all these segments in total optimization following the same direction of Food and Wellness. This will transform the Ajinomoto Group into a stronger business entity, and by sharpening our management resources, we can commit the money needed for R&D and marketing in Food and Wellness. Therefore, we will hone our operations using the measuring sticks of ROIC and medium-term growth potential.

Three commitments

Help people worldwide enhance healthier lives by unlocking the power of amino acids

Select businesses based on ROIC>WACC and growth potential

Invest in intangible assets and evolve ASV management



Vision for 2030

Our promise to become a “solution-providing group of companies for food and health issues”

The Ajinomoto Group promises that it will become a “solution-providing group of companies for food and health issues” as its vision for 2030. As part of this promise, we will focus corporate activities on improving people’s lifestyles related to food and wellness. This commitment has only grown stronger after witnessing the many people around the world who have been infected or died from COVID-19. Today, our consumer foods reach around 700 million consumers around the world. Our goal for 2030 is to help one billion people extend healthy life expectancy by promoting health and improving dietary habits through our products. I joined the company drawn to the potential offered by biotechnology and amino acids, and I’ve spent nearly 40 years passionately tackling the challenge of contributing to society by unlocking the power of amino acids.

Our commitment toward contributing to healthy body functions and a low-sodium diet through daily dietary habits

Among food and health issues, we will concentrate on excess salt intake and age-related functional decline. According to the World Health Organization (WHO), 20% of the world’s population suffers from high blood pressure, which is believed to be the underlying cause in 13% of all deaths. In addition, 20% of seniors around the world do not have sufficient nutritional intake, including proteins, which causes loss of muscle mass and declining cognitive functions. These are important issues from the perspective of living longer, healthier lives. The main power of amino acids can be found in the flavoring function of using umami to create delicious lower-salt foods and the nutritional and physiological functions of maintain and improve body functions.

Our research shows that some amino acids strengthen the body’s immunity. The Ajinomoto Group is the world leader in umami-based seasonings used in daily cooking, but until now we have not appealed these functions in markets outside of Japan. Helping resolve food and health issues with the power of amino acids represents our strength in giving back to society and an opportunity to recapture organic growth.

Promoting an ecosystem of local cooperation that successfully reduced salt intake

We will popularize food with high health value by expanding the Iwate Prefecture Salt Reduction Project that we first launched in 2014. Iwate Prefecture had the stigma of having the highest salt intake in Japan, but through an ecosystem built by Ajinomoto Co., Inc. (the Company), local governments, retailers, and the media, we were able to significantly reduce people’s salt intake all the way to a level near the national average. Using low-sodium products and low-sodium menu options, we helped improve eating habits, while achieving sales growth by increasing the unit price of reduced-salt products (20% higher than normal products). This initiative involving various stakeholders that generated benefits for each aligns with the idea of stakeholder capitalism advocated at the World Economic Forum in Davos this past January. While this initiative was just recently rolled out in Japan, we will now begin to expand it to other countries. In the main countries where we operate, such as Thailand and Brazil, forecasts indicate the market for high income and upper middle income households is set to grow. This market segment spends between 1.5 and 2 times more on maintaining health than the middle income group. For this reason, we are looking to step up development and sales of products with health value and restore sales growth by unit price growth.

Burying the gap between 80% and 55%

Human resources are the key to ASV management. In the engagement survey conducted in 2019 for all of our 35,000 employees, 80% of the respondents answered that they sympathize with the concept of ASV and feel a sense of engagement. This is a high level compared to similar surveys conducted by various multinational corporations. At the same time, we have also become aware of an important issue. That is, only 55% responded, “I am able to explain using my own words that I am implementing ASV.” I believe the reason why employees have not been able to take ownership of ASV is because they do not feel the value contribution. The fact that employees cannot see how much customers are satisfied with our high-quality products outside of price, given intense price competition with other products on store shelves, or in other words, the fact they cannot feel a keen sense of how customers are benefiting, is causing employees to lack a sense of clarity.

My own personal experience with value creation

I have a rather memorable anecdote to share. This happened between 2004 and 2009 when I was in charge of consumer frozen foods, which had suffered sluggish business performance. There was excessive competition in supermarkets, with 40 to 50% discounts commonplace. We faced a situation where the market was growing, but there was no profit to be made. We narrowed our focus to a competitive product that accounted for 70% of sales, fundamentally reviewing ingredients, making in-depth quality improvements, and introducing new manufacturing technologies, aiming to increase the price by 20%. At the time, Japan was in the midst of more than a decade of deflation. Initially, nearly every employee was opposed to these moves, but as a result this product became popular, with consumers providing rave reviews of its delicious

taste and ease of cooking. We were able to build relationships with retailers, wholesalers, and ingredient suppliers to share in the benefits of higher prices. Several years later profits had tripled, and all members involved in the business felt a keen sense of ASV management.

The reason why we have added employee engagement score and unit price growth to priority KPI of the MTP is to execute and monitor companywide the cycle of value creation I experienced during my time in the frozen foods business. Over the next several years, we will generate the same change by increasing added health value, including salt reduction, and accelerate ASV engagement of employees. Once talented employees embrace ASV as one's own initiative, the Ajinomoto Group will be ready for the next stage.

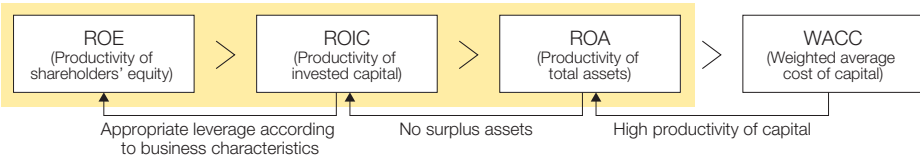
Strategy and KPI

Aiming for ROIC of 10 to 11% driven business portfolio repositioning

Over the medium-term, from the standpoint of sustainable business structure, we will aim for ROIC of 13%, with the target to achieve this figure by fiscal 2030. Fiscal 2020 to fiscal 2022 is positioned as a structural reform phase, during which time we will reduce or exit non-core businesses at the current point in time, promote cost

reductions by streamlining operations, and restore ROIC to the industry standard of 8%. Fiscal 2023 to fiscal 2025 is considered the regrowth phase, where we will increase ROIC to 10 to 11% by improving profitability driven by core businesses and implementing additional asset light measures, to create the foundation for structural targets set for fiscal 2030.

Earnings structure capable of highly efficient growth

ROIC Return on Invested Capital	Ability of business to generate profits Measures how efficiently our main business generates profits based on the capital invested for business activities (invested capital) $\frac{\text{NOPLAT}^{*1}}{\text{Invested capital}^{*2}} = \frac{\text{Sales}}{\text{Invested capital}} \times \frac{\text{NOPLAT}}{\text{Sales}}$ <p>(Turnover of invested capital) (NOPLAT margin)</p>
Organic sales growth^{*3}	Reproductivity of sales growth rate Measures how much sales are growing, excluding non-consecutive factors such as M&A and accounting treatment Reproductivity of current year sales ÷ previous year's sales (%)
Earnings structure capable of highly efficient growth	The more positive excess profits (productivity of invested capital – WACC) are the greater the corporate value 

*1 Net operating profit less adjusted taxes

*2 Equity attributable to owners of the parent + Interest-bearing debt

*3 Sales growth excluding effects of changes in exchange rate and accounting treatment, and non-consecutive growth such as M&A and business sale

Our approach to selecting business based on ROIC>WACC and growth potential

In reorganizing our business portfolio, we will position Sauce & Seasonings, Quick Nourishment, Frozen Foods, Solution & Ingredients (seasonings for restaurants and food processing manufacturers), Healthcare, and Electronic Materials as core businesses, using ROIC in excess of the cost of capital and growth potential as benchmarks. Since WACC varies by business, we will establish whether the ROIC of each business exceeds each WACC as a benchmark rather than ROIC itself. As for non-core businesses, we will transfer assets or exit or sell them by fiscal 2022. Businesses with issues in terms of growth or efficiency will be carefully scrutinized by fiscal 2022, and dealt with by fiscal 2025 based on the results.

Growth will be achieved with health value proposals and increasing demand in emerging markets

We will aim for an organic sales growth rate of 5% per annum. Our organic growth rate in fiscal 2019 was 0.3%. Core businesses alone continue to see growth of above 4%. By increasing the core business sales ratio to 70% and 80% during fiscal 2020 to fiscal 2022 and fiscal 2023 to fiscal 2025, respectively, we believe we can lift the overall growth rate by between 0.7% and 1.2%. Furthermore, we will aim for overall growth of 1.3% to 1.8% through unit price growth by appealing health value in core businesses. In fiscal 2025, we will achieve 5% sales growth on top of the new business model by resolving personal health issues directly linked to consumers. In the sense of a foundation for stable growth, it will be important to reinforce the earnings foundation by adding value to existing products and expanding channels.

Priority KPI

	FY19 (Results)	FY22 (Target)	FY25 (Target)	FY30 (Goal)
ROIC	3.0%	8%	10-11%	13%
Organic sales growth (YoY)	0.3%	4%	5%	5%
Core business sales ratio	66.5%	70%	80%	80% or higher



In the major countries where the Ajinomoto Group operates, estimates suggest the urban consumer population will increase by 120 million people in 2030 compared to 2015. Accordingly, we will make efforts to capture opportunities from rising incomes per household.

Strengthening investment in intangible assets and core businesses

Between fiscal 2020 and fiscal 2025, we will increase investment in core businesses. In addition to committing 80% of R&D, marketing and capital investment to core businesses, we will spend 26 billion yen between fiscal 2020 and fiscal 2022 on streamlining operations using digital transformation (DX), building new business models, and human resources development. The source of our competitiveness is not facilities, but rather the invisible assets of talent, technology and brand power. During the MTP, we will strengthen investment in so-called invisible assets, committing around 210 billion yen to tangible assets, and equally around 210 billion yen to intangible assets recorded in expenses for accounting purposes, such as R&D, marketing, and DX. Furthermore, we will invest in our people, which will increase the size of intangible assets more than tangible.

Investment plan for FY2020-2022

Intangible assets approx. 210 billion yen (FY2017-2019: approx. 180 billion yen)	=	Tangible assets approx. 210 billion yen (FY2017-2019: approx. 240 billion yen)
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Key to Sustainable Growth

Attractive companies are able to attract talent

To realize our new vision, we will increase investment in talent to transform into a highly productive, issue-solving organization, increasing such spending by around 2.5 times compared to the previous MTP. We will promote diversity

and inclusion in order to accelerate innovation. By 2030, we will increase the ratio of female directors and line managers to 30%. In addition, we will upgrade our work-style innovation, pursued ahead of other companies, and seek to improve our responsiveness to environmental changes.

When I was president of our subsidiary in Brazil, I was surprised at the high diversity and productivity there, and as a result, I was determined to achieve the same here in Japan. Companies with a high level of diversity and inclusion are able to share details about the purpose of work, which reduces waste. Since becoming President and CEO, I have begun efforts to reduce annual work hours per employee, increase diversity, and promote work-style innovation. Average annual work hours have already been reduced from a little less than 2,000 hours to around 1,800 hours today.

We have implemented measures ahead of peers, such as shortening the end of the work day to 4:30 pm, which is 30 minutes earlier than other Japanese companies and enabled our employees at offices and plants to work from home. In recognition of this, we received the Excellence Award at the Minister of Health, Labour and Welfare Awards for Companies Promoting Telework. These measures have resulted in improved productivity and helped us to smoothly transition to working from home during the current health emergency. Furthermore, we have seen results in acquiring talent.

Evolving ASV management aimed at achieving the SDGs

The SDGs advocated by the United Nations comprise 17 goals and 169 targets for the world to achieve sustainable development by 2030. The Ajinomoto Group is focusing in particular on addressing issues concerning health and the environment. Since our founding, we have consistently worked on resolving social issues.

In 1899, when Dr. Kikunae Ikeda studied abroad in Germany, he was surprised at the physique and nutritional status of German people at the time, which developed into a strong desire to improve the nutrition of Japanese people. Saburotsuke Suzuki II, who shared this desire, launched the business in 1909 with the release of the world's first umami seasoning called *AJI-NO-MOTO*®. The roots of the Ajinomoto Group can be found in our founding aspiration of "Eat Well, Live Well." ASV management is a form of management that aspires to create both social and economic value. As a multinational corporation, and as a company deeply involved in food, we are committed to contributing to the achievement of the SDGs.

As for environmental issues, we will work toward reducing greenhouse gas emissions by 50% by fiscal 2030 and mitigating economic risks determined using scenario analysis following the TCFD recommendations by 8 to 10 billion yen, as key measures. At the same time, we will work alongside stakeholders to reduce the impacts of other important issues concerning water risk, plastic waste, food loss and waste, and sustainable procurement.

Long-standing incorrect perceptions of MSG are improving

Earlier, I spoke about my sense of urgency, but there are also bright spots. One is the improving perception of monosodium glutamate (MSG), which was an area of concern for a long time given our MSG business.

We have seen positive effects from our awareness-raising activities launched in full-scale from 2018. In a survey in the United States, more than 60% of people, mainly dieticians, had a positive view of MSG, and there is a growing move to adopt MSG in menu items by major restaurant chains and plant-based meat substitutes. In Japan, following public communications activities to eliminate misleading statements such as "additive free" and "does not contain additives," sales of *AJI-NO-MOTO*® for home-use were up year over year for the first time in a decade.



Panel discussion during the World Umami Forum held in New York City to disseminate correct information about MSG

Promoting "transformation" under a new management system

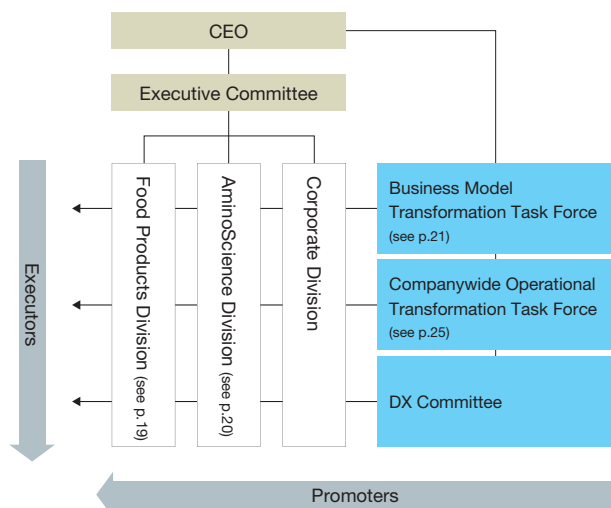
Given the impacts of COVID-19 and forex volatility, at the end of the first quarter, we are forecasting a 3% decline in sales and 9% drop in business profit for fiscal 2020. As a corporate executive, I know I shouldn't use "if and when" statements, but without the impacts of COVID-19 and forex volatility, the plan is for a 5% increase in sales and a 7% increase in business profit. As a corporate executive, I'm particular about the numbers, and implementing various measures, I am committed to a recovery in fiscal 2021 and beyond by keeping negative impacts to a minimum.

In April 2020, we launched the Business Model Transformation Task Force and Companywide Operational Transformation Task Force, both under my direct supervision, to ensure steady execution of the MTP (see pp.21–26). Moreover, we established the new positions of Chief Innovation Officer (CIO) and Chief Transformation Officer (CXO). While working on DX being promoted by Chief Digital Officer (CDO), the task forces are ushering in transformation with the two business divisions and



Pictured from left: Taro Fujie, CXO, Kaoru Kurashima, General Manager of the Food Products Division, Hiroyuki Kojima, CIO, Hiroshi Fukushi, CDO, Takaaki Nishii, CEO, Masaya Tochio, General Manager of the Global Corporate Division, and Gwin Bompas, General Manager of the AminoScience Division

Implementation structure for corporate culture transformation



Corporate Division as one team. We will now strive to increase ROIC as a KPI of the MTP across the entire Group, achieve organizational management reform to improve employee engagement, and transform our corporate culture.

Implementing multi-stakeholder management inclusive of future generations

I re-read Davos Manifesto 1973 during the stay-at-home period, and I found many words of wisdom that now echo

in me. The Manifesto states the responsibilities of management include “it must assume the role of a trustee of the material universe for future generations,” “it has to use the immaterial and material resources at its disposal in an optimal way,” and “it has to continuously expand the frontiers of knowledge in management and technology.” I found these words very enlightening; therefore, I would like to share them with you today. They embody the essence of a multi-stakeholder philosophy and represent the ASV that the Ajinomoto Group strives for.

Under the banner of “a solution-providing group of companies for food and health issues,” the Ajinomoto Group is committed to providing solutions through its strengths even under the challenges posed by the COVID-19 pandemic. We aim to balance long-term and sustainable management policies and prompt management reform, while enhancing our corporate value encompassing market cap (shareholder value), corporate brand value (customer value), and employee engagement (human resource value). Toward this end, we look forward to your continued support.

Takaaki Nishii

Representative Director,
 President & Chief Executive Officer

Tackling COVID-19

The Ajinomoto Group has task forces in five locations around the world, including Japan, which are working together to respond to the constantly changing situation.

We are striving to ensure the health and safety of employees and their families while cooperating with business partners in the supply chain to maintain stable supplies.

Business continuity initiatives

Initiatives for factories

The Ajinomoto Group develops and produces sauce & seasonings, packaged food products, amino acids, and the ingredients for detergents that are closely linked to peoples' diets and health, and also engages in contract development and manufacturing of pharmaceuticals. In order to fulfill our responsibilities as a supplier in these areas, we are continuing production at our factories around the world while taking measures to reduce the risk of infection. However, in areas where the spread of COVID-19 is more serious, infections have been detected even among our production staff. When this occurs, we stop production lines and take necessary measures, such as complete disinfection, before restarting production.

Factories in the United States and Europe that primarily produce frozen foods for the food service industry have had to adjust production for a limited period as demand has plummeted. By contrast, there has been a sudden increase in demand for home-use foods, and in Japan and the United States, production and logistics have been unable to keep up. In response to this situation, in Japan we have requested that retailers halt discount sales and we have suspended sales of some products and used the resources to produce mainstay products, as we work to get through these difficulties by invoking business continuity plans prepared after the 2011 Great East Japan Earthquake.

Furthermore, in order to safeguard the health and safety of not only our factory workers, but all of the approximately 33,000 Group employees and their families, we are implementing measures such as ensuring thorough sanitary management, encouraging remote working where possible, and voluntarily curbing business trips.

Maintaining supply chains and risk management

To realize a stable supply of products, the Ajinomoto Group has to maintain supply chains by cooperating with raw material suppliers and partners in the logistics and retail fields. Therefore, we are strengthening relations with them in order to maintain stable supplies, including providing business support to suppliers in need.

It is also crucial that we practice risk management that takes into consideration the prolonged effects of the COVID-19 pandemic. For a three-month period that started in May, we held scenario planning meetings twice a month. At these meetings, management members and staff responsible for each country and region shared their perceptions of the situation and considered countermeasures. This included providing updates of the current status and predictions regarding the impact in each country and region, and revising business strategy and formulating additional measures that take into account a prolonged period of coexisting with the virus.



The AJINOMOTO DEL PERÚ S.A. factory



An Ajinomoto Health & Nutrition North America, Inc. factory

Thanks for healthcare practitioners and support for consumers

We are providing a range of support for society and communities. One example is our participation in the IP Open Access Declaration Against COVID-19 as a founding signatory. This initiative involves releasing intellectual property (IP) owned by the Group for a limited period to support activities that aim to halt the rampant spread of COVID-19, such as testing and diagnosis, treatment, and sanitary management. The Group's technologies are being widely used in areas related to advanced healthcare, including pharmaceuticals and pharmaceutical raw materials. Our contract development and manufacturing of pharmaceuticals such as biopharmaceuticals is also expected to contribute going forward, and we hope our IP will help to quicken the end of the pandemic.

Also, through "Ajinomoto Bio-Pharma Services" in the United States, we concluded an agreement with the US Federal Emergency Management Agency to supply vials for virus specimens used in PCR testing. As of the end of June 2020, we had delivered 900,000 vials. Furthermore, we have donated products and ingredients to medical institutions, elderly care facilities, local communities, and others in Thailand, the Philippines, Malaysia, Indonesia, Brazil, Peru, the United States, and Japan.

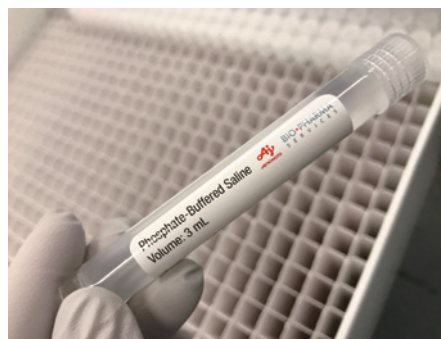
Since early May 2020, we have been communicating

messages of support for people all over the world.

Through our website, we propose foods, sleep, and exercise that help maintain the immune system, express our gratitude to healthcare practitioners, and introduce various support activities. Going forward, we will continue to support society to the best of our ability as a solution-providing group of companies for food and health issues.

► For details, please see the Ajinomoto Group Sustainability Data Book 2020.
<https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

► For details about our initiatives to prevent the spread of COVID-19, see the following webpage.
<https://www.ajinomoto.com/media/covid-19>



A vial being supplied by
"Ajinomoto Bio-Pharma Services"

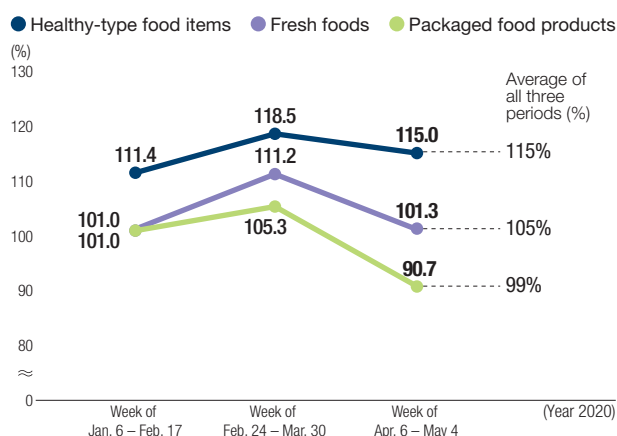
Additional measures for a new healthy lifestyle

The COVID-19 pandemic has resulted in a "new normal." This has produced changes in consumer behavior, creating a rapidly growing demand for lifestyles that are health-orientated and can be realized at home.

These changes correspond well with "Raise value for consumers centered on health," one of the strategies in our Medium-Term Management Plan, so we are accelerating the development of reduced salt products and products that resolve health-related issues such as undernutrition among the elderly, while at the same time strengthening sales through channels such as e-commerce and internet supermarkets in Japan and the United States.

Although the spread of COVID-19 is having a significant negative effect on the Group's business performance, we are planning our comeback through additional measures for a new healthy lifestyle and the transformation of our business model and companywide operations led by our CEO.

Year-on-year food purchase prices in Japan



Graph created based on Zaim, an online bookkeeping service



Committed to Transformation

The Ajinomoto Group is fully committed to transforming itself to realize its new vision as a Group that quickly and accurately grasps external conditions and that fulfills the expectations of society.



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

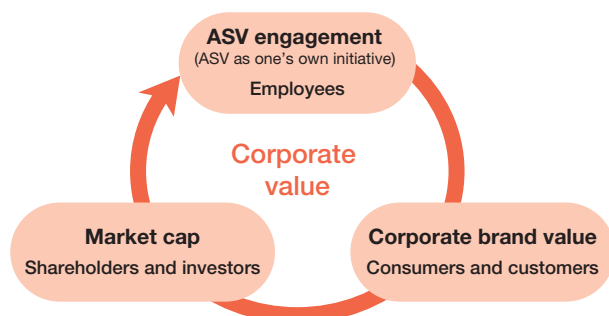
We redefined corporate value as the result of a cycle where improving employee engagement in the creation of customer value leads to higher economic value, which is returned to employees, leading to higher engagement. Through this cycle, all employees will work in concert to enhance corporate value as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

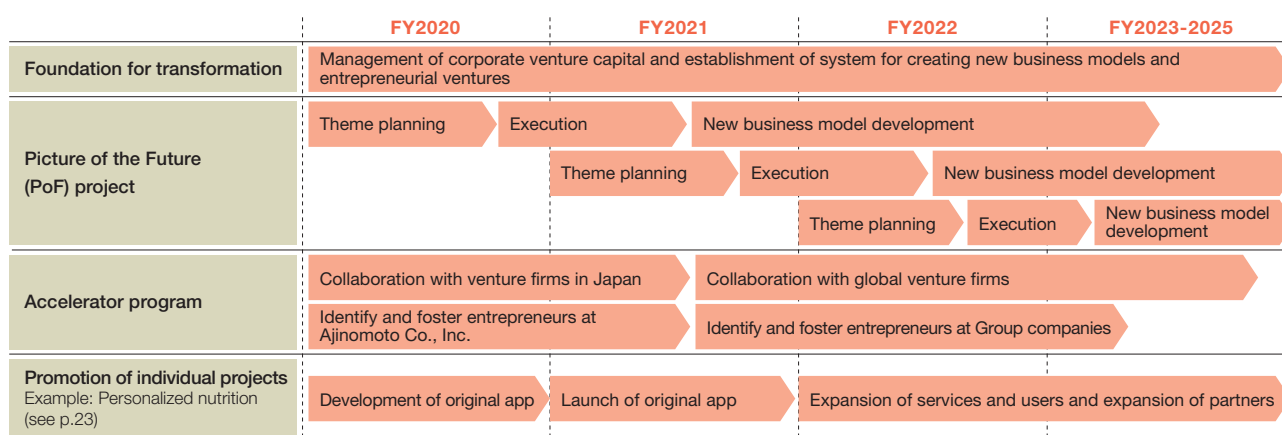
To become a solution-providing group of companies for food and health issues, it is essential that we always utilize customer-driven thinking to generate new value while combining various technologies to ensure a sustainable supply of products and solutions. This is the epitome of "foodtech," the very 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



Latest sensory research changing the value of food and health

The Ajinomoto Group has pursued the mechanisms of palatability scientifically since its founding. CIO Hiroyuki Kojima sat down with Dr. Robert Margolskee, Director and President of the Monell Center, to discuss the relationship between palatability and nutrition/health as well as the future potential of applied research in these fields.

About the Monell Chemical Senses Center

Established in 1968 originally as part of the University of Pennsylvania, but independent since 1978, the Monell Chemical Senses Center is the world's largest research institution in the field of taste and smell, specializing in the mechanisms and functions of chemical senses. The Center has conducted joint research with the Group since the 1970s.



Hiroyuki Kojima, Ph.D.
Chief Innovation Officer



Dr. Robert Margolskee
Director and President,
Monell Chemical Senses Center

Margolskee The senses of taste and smell, which the Center studies, are closely connected to nutrition and health. We view these as a single research area. For example, the function of taste cells is largely separated into two types. First is the intake of essential nutrients, sugar and salt, while the second is avoiding toxic compounds that harm the body. Both are directly connected to nutrition and health.

Kojima People need to consume salt and sugar in appropriate amounts, but our health suffers if we consume too much. To extend healthy life expectancy, we need to control our intake of salt and sugar, but most people feel that foods with lots of salt taste delicious, so we simply cannot reduce our intake. In other words, how can we reduce our salt intake without losing the deliciousness and flavor? The technologies and knowledge of senses accumulated by Monell along with our expertise to use umami to create delicious, reduced-salt foods are vital to resolving such a difficult challenge.

Margolskee Elucidating the mechanism of taste and smell receptors, or the process by which people feel deliciousness, is important also in the pursuit of health. When the sensitivity level of receptors increases, people consume less salt and sugar because of their high sensitivity. Recently, we have revealed the correlation between people's genotype and phenotype, which is making it possible to develop personalized health solutions.

Kojima Part of the response of senses is controlled by genotype, which is quite interesting. If we can incorporate these outcomes into our research and development, we may generate new possibilities.

Margolskee Personalization in health, including personalized medicine, is becoming a worldwide trend. The next trend will be personalized nutrition. Nutrition programs specially tailored to individuals' genotype and phenotype promote healthy dietary habits and effectively help patients control diet-related diseases such as obesity and heart disease.

Kojima I'm aware that Monell is working on research that utilizes sensory information in medicine and diagnostics.

Margolskee We are working on a project for early diagnosis of ovarian cancer and pancreatic cancer using sensory information. Both of these are considered difficult to diagnose at an early stage. In addition, we are researching both the diagnosis and treatment of infectious diseases such as COVID-19.

Kojima As I learn about your latest research, I hope to work even closer together to create new value by adding business and social value to research of sensory information.

Margolskee Yes, our Center emphasizes not only basic research, but applied research, too. The Ajinomoto Group excels particularly at applied research, using what it learns from translational research* to bring products to market. You also have a history of using deliciousness research for improving health and nutrition. We've been working together for more than four decades, and this strong connection should be continued, as I believe we both stand to benefit greatly.

Kojima I look forward to further deepening our collaboration in the future. Thank you for your time today.

* Translational research covers basic research to commercialization.

Supporting better lifestyles tailored to individuals based on the analysis of dietary patterns



Personalized Nutrition is one of the projects currently being implemented under the Business Model Transformation Task Force. The project aims to mitigate health risks by providing solutions tailored to the lifestyles of individual consumers. Below, project leader Masako Yasui presents an explanation of the project and our future aspirations.

Masako Yasui

Personalized Nutrition Project Leader
Research & Business Planning Department

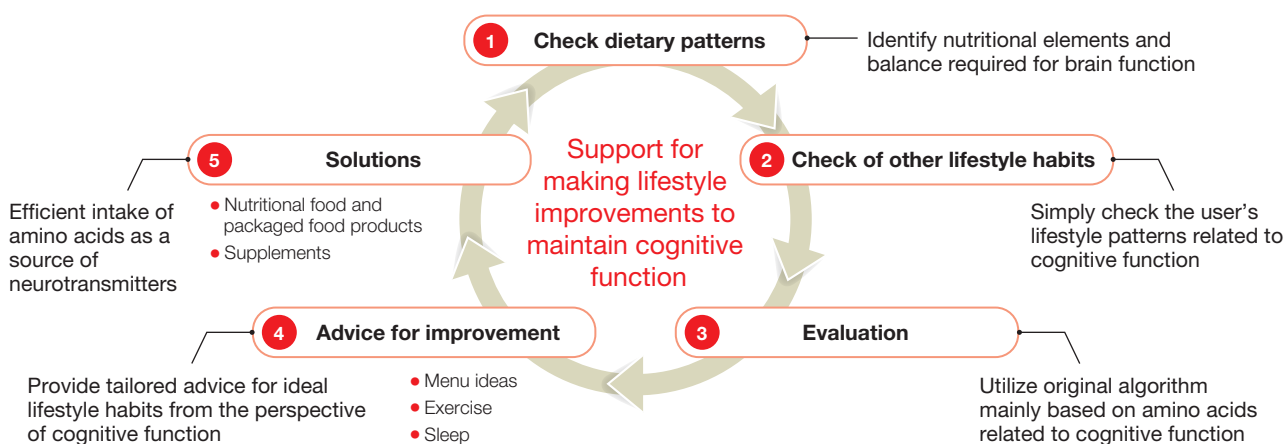
As the world's adult population increases and aging progresses in the 2020s and beyond, imbalanced dietary habits and nutrition could become a factor behind people's declining muscle mass and cognitive functions, which are expected to emerge as health issues. In other words, improving dietary habits from a younger age is important to mitigating future health risks. Given this, the Ajinomoto Group is implementing the Personalized Nutrition Project, which addresses individuals' health issues through direct connections with consumers. This project raises awareness about nutrition and health among consumers using IoT and digital technologies and provides one-stop solutions based on reliable information, tailored to each individual's characteristics. In particular, the project focuses on the correlation between declining cognitive functions and dietary habits, aiming to provide food-driven solutions for risk mitigation mainly targeting people in their 40s and 50s.

Specifically, we have developed an original app that enables to check user's dietary patterns to better

understand the nutritional elements necessary for brain function along with what constitutes a healthy balance. In addition to food, the app can check their lifestyle habits, too. By using our original algorithms focused on cognitive function, the app can analyze the correlation between food and lifestyle habits and declining cognitive function. Based on this information, the app provides advice and recommends solutions from various angles such as menu ideas, supplements, exercise and sleep tailored to individuals' lifestyle. We believe that these solutions can only be provided by the Ajinomoto Group having expertise and technologies related to food and healthcare.

Currently, we are building an ecosystem through collaboration with IT ventures focused on the assessment of cognitive function, a major company with strengths in analyzing system and AI technology, and leading research institutions in the field of epidemiological research. This will enable us to develop evidence-based algorithms and an app that we plan to launch in fiscal 2021.

Process for providing solutions to maintaining cognitive function



The future as seen from foodtech

The Ajinomoto Group is now working to create a path to become a “foodtech company” that resolves food and health issues. CIO Hiroyuki Kojima sat down with Hirotaka Tanaka, director of SIGMAXYZ Inc., to discuss the current situation of foodtech and the future of food, where the Group stands to make a difference.

About SIGMAXYZ Inc.

SIGMAXYZ Inc. is a consulting firm that provides services in a wide range of fields such as business process transformation, digital transformation, business investment and management.



Hiroyuki Kojima, Ph.D.
Chief Innovation Officer



Hirotaka Tanaka
Director, SIGMAXYZ Inc.

Tanaka In recent years, conferences on food and technology held around the world have actively discussed food and social issues along with the diverse value of food. This is because food itself is causing social issues, including food loss and waste. In addition, some people in the world today are not satisfied with the current situation of food, and such dissatisfaction is actually multifaceted and diverse. In other words, the value of food has a long-tail nature. To tackle this issue, there is a growing initiative to visualize individual needs using technology and provide the most appropriate options. Actually, top management of foodtech ventures on the frontline of this movement are mostly from the IT industry.

Kojima As the value of food demanded by customers changes, the Ajinomoto Group believes it must understand these needs accurately and respond accordingly. Innovation is vital in this process. Regardless of industry, innovation tends to be generated across more than one business domain.

Tanaka Formerly, I worked in the electronics industry, and since joining the food industry, I, too, have discovered a number of things. For example, food and cooking are a science, which is extremely logical and compatible with engineering. Yet, depending on the person who cooks, a completely different flavor can be produced even with the same cooking method and ingredients. Also, massive data on food nutrients has not reached consumers. I've also found that food manufacturers such as you actually possess a high level of expertise. If this know-how is opened up to food newcomers such as foodtech ventures, we will be able to discover a new pathway for food, and in turn, standardize this pathway to spread it around the world.

Kojima This means making our intangible assets more valuable and opening them up for use, right?

Tanaka Yes. I think it's very unfortunate that in Japan no company has yet to step forward to open up its assets, whether tangible or intangible, for broad collaboration with external parties. If major players get the message out that they are willing to open up their assets, this will help transform the convention in Japan. I expect the Ajinomoto Group to pioneer the future of food by being the first to open up its assets.

Kojima One effective approach to generating innovation is collaboration with outside parties. However, collaboration should not be the purpose; rather what we want to achieve should be the starting point. In July 2020, we renamed the R&D Planning Dept. to the Research & Business Planning Dept. This is because we aim to initiate research from the perspective of the value that we want to offer in response to customer needs, instead of what we want to make.

Tanaka This means you will bring conventional R&D and business closer together. Being customer-driven, rather than technology-driven, is important for realizing enjoyment and enrichment through food.

Kojima In our Picture of the Future project, too, we are thoroughly reviewing changes occurring among customers and what we need to do now to address them. First, we will decide on the value we want to provide, and communicate this in an appealing manner so as to attract partners who want to work with us. Next, we will create new value for food while collaborating in various ways with parties who identify with our vision for the future. Furthermore, we hope to contribute to sustainable production and consumption.

Undertaking transformation to change the way we think and act

Taro Fujie

Chief Transformation Officer

1985 Joined Ajinomoto Co., Inc.
2006 Assigned to Ajinomoto (China) Co., Ltd.
2011 President of AJINOMOTO PHILIPPINES CORPORATION
2015 General Manager, Latin America Division
2017 Corporate Vice President

Tackling the challenge of corporate culture transformation under our new vision

This year the Ajinomoto Group established the new vision of “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.” This vision describes our purpose in society and the path to fulfilling it. It forms the very foundation of all of our business activities and operations. We must now foster understanding and sympathy among our employees regarding what needs to be done to achieve this vision, encourage them to take ownership of ASV, and help in enhancing the execution capabilities of the entire organization.

Our roots can be traced back to a commitment to improve the nutrition of Japanese people and to achieve its philosophy of “Eat Well, Live Well.” However, a business climate where we could sell products as long as we made them continued for some time, resulting in a

corporate culture overly focused on products, the scale of sales, and the short-term profits of each division. As a result, in the past management plans, our numerical targets were mainly centered on sales and business profit. Under the 2020-2025 MTP, we will transition to a form of management that emphasizes the efficiency of invested capital (time, things, and money) and organic growth to resolve food and health issues, and escape from our previous mindset (change emphasis from P/L to ROIC over WACC). This is more than just changing our management indicators; it expresses our determination to transform our corporate culture and return to our roots of resolving social issues.

The Companywide Operational Transformation Task Force, which I lead, is responsible for building the platform and systems needed for this transition.

Roadmap for companywide operational transformation

	FY2020	FY2021	FY2022	FY2023-2025
Foundation for transformation (standard implementation of OE*)	Launch OE at all departments	Continually refine OE and undertake operational transformation		
ASV engagement	Strengthen ASV management through OE			
	Synchronize ASV engagement and individual skills development			
Common management indicators across the Group	Penetrate ROIC tree	Promote utilization of ROIC tree	Utilize ROIC tree in all operations	Continue refinement
	Penetrate managerial accounting standardization		Standardize managerial accounting	
	Foster data analysts	Increase data analysts	Continue refinement	

* Continuous improvement and reform activities based on the concept and methods of thoroughly refining all operations from the customers' point of view while individuals and teams grow in a synchronized manner in order to create a competitive advantage.

Establishing a system to increase the ASV engagement of every employee

ASV engagement involves the passion and excitement of each and every employee as they work to provide “solutions for food and health issues.” It also means that employees are keenly aware of their contributions to the realization of this vision.

Here, I would like to share one concrete example. “Pair cooking” is an activity proposed by a group of young employees. This activity involves fostering closer bonds between family members by going shopping, cooking and eating together with a loved one. With lifestyles changing, this activity was born from the desire to support people’s mental health with the joy of eating together.

The Companywide Operational Transformation Task Force will establish a management cycle as a system to elevate this passion and drive of our people. By

penetrating this across the entire Ajinomoto Group, we will be able to increase ASV engagement and develop the skills of individuals in tandem.

An important aspect of ASV is to go beyond just creating social value to generate new economic value, too. By re-investing economic value (profits) obtained from the creation of social value back into our business, we will be able to generate new value and resolve even greater social issues. Therefore, we have introduced common management indicators for the Group and will establish a positive cycle where all employees can enjoy a keen sense of contributing to resolving food and health issues, by visualizing KPI, such as ROIC improvement and involvement to ASV, in all of our duties.

Management cycle that increases ASV engagement



▶ For details, see pp.57–60 “Enhancing Human Capital.”

▶ For details, please see the Ajinomoto Group Sustainability Data Book 2020. <https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

Foundation for promoting Group-wide transformation

We will introduce OE as a standard at all of our Group companies to serve as a platform for ushering in transformation across the entire Group. OE represents the foundation for the Ajinomoto Group’s DX. Our starting point is what customers and society require. All Group companies and organizations specify customers and customer value, based on which we set organizational and personal goals by cascading the companywide goals down. In turn, we will create a situation where improvement and reforms can be sustained via data-driven management.

In addition, the Companywide Operational Transformation Task Force is working to improve supply chain management, reduce costs from direct and indirect materials, and push ahead the efficiency improvement of service functions at Corporate Division. Going forward, under the leadership of the CEO, in my role as CXO I will work with the CIO and CDO as promoters to drive close collaboration between the executors of the Food Products Division, AminoScience Division and Corporate Division, powerfully promoting corporate culture transformation aimed at achieving our vision as One Team in sync.



Focus shift to efficiency of invested capital and organic growth

Tetsuya Nakano
Corporate Vice President

Improving adaptability to the changing external environment

The FY2017-2019 (for FY2020) Medium-Term Management Plan set targets to bolster the Ajinomoto Group's financial structure to a business profit margin of 10% and ROE of 10% or higher in fiscal 2020. At this point, we expect to fall short of those targets. We have been steadily implementing our financial capital strategy, such as strategically allocating our financial resources by

acquiring the non-controlling interest in subsidiaries and incrementally decreasing cross-shareholdings, providing shareholder return, and applying a global tax strategy. However, the external environment changed dramatically, and our core business investments did not produce the full results we had anticipated. We also determined that we must use our financial resources more efficiently.

Fiscal 2019 performance summary

- **Sales:** Decreased to ¥1,100.0 billion (−1% YoY)
Sales increased for pharmaceutical custom manufacturing and amino acids for pharmaceuticals and foods but decreased significantly for animal nutrition.
- **Business profit:** Increased to a record high ¥99.2 billion (+6% YoY)
While profit decreased significantly for animal nutrition, profit increased for umami seasonings for processed food manufacturers, overseas seasonings & processed foods, amino acids, and domestic frozen foods, specialty chemicals, and coffee products.
- **Profit attributable to owners of the parent company:** Decreased to ¥18.8 billion (−36% YoY)
The Group booked an impairment loss of ¥31.8 billion associated with seasoning and animal nutrition production equipment in Europe, bakery business production equipment, investment in Promasidor Holdings Limited accounted for using the equity method, trademark rights of Promasidor Holdings Limited, and goodwill and trademark rights of Ajinomoto Istanbul Food Industry and Trade Limited Company.
- **ROIC:** 3.0%
- **Organic growth rate:** 0.3% YoY

Fiscal 2020 performance forecast

- **Sales:** ¥1,057.0 billion
- **Business profit:** ¥90.0 billion
- **Profit attributable to owners of the parent company:** ¥32.0 billion
- **ROIC:** 3.9%
- **Organic growth rate:** 0.3% YoY

FY2017-2019 Medium-Term Management Plan review

Financial targets	FY17-19 MTP targets for FY20	FY19 result
Business profit	¥137.0+ billion	¥99.2 billion
Business profit margin	10%	9.0%
ROE	10%+	3.3%
EPS growth rate	Double-digit annual growth	-35.9%
International consumer foods sales growth rate	Double-digit annual growth	+1%
Financial strategy	FY17-19 MTP	FY17-19 result
Operating cash flows	¥350.0 billion 3-year total	¥364.7 billion 3-year total
EBITDA to sales ratio	13.5%+	FY19 14.9%
Investment for growth	Integrated capital expenditure, R&D, and M&A management <ul style="list-style-type: none"> ● R&D approx. ¥29.0 billion per year ● Capital expenditure approx. ¥230.0 billion 3-year total 	<ul style="list-style-type: none"> ● R&D FY17 ¥27.8 billion FY18 ¥27.8 billion FY19 ¥27.5 billion ● Capital expenditure ¥242.7 billion 3-year total ● M&A ¥29.1 billion 3-year total
Shareholder return	<ul style="list-style-type: none"> ● Payout ratio Target 30% annually ● Total return ratio Target 50%+ 3-year total 	<ul style="list-style-type: none"> ● Payout ratio FY17 30.0% FY18 59.7% (30.7%*2) FY19 93.1% (37.5%*2) ● Total return ratio 85.9% 3-year total (56.7%*2)
Financing	Net debt*1-equity ratio Target 50%	Net debt-equity ratio FY19 46.5%

*1 Net debt is interest-bearing debt (excluding lease liabilities) – cash and deposits x 75% *2 Excluding impairment loss

Focusing on the efficiency of invested capital and returning to organic growth

We declared in our vision for 2030 to become a “solution-providing group of companies for food and health issues.” We will realize this vision by focusing our businesses on improving people’s lifestyle habits related to food and health and by establishing the Ajinomoto Group as a sustainably growing global corporation with ROIC of 13% and an annual organic growth rate of 5% by fiscal 2030. Along the way, we will maximize the potential of our business foundation by continuing to hone and build on our strengths and by stressing our competitive advantages while flexibly adapting to changes in the external environment.

Backcasting from our vision for 2030, we mapped MTP targets for ROIC of 10-11% in fiscal 2025, and set fiscal 2020-2022 as a period to carry out the structural reform needed to ensure we attain those targets, starting with raising ROIC to 8%. The structural reform will have three key elements: restructuring to build a business

portfolio centered on efficiency and growth, concentrating investments in the core businesses, and streamlining shared companywide expenses. In addition, we will comprehensively reduce assets by either withdrawing or selling non-core business by fiscal 2022.

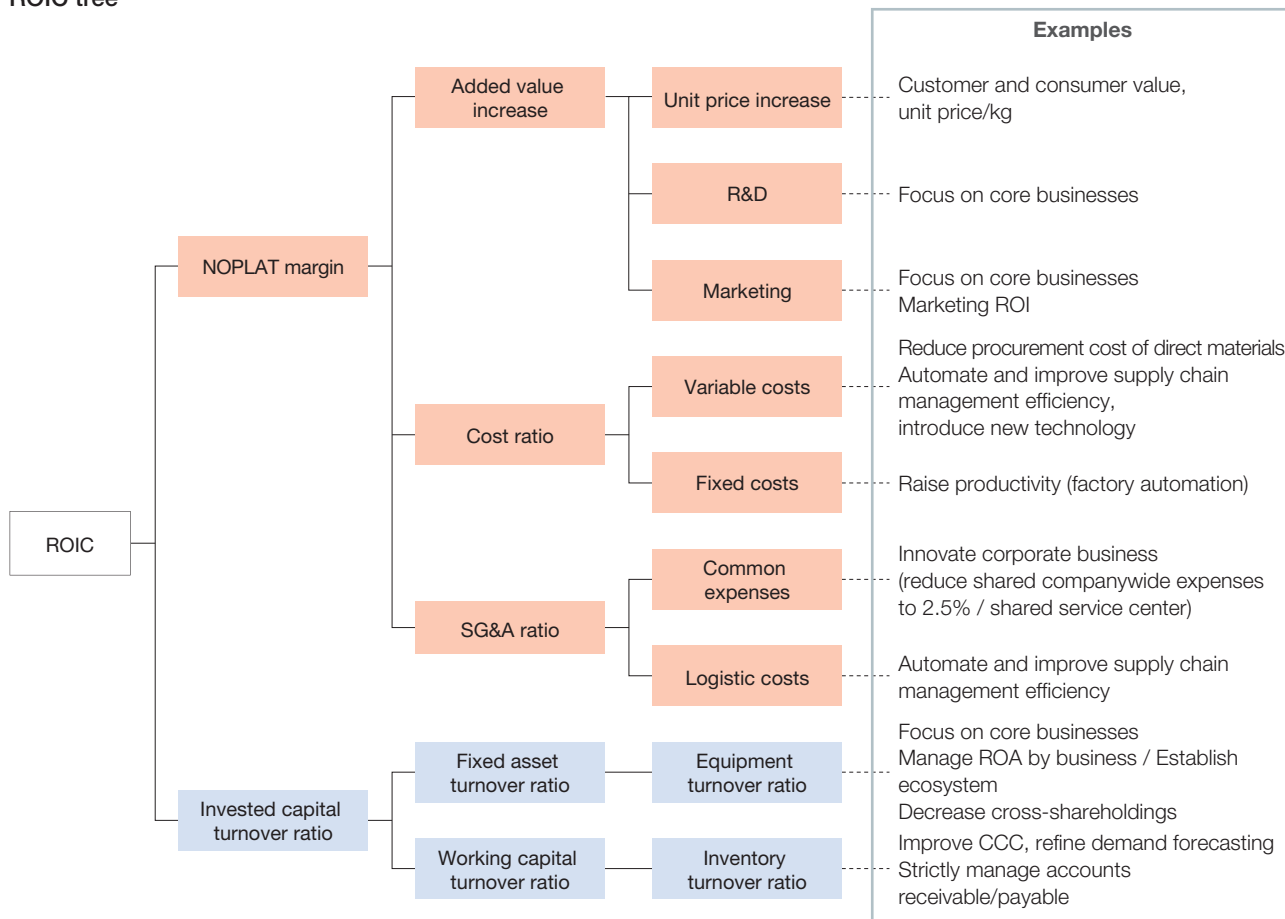
ROIC targets by business

	ROIC				WACC
	FY19 (Result)	FY20 (Forecast)	FY22	FY25	
Seasonings & Foods	8.7%	9.3%	12%+	17%+ ▶	6%
Frozen Foods	-0.3%	-1.1%	1%+	5% ▶	5%
Healthcare and Others	0.8%	3.8%	10%+	12%+ ▶	8%

We aim to have each business generating profit exceeding its WACC by fiscal 2025, and will realize this by determining the appropriate asset scale and capital structure for each business based on their specific characteristics and strategies. We will initially set internal

KPIs for each business' ROA, cash conversion cycle (CCC), and business profit margin. The Companywide Operational Transformation Task Force will assist each business in improving ROIC in all of their operations using the ROIC tree.

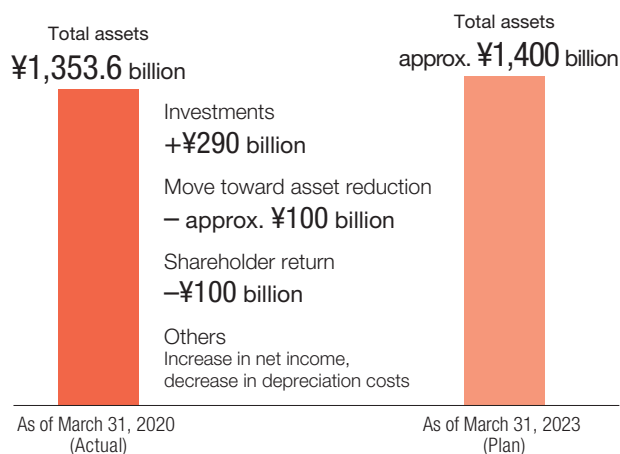
ROIC tree



Balance sheet objectives

During the MTP's structural reform phase in fiscal 2020-2022, asset management will focus on controlling the growth in our total asset holdings by reducing assets mainly in non-core businesses, improving CCC, incrementally decreasing cross-shareholdings, and improving the Group's internal asset efficiency. Debt and equity management will focus on maintaining a net debt-equity ratio of 50% in the medium term, while allowing for the possibility of a higher ratio while the Company increases its holdings of subsidiary shares.

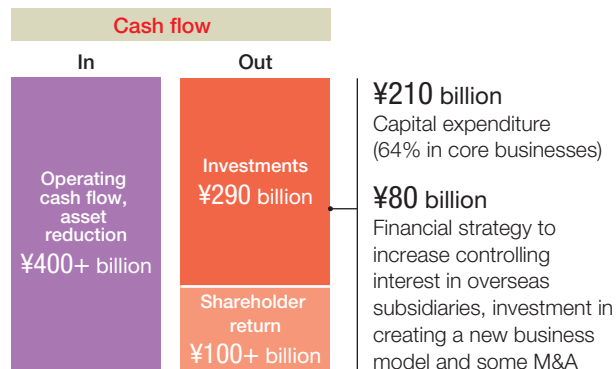
Balance sheet adjustment plan for fiscal 2022



Cash flow strategy

During the MTP's structural reform phase in fiscal 2020-2022, we plan to generate cash inflow of over ¥400 billion through operating cash flow and by structurally reforming of the businesses to reduce our asset holdings. We plan to allocate ¥290 billion to investments for growth, with ¥210 billion in capital expenditure and 64% of that amount focused on our core businesses. We are additionally budgeting over ¥100 billion for shareholder return.

Cash flow strategy for fiscal 2020-2022



FY2020 Plan

Operating cash flow

Projected to be near
¥130 billion

Capital expenditure

¥86 billion
(63% in core businesses)

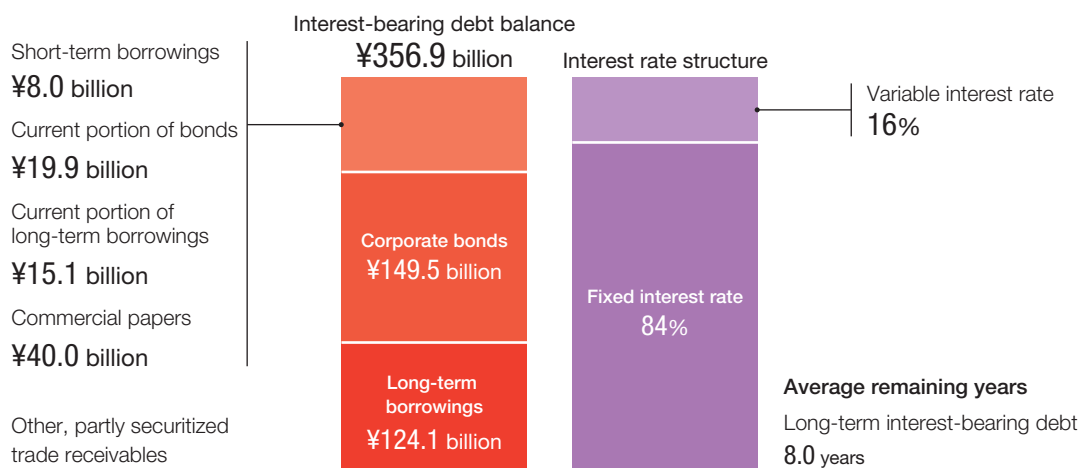
Responding to fund procurement and foreign exchange risk

During the current COVID-19 pandemic, we are doing all we can to maintain food and health lifelines and to continue our production activities around the world. In an emergency situation, we immediately set up an emergency loan line to support the business continuity of the Group companies. Aware of the risk to our companies from the rapid changes in the financial markets, we enhanced our financial security for a crisis by always securing funds ensuring sufficient liquidity for the Group and established a regional cash management structure for effective use of surplus funds across the Group. We are also diversifying

our fund procurement methods across corporate bonds, commercial papers, borrowing from financial institutions, and increasing the liquidity of accounts receivable while also staggering the debt repayment schedules. For further security, we have also set up committed credit lines with financial institutions.

To avoid risk from sudden fluctuations in the foreign exchange markets, we maintain trade receivables and payables and take out interest-bearing debt in local currencies and, in principle, enter into currency forward contracts.

Interest-bearing debt balance by type of procurement (excluding lease liabilities) (As of March 31, 2020)

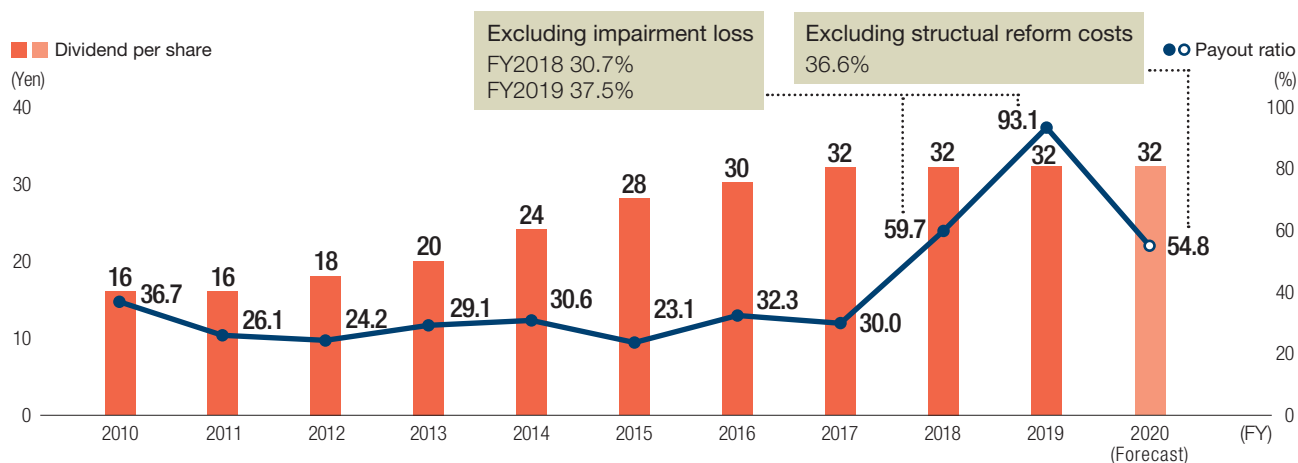


Shareholder return policy

Management aims to steadily and continuously increase shareholder return while seeking to maximize corporate value over the long term. Although the structural reform that will be carried out under the MTP for fiscal 2020-2022 is expected to lead to lower sales and increased expenses, management has increased the consolidated

payout ratio target from 30% to 40%. In addition, based on the status of the Group's free cash flow and the market environment, management plans to conduct share buyback programs with the aim of further raising the consolidated total return ratio above 50%.

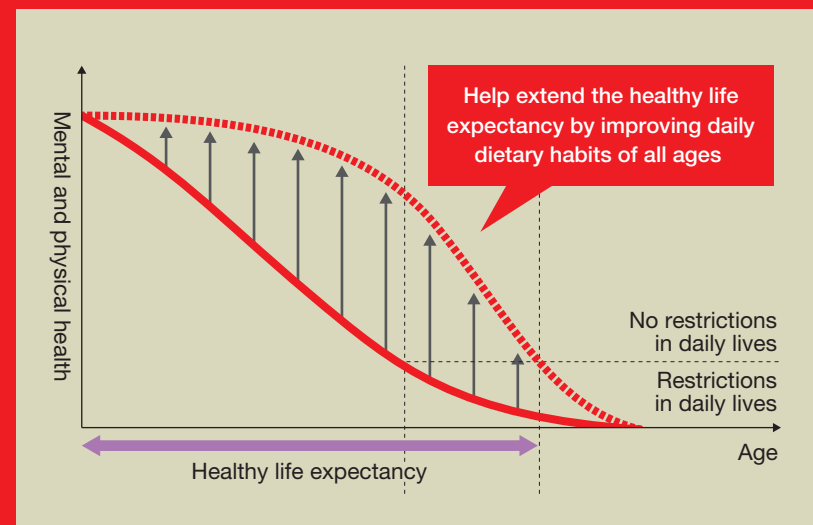
Dividend and payout ratio





Vision for 2030

The Ajinomoto Group will transform into a solution-providing group of companies for food and health issues.



Our vision for 2030

We updated our vision for 2030 as we seek to become a solution-providing group of companies for food and health issues. This section introduces our updated vision.

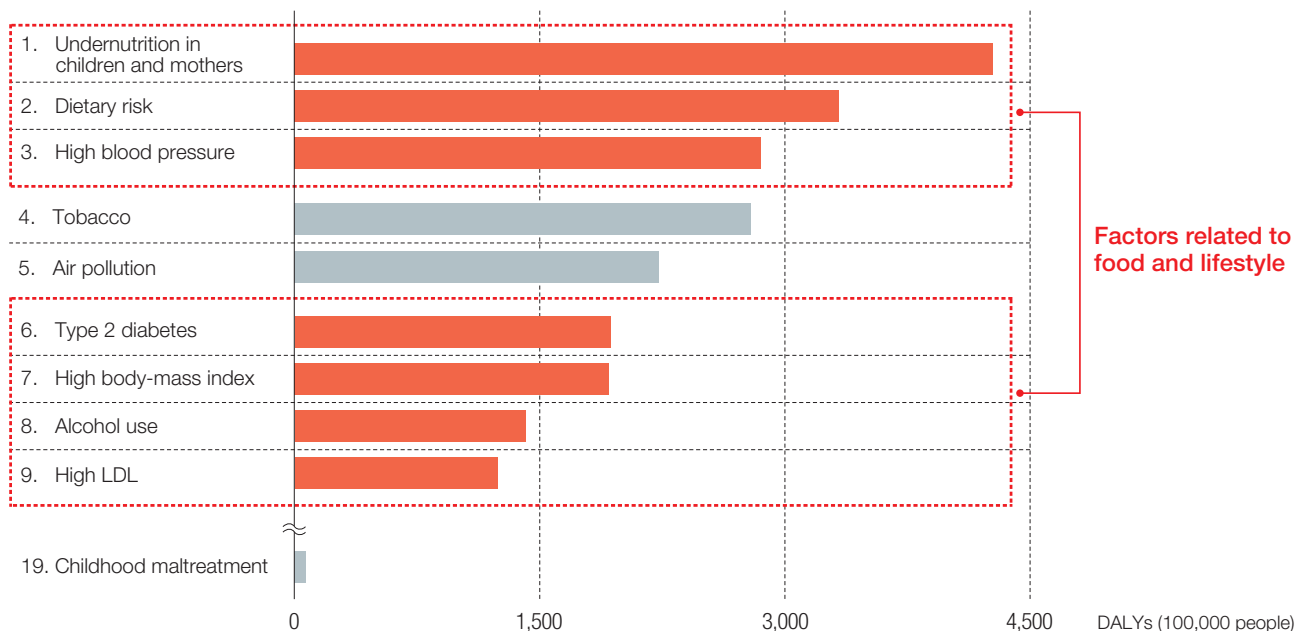
Growing health issues worldwide are increasing the importance of diet

The Global Burden of Disease (GBD), published in 2017, is a systematic and scientific effort to quantify comparable healthy life expectancy in what it calls disability-adjusted life years (DALYs). The groundbreaking research reported that health issues, such as dietary risk factors and metabolic syndrome, triggered by food and lifestyle

choices are becoming increasingly common all around the world.

The GBD study found that diets low in whole grains, high in sodium, and low in fruits, nuts, and vegetables were the five biggest dietary risk factors increasing the DALYs of people around the world.

Risk factors impacting DALY worldwide (2017)

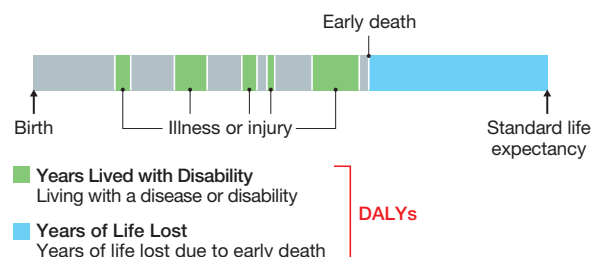


What are DALYs—disability-adjusted life years

DALY is the number of years of life a person might be expected to lose when adjusted for a disease or health condition and the severity of the disability. DALY is the sum of Years of Life Lost (YLLs) and Years Lost due to Disability (YLDs). Developed in the early 1990s by Harvard University Professor Christopher Murray, the DALY metric quantifies the overall burden of disease and health conditions. DALY is used by the WHO and the World Bank as an overall health outcome indicator that provides a different perspective than standard life expectancy,

and is increasingly being used around the world as a complementary indicator to healthy life expectancy.

Basic concept of the health outcome index



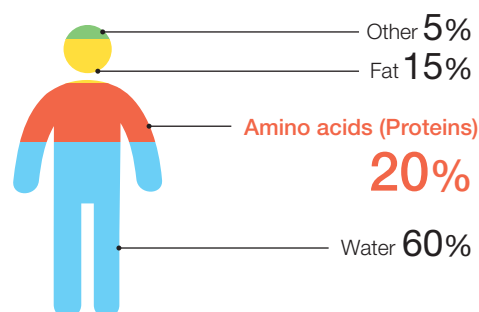
Providing solutions to food and health issues with the power of amino acids

Twenty percent of the human body is made up of amino acids. The Ajinomoto Group has been researching amino acids for over 100 years since its founding as part of its research into the umami taste, the main component of which is glutamic acid.

Amino acids not only provide the benefit of creating delicious meals, they also contribute to people's well-being by promoting growth, development and recovery, and physical health. By using our proprietary technologies and materials to scientifically pursue these attributes of amino acids, the Group has the opportunity to use its strengths to contribute to society and put our company back on track for business growth. We will continue developing our "Deliciousness Technologies" to leverage the benefit of umami to create delicious, reduced-salt foods. We will also introduce the Ajinomoto Group Nutrient Profiling System (ANPS), our nutrition value evaluating system for our

products and dishes made with our products. We are also integrating food and AminoScience to develop and provide new value. These and other initiatives will move us toward becoming an industry leader addressing social issues and realizing our objective of becoming a solution-providing group of companies for food and health issues.

Components of the human body



► For details, see pp.37–40 "Approach to Nutrition."

Message from a public health expert

"Diet and health" will become more tailored to local cultures and lifestyles through data-driven personalization and technological advancement.



Kenji Shibuya, M.D., DrPH
Professor, Kings College
London, United Kingdom

The Global Burden of Disease study suggests that food is one of the most important determinants of human health. Negative impact on health due to poor diet is now estimated to be greater than that of smoking and high blood pressure. But scientific knowledge alone is not enough to change people's dietary behavior because food and diet reflect fundamental social and cultural factors. In the future, the health system will require a comprehensive approach of "social systems" and shift the focus from the average to each individual. Diet is a foundation of health and the food industry will be expected to contribute to each individual's well-being through food and diet.

A new era of "predictive prevention" is beginning that uses the latest scientific advancements and data sciences. Improving diet and nutrition, using

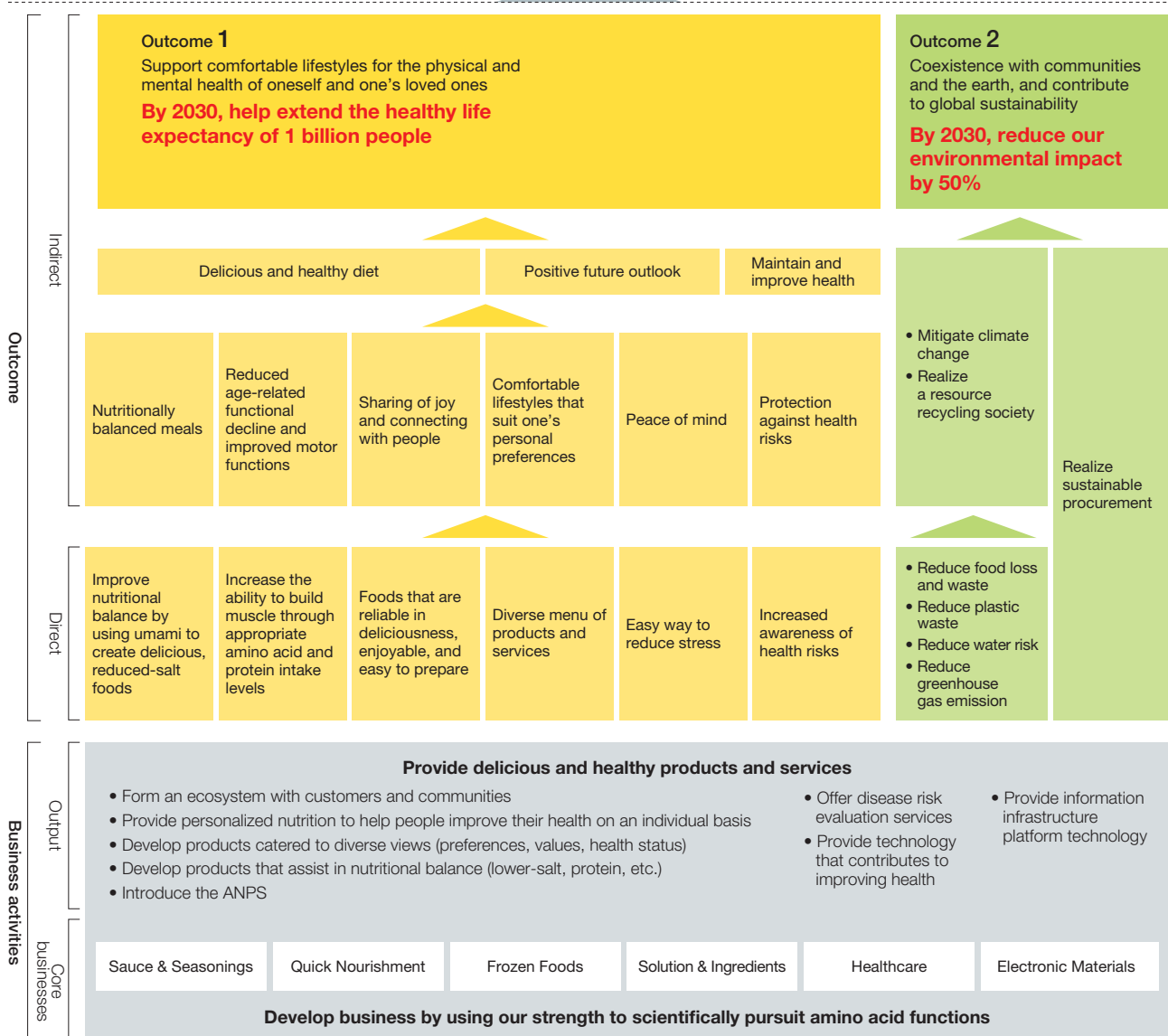
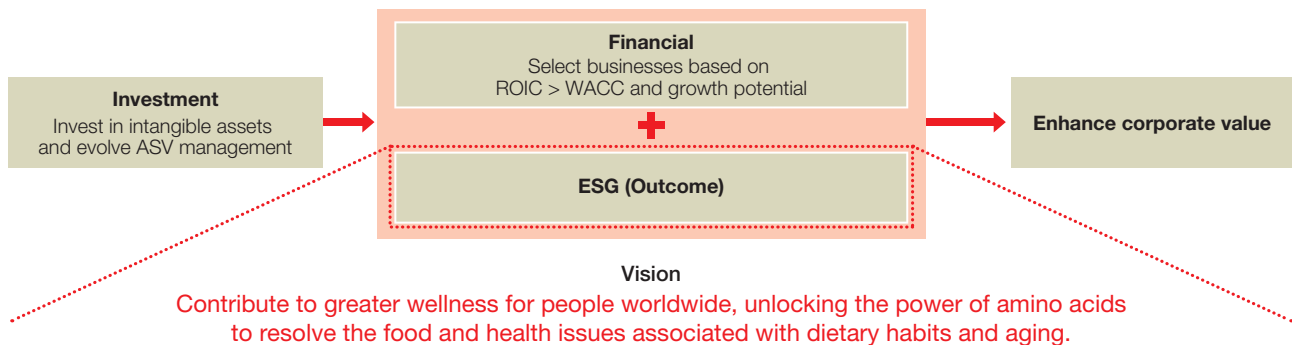
biomarkers, and genome sequencing and editing technology may emerge as key elements in disease prevention. In other words, data science is revolutionizing the field of diet and health, shifting away from general food and nutrition guidance for a large group of people to new personalized approaches. By using advances in personalized approach and technologies, private industries are expected to promote healthy foods, which are tailored to local cultures and lifestyles and to share evidence-based disease prevention models across the world.

In such a rapidly changing and highly uncertain time, corporate management must engage in "sense-making." Helping both the members and stakeholders understand the current situation and where we are heading as an organization will empower us to evolve and innovate. In February 2020, the Ajinomoto Group declared its vision for 2030 to become a "solution-providing group of companies for food and health issues." From that goal, we have worked backwardly to identify what we need to do today to make our own future.

Ajinomoto Group outcomes

We are advancing ASV management by concentrating all of our management resources on resolving food and health issues. We are seeking to fulfill our vision and enhance our corporate value by using our core businesses to improve people's lives and increase the sustainability of the earth.

Path to enhance corporate value



Outcome KPI

We are setting qualitative targets and KPI for the two outcomes for fiscal 2030 and will monitor our progress.

Outcome 1

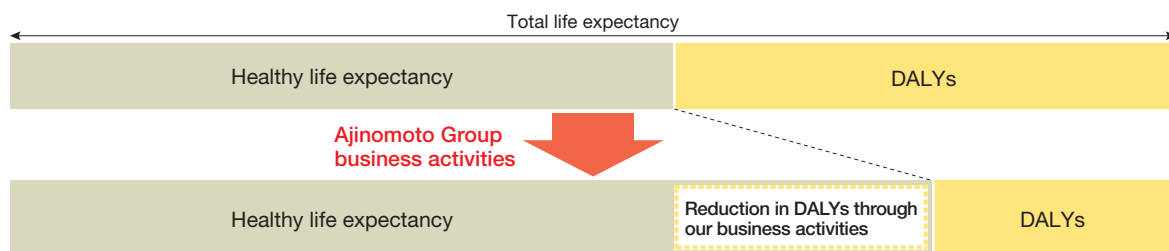
By 2030, help extend the healthy life expectancy of 1 billion people

Page 37

Approach to nutrition

We are presently developing methods to use DALY to set qualitative KPIs. The targets will be described in a future Integrated Report.

Extension of healthy life expectancy through business activities



Associated Materiality items and SDGs

Contribution to solve food and health issues



Rapid response to consumer lifestyle changes



► For details, please see the Ajinomoto Group Materiality.
https://www.ajinomoto.com/sustainability/pdf/2020/materiality_en.pdf

Outcome 2

By 2030, reduce our environmental impact by 50%

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Approach to coexistence with communities and the earth

KPIs

Mitigate climate change	Reduction rate of greenhouse gas emission vs. FY2018 (total of Scope 1 and 2^{*1}) FY2025: Reduce by 30% FY2030: Reduce by 50% Reduction rate of water usage vs. production volume (vs. FY2005) FY2030: -80% Recharge rate of drinking water into forest FY2025: 100%+
Realize a resource recycling society	Plastic waste FY2030: Achieve "Zero" Food loss and waste reduction rate^{*2} (vs. FY2018) FY2025: Reduce by 50%
Realize sustainable procurement	Sustainable procurement ratio FY2030: 100% of important materials ^{*3}

*1 Scope 1: Direct greenhouse gas emissions from sources (such as burning fuel, industrial processes, and vehicles) owned or controlled by the organization
Scope 2: Indirect emissions from the generation of purchased electricity, heat or steam consumed by the company

*2 From the acceptance of raw materials to delivery to customers

*3 Coffee beans, palm oil, paper, soy beans, beef

Associated Materiality items and SDGs

Sustainable materials sourcing



Contribution to a circular economy



Reduction of food loss and waste



Conservation of water resources



Climate change adaptation and mitigation



► For details, please see the Ajinomoto Group Materiality.
https://www.ajinomoto.com/sustainability/pdf/2020/materiality_en.pdf

Unlocking the power of amino acids for “Nutrition Without Compromise” to improve the quality of life of people worldwide



The Ajinomoto Group is addressing the increase in health issues worldwide caused by diets and lifestyles, such as lifestyle-related diseases and nutritional deficiencies, by focusing on the key areas of promoting “delicious salt reduction” (using umami to enhance the flavor of food while decreasing the intake of salt) and optimizing protein intake to support delicious and nutritionally balanced diets.

Social issues related to nutrition

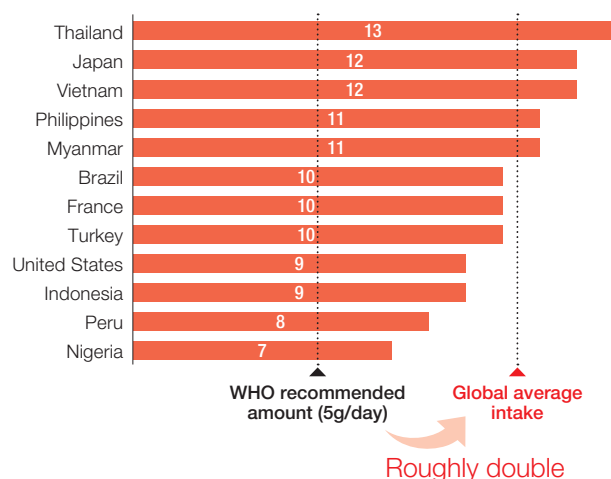
The excess intake of salt is increasing the risk of high blood pressure and heart disease worldwide. Some 20% of the world’s population is estimated to suffer from high blood pressure. Salt intake in Thailand, Japan, Vietnam, and other countries where the Group has major businesses is far above the amount recommended by the WHO.

Physical frailty due to nutrition deficiency is also increasingly common in elderly people. The WHO estimates that about 20% of the elderly people worldwide do not have sufficient intake of essential nutrients, such as

protein, that are needed to maintain and increase muscle mass and strength. These conditions increase the number of people requiring nursing care, which is a major factor affecting healthy life expectancy. In addition, number of individuals approaching elderly status who may become frail and suffer from metabolic syndrome is increasing.

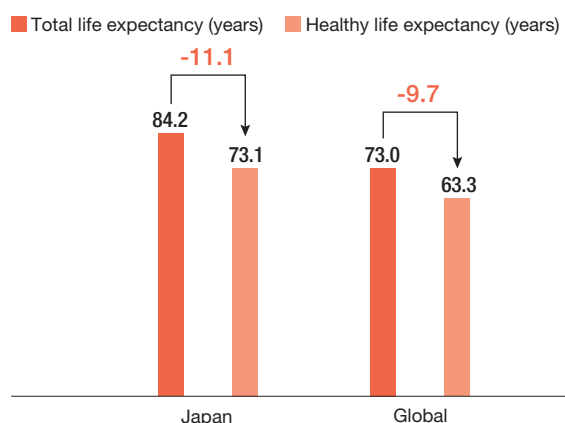
With lifestyle-related diseases predicted to become more common as populations age, companies providing the food that people consume in their daily diets will be increasingly expected to fulfill their social responsibility.

Salt intake
(g/day, 2010)



Source: WHO, “Noncommunicable diseases country profiles”

Total life expectancy and healthy life expectancy
(at birth in 2017)



Source: WHO, “World Health Statistics - Life expectancy and Healthy life expectancy, Data by country”

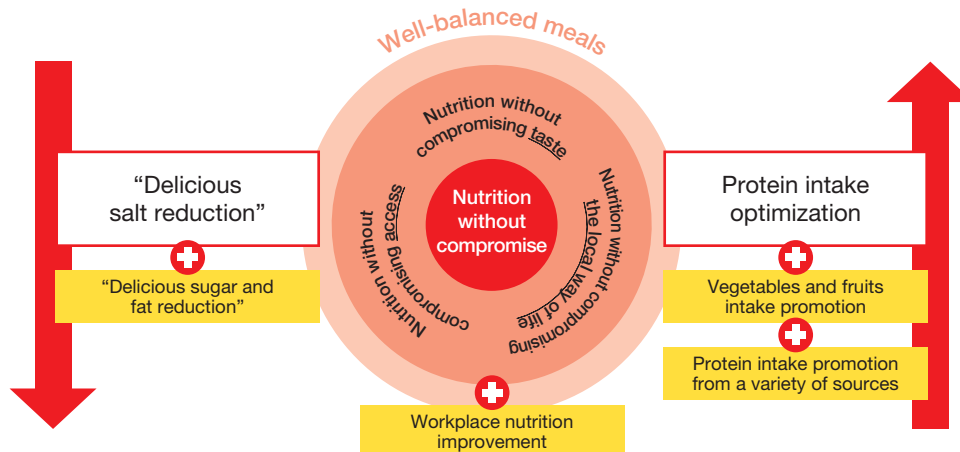
“Nutrition Without Compromise” — Basic policy on our approach to nutrition

The Ajinomoto Group’s approach to addressing nutrition issues is to provide products and solutions under the commitment of “Nutrition Without Compromise” based on three pillars. The first is “taste,” where we will use our founding technology to unlock the power of amino acids to provide health value, such as with reduced salt, as well as deliciousness. The second pillar is “food access.” Aware that food availability is an issue for many people around the world, we will strive to ensure that everyone has access to healthy and nutritious foods through measures ranging from offering quality products and ingredients to improving distribution and convenience. Finally, we will focus on “local way of life.” We will adapt our operating models to respect the customs, food

preferences, resources, ingredients, and stakeholders of each local market. We will also emphasize addressing social issues and creating individualized responses to diverse values related to food.

Primary priority in our nutrition strategy will be given to “delicious salt reduction” and “protein intake optimization.” We will also pursue four additional priorities of “delicious sugar and fat reduction,” “vegetables and fruits intake promotion,” “protein intake promotion from a variety of sources,” and “workplace nutrition improvement.” By advancing these initiatives along with our efforts to unlock the power of amino acids, we will help maintain delicious and nutritionally balanced diets and improve the quality of life of people around the world.

Ajinomoto Group approach to nutrition



Primary priorities	“Delicious salt reduction”	The Ajinomoto Group’s technologies put us in a uniquely advantageous position to address the excess consumption of salt. We will use our leading-edge bioscience and fine chemical technology to promote reduced-salt foods that retain their deliciousness.
	Protein intake optimization	The underprivileged and the elderly suffer from insufficient dietary protein and lack of access to high-quality protein. We are dedicated to improving the intake of protein through our unique approach of providing amino acids, which make up the proteins in our body, to complement lower-quality protein sources, as well as seasonings which enhance the flavor of proteins in meals.
Additional priorities	“Delicious sugar and fat reduction”	We are focusing on developing alternative sweeteners and recipes to reduce the sugar and saturated fat content of our products and the products of our business customers.
	Vegetables and fruits intake promotion	We are supporting nutritionally balanced meals by promoting the consumption of vegetables and fruits, which are sources of abundant vitamins and minerals. Our promotion activities include printing recipes that include vegetables and fruits on our packages.
	Protein intake promotion from a variety of sources	The Ajinomoto Group is promoting the use of sustainable and diverse protein sources that help maintain planetary health. We are supplementing plant-based proteins with amino acids to enhance nutritional quality.
	Workplace nutrition improvement	The Ajinomoto Group considers employee health to be of utmost priority and is focused on improving workplace nutrition and raising nutrition literacy among employees.

► For details, please see the Ajinomoto Group Sustainability Data Book 2020.
<https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

The Ajinomoto Group Nutrient Profiling System

Introducing a common evaluation standard for nutritional value

In April 2020, we became the first Japanese company to introduce a system for evaluating food nutrient content—ANPS-P (for Product). ANPS-P is a tool for collecting and analyzing data on nutrient content of our current and future products.

Using the calculation method of the Health Star Rating System used in Australia and New Zealand, ANPS scientifically evaluates the nutritional value of food products based on the quantity of nutrients they include that are health promoting and that excess intake should be avoided.

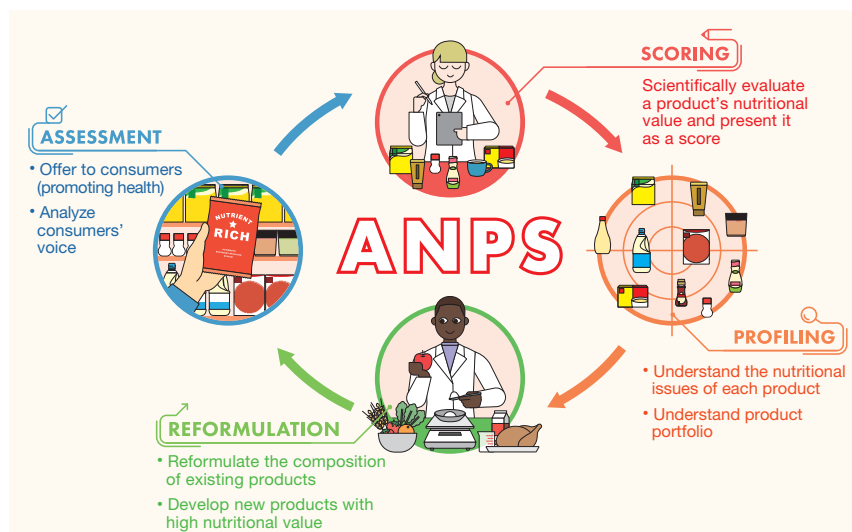
Our first step is using ANPS-P to evaluate and score roughly 500 products from nine of our group companies in seven countries, including Japan, and identifying the nutrition issues of each product and the portfolio of the whole products. We will then apply the results to reformulate and adjust the products and to develop products with high nutritional values. After product launch, we will assess consumer

feedback for further product revision. Through this cycle, we will contribute to promoting the health of consumers and improve our product portfolio.

We plan to develop and introduce a nutrient profiling system for meals made with the Group's seasonings as part of our goal to provide comprehensive support for nutritionally balanced diets.

► For details, please see the Ajinomoto Group Sustainability Data Book 2020.
<https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

The Ajinomoto Group nutrient profiling system



U20 Healthy Umami Research Project

Ajinomoto Group recommendations for addressing the high sodium diets worldwide

Numerous academic journals and organizations have recognized MSG as a key ingredient for enhancing umami that helps dishes with reduced salt become more flavorful. However, because MSG contains sodium, it has been identified by international organizations, including the United Nations Food and Agriculture Organization (FAO) and WHO, as well as the EU and other governments as a risk ingredient that contributes to the excess intake of sodium. Although the same international organizations have attested to the safety of MSG consumption as seasoning, persisting misunderstandings from the past continue to affect the reputation of MSG.

The Ajinomoto Group intends to focus on MSG for the development of foods with reduced salt content but that taste delicious and will continue to gather and organize scientific evidence for the usefulness and safety of MSG, which we will submit to international organizations and governments worldwide.

The U20 Healthy Umami Research Project was launched

in fiscal 2020 to further this initiative. The project, following recommendations on the reduction of salt intake by the WHO action plan* to combat lifestyle-related diseases, aims to provide evidence about the value of MSG for public nutrition worldwide. We plan to announce our research results at international conferences and share the results with influential public health and nutrition specialists around the world.

The umami concept was discovered in Japan. The Group linked umami with the improvement of nutrition and the commercialization of MSG as the world's first seasoning designed to offset the trend of undernutrition. The Group has continued to work for the enhancement of deliciousness and nutrition of meals around the world. Now, over a century after the discovery of umami, the Ajinomoto Group believes it has the responsibility to make the world aware of the potential of MSG to help combat the current problem of excess salt intake.

* The WHO's Global Action Plan for the Prevention and Control of Noncommunicable Diseases (NCDs) calls for reducing salt intake by 30% by 2025.

Dispelling the misconception about MSG

Highlighting MSG safety and umami research to eradicate the misunderstanding

In the 1970s, doubts began to appear in the United States about the safety of MSG. An anecdotal report that MSG was the cause of what was called the “Chinese restaurant syndrome”^{*} led many people to be concerned about consuming MSG. To this day, many restaurants and food makers in the United States and Europe still put up signs to ensure customers that they do not use MSG.

During the 1980s and 1990s, to clarify this misunderstanding, a lot of studies were performed about umami. After these studies, international organizations, including the US Food and Drug Administration, verified and publicly reported that MSG is safe. Following the 2000s, the Ajinomoto

Group proceeded with research on the physiological functions of umami, and this led to the discovery of umami and glutamic acid receptors, the identification of umami as one of the five basic tastes, and the understanding of its role in the digestion and absorption of food. Today, we continue to highlight the safety and usefulness of MSG through events and social media.

^{*} Symptoms such as numbness, weakness, and palpitations that occur after eating Chinese food

► For details, please see the Ajinomoto Group Sustainability Data Book 2020.
<https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

► For more information about MSG, please see below site.
<https://www.whyuemsg.com>

The Consumer Goods Forum

Discussing solutions for environmental and social issues in the consumer goods industry

The Consumer Goods Forum (CGF) is an industry network of about 400 consumer goods manufacturers and retailers around the world that is engaged in various activities in the sustainability field. Takaaki Nishii, President and CEO of Ajinomoto Co., Inc. is a member of the CGF Board working to promote and spread awareness about the CGF initiatives.

At the June 2019 board meeting of the CGF Global Summit 2019 held in Vancouver, Canada, the board members discussed the environmental and social sustainability of the industry as a whole. The Ajinomoto Group introduced its initiatives related to amino acids and shared information about umami. At the summit meeting, the initiatives called the “Coalitions of Action” were adopted, and companies resolve to take steps to work quickly to fulfill specific goals. The Ajinomoto Group participates in Collaboration for Healthier Lives (CHL), which is one of the activity coalitions, and co-chairs the Japanese branch, called CGF Japan CHL. The branch is collaborating with government offices, regional

administrations, universities, and research institutions to solve health and nutrition issues in Japan. CGF Japan CHL plans to expand the successes it has solving issues in Japan to develop initiatives to address worldwide issues.

The Ajinomoto Group is working with various stakeholders to actively promote activities on the global level that will raise the quality of life of people around the world.



The CGF Global Summit 2019

Contributing to the achievement of the SDGs through ESG initiatives



We aim to contribute to the development of a sustainable society and create economic value through prioritized initiatives targeting adaptation to and mitigation of climate change, the development of a recycling-oriented society, and the achievement of sustainability in procurement, by fiscal 2030.

Identifying ESG issues and defining actions and goals for fiscal 2030

The Ajinomoto Group will work in partnership with society and customers to achieve harmony with communities and the earth across the value chain from production to consumption.

We have identified key ESG issues and set targets for fiscal 2030. We are working steadily to decarbonize our business operations with the aim of halving greenhouse gas emissions by fiscal 2030 relative to the fiscal 2018

level. These efforts will reduce projected future risks based on a TCFD simulation (see p.43) by 8 to 10 billion yen per year. We will also implement actions targeting the reduction of water risk, plastic waste, and food loss and waste, and the sustainable procurement of materials.

Through these activities, the Ajinomoto Group will contribute to the creation of a sustainable society and the achievement of the SDGs.

Main targets relating to coexistence with communities and the earth

ESG issues		Targets	Main measures
Climate change adaptation and mitigation	Greenhouse gas	Greenhouse gas emission reduction rate (vs. FY2018) (total of Scope 1 and 2) FY2025: Reduce by 30% FY2030: Reduce by 50%	<ul style="list-style-type: none"> Participation in international initiatives Energy conservation, use of renewable energy Contribution to society through new technologies
	Water risk	Water use reduction rate ^{*1} FY2030: Reduce by 80% (vs. FY2005) Recharge rate of drinking water into forest FY2025: 100%+	<ul style="list-style-type: none"> Reduction of water used in production Maintenance of forests as water sources
Create a resource recycling society	Plastic waste	Plastic waste FY2030: Achieve "Zero"	<ul style="list-style-type: none"> Reduction: E.g., development of more compact packaging Recycling: Conversion to mono-material resources Sharing of technologies resulting from industry-government collaboration
	Food loss and waste	Food loss and waste reduction rate ^{*2} (vs. FY2018) FY2025: Reduce by 50%	<ul style="list-style-type: none"> Improvement of production process yields Expansion of effective utilization
Realize sustainable procurement	Deforestation Biodiversity Human rights Animal welfare	Sustainable procurement ratio FY2030: 100% of important materials	<ul style="list-style-type: none"> Procurement of sustainable coffee beans, palm oil, paper, soybeans, beef Procurement based on Group Shared Policy on Better Mutual Relationship with Animals

*1 Percentage reduction per production volume unit

*2 From the acceptance of raw materials to delivery to customers

Initiatives against climate change

Reducing greenhouse gas emissions

Climate change is an urgent global issue that could cause serious problems for the business operations of the Ajinomoto Group, including the inability to procure raw materials. At the corporate management level, we see climate change as both a risk and an opportunity. We are working to reduce our environmental footprint throughout the lifecycle of our products.

Total greenhouse gas emissions by the Group in fiscal 2018, the base year for the target, amounted to approximately 2.2 million tons. This includes both Scope 1 emissions resulting directly from our business activities, and indirect Scope 2 emissions. Total lifecycle emissions, including Scope 3 emissions resulting from the use and disposal of our products, transportation, business and commuting travel by employees, investment, and other activities, amount to around 14 million tons. Scope 3 emissions make up over 80% of total emissions.

By fiscal 2030, we aim to reduce Scope 1 and Scope 2

emissions by 50% from the fiscal 2018 level. We will achieve this goal by implementing energy conservation activities, switching to fuels with lower greenhouse gas emissions, using renewable energy, such as biomass and solar power, and introducing processes that use less energy.

Our fiscal 2030 target for Scope 3 is to reduce emissions by 24% from the fiscal 2018 level. We will focus in particular on raw materials, which account for approximately 60% of total lifecycle greenhouse gas emissions. In addition to encouraging suppliers to reduce emissions, we are also considering the introduction of new technologies, including on-site production of ammonia*.

* Substantial amounts of energy are used to produce and transport ammonia, which we currently purchase for use in the production of amino acids through fermentation. The Ajinomoto Group is working toward a practical application of a new model that will allow the required quantities of ammonia to be produced in-house using a new catalyst, and is aiming for its commercialization by 2021 or 2022.

► For details, please see the Ajinomoto Group Sustainability Data Book 2020.
<https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

Roadmap for reducing greenhouse gas emissions

Targets and measures		FY2020	FY2025	FY2030
Scope 1, 2 Target Reduction of total greenhouse gas emissions (vs. FY2018)		9% reduction	30% reduction	50% reduction
	Measures	Scope 1: Energy conservation activities, switch to low-GHG fuels, introduction of biomass boilers and cogeneration systems		
		Scope 2: Improvement of renewable energy procurement ratio		
		Introduction of internal carbon-pricing	FY2022	
		Start of direct procurement of renewable electric power	FY2022	
Scope 3 Target Reduction of greenhouse gas emissions (Per unit of production, vs. FY2018)		4% reduction	14% reduction	24% reduction
	Measures	Reduction of greenhouse gas emissions by suppliers		
		Development and introduction of innovative technologies		
		Introduction of on-site production technology for ammonia	FY2021–2022	

Adoption of the TCFD framework, related initiatives

Ajinomoto Co., Inc. has endorsed the recommendations of the TCFD^{*1} established by the Financial Stability Board^{*2} and joined the TCFD Consortium^{*3} when it was established in May 2019.

We are implementing scenario analysis, including water risk analysis, as recommended in the TCFD Report. Between fiscal 2018 and fiscal 2019 we conducted a scenario analysis of all production sites using the umami seasoning *AJI-NO-MOTO*®, which is one of our flagship products, as a model. The results indicated that a 2°C rise in the average temperature by 2100 would bring a financial risk of 8 to 10 billion yen, resulting from higher unit prices for energy, and an increase in carbon taxes in step with the transition to a low-carbon society.

In fiscal 2020 we will implement scenario analyses of other business segments. We will also consider the introduction of new systems, such as internal carbon pricing^{*4}, with the aim of mitigating financial risks.

*1 TCFD: Task Force on Climate-related Financial Disclosures

*2 Financial Stability Board: An international organization made up of representatives of central banks, financial supervisory agencies, ministries of finance, and other organizations in key countries and regions

*3 A consortium established to allow investors and corporations that support the aims of the TCFD to collaborate toward the development and sharing of scenario analysis and quantification methods for each industry

*4 A system designed to encourage companies to pursue low-carbon investment and countermeasures by pricing their own carbon emissions

► For details, please see the Ajinomoto Group Sustainability Data Book 2020.
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Approval of science based target, commitment to RE100

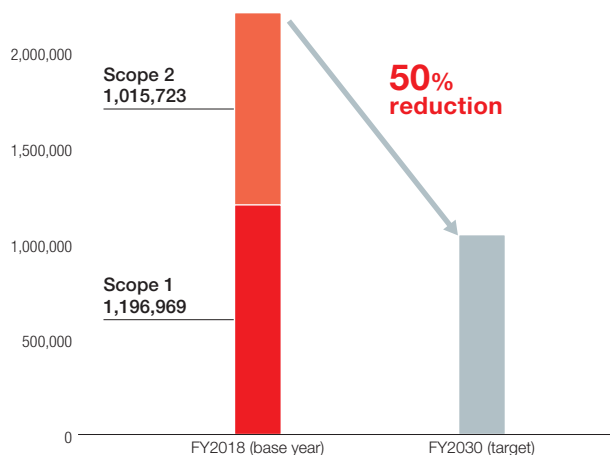
The Ajinomoto Group's target of reducing greenhouse gas emissions was approved by the Science Based Targets Initiative in April 2020 as a science based target that will contribute to the limitation of the rise in temperature since before the Industrial Revolution to 1.5°C.

In August 2020, the Ajinomoto Group announced that it would join RE100, an international environmental initiative by businesses committed to the use of 100% renewable energy in their business operations by 2050.



Scopes 1 and 2, and SBT targets for the Ajinomoto Group

(t-CO₂/year)
2,500,000



Reduction of plastic waste

Products and services of the Ajinomoto Group are created using a variety of resources. We have a duty to use the earth's limited resources efficiently, and to contribute to the creation of a sustainable recycling-oriented society. We are actively working to find solutions to the problems of oceanic plastic waste, a growing concern in recent years.

Every year we use approximately 70,000 tons of plastic packaging materials, of which about 40% are used in Japan and 60% overseas. Substantial quantities of these materials are used in Southeast Asia, where there is increasing concern about the effects of plastic packaging materials released into the environment.

The Ajinomoto Group aims to reduce plastic waste to zero by fiscal 2030. In March 2020 we established a companywide project team under the leadership of the General Manager of the Food Products Division to propose and implement strategies toward the achievement of this goal. This project will focus on two key themes: reducing the amount of plastic used, and the establishment of the conditions needed for recyclability as resources. We will reduce the amount of plastic used by thinning and downsizing packaging, and by switching to paper packaging where possible. To create the conditions

needed for recycling, we will consider the introduction of mono-material packaging and biodegradable plastics.

Many of the plastic packaging materials used in the business operations of the Ajinomoto Group are composite materials designed to provide specific functions required for our products, such as the maintenance of barriers to ensure product quality. Other factors that make the recycling of materials difficult include the need to deal with food residues on packaging materials that are in direct contact with food products. Key requirements for recycling also include the establishment of recovery and sorting systems.

These efforts require collaboration with initiatives by central and regional governments, local communities, and other companies. We are implementing measures based on cooperation with stakeholders within and beyond the Ajinomoto Group, including participation in the Japan Clean Ocean Material Alliance (CLOMA), a platform established to accelerate innovation through closer collaboration among concerned parties across multiple industries.

► For details, please see the Ajinomoto Group Sustainability Data Book 2020.
<https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

Roadmap for reducing plastic waste

Targets and measures		FY2022	FY2025	FY2030
Target Zero plastic waste by FY2030		Monitoring of total quantities used	Interim targets to be set based on total usage data	Reduction of the quantity of plastic used Achievement of 100% effective utilization
	Measures	Further stabilization of production Review of individual product packaging Introduction of paper packaging and reusable packaging materials		
		Introduction of easily recyclable mono-material plastics, and biodegradable plastics		

Reducing food loss and waste

Every year the world wastes 1.3 billion tons of food, which is equivalent to about one-third of all food produced for consumption. Food resources are limited, and both world population and food demand can be expected to increase. The Ajinomoto Group is determined to work in partnership with suppliers and consumers to reduce food loss and waste.

The Group's food loss and waste reduction targets are first to halve food loss and waste between acceptance of raw materials and the delivery of products to customers by fiscal 2025, and second to halve food loss and waste across entire product lifecycles (from raw materials to consumption and disposal) by fiscal 2050. Both targets are relative to the fiscal 2018 levels. The Consumer Goods Forum, of which Ajinomoto Co., Inc. is a board member, has also set a target of halving food loss and waste in production and sales processes by 2025. We will take the initiative in meeting this challenge. Under the previous MTP, the base year for reducing food loss and waste was fiscal 2016. However, the accuracy of data collected for the period up to fiscal 2017 was not sufficient for this purpose, and we have therefore selected fiscal 2018 as the base year for the

2020-2025 MTP.

To achieve this goal, we will maintain existing initiatives to minimize food loss and waste between the acceptance of raw materials and the shipment of finished products by improving production yields and reducing process problems. We will reduce food loss and waste after the shipment of products from our facilities through collaborative efforts across the manufacturing, distribution, and sales sectors, such as changing the best-before dates on label to month-year, extending "best-before" periods, and optimizing delivery deadlines. To reduce food loss and waste at the consumption stage, we will also continue to develop products designed to minimize waste for the food service and home meal replacement industries, while offering recipes that enable consumers to use the power of flavorings to ensure that food is fully consumed.

The Ajinomoto Group will continue to work with all stakeholders on initiatives to reduce food loss and waste across entire product lifecycles, from the production of raw materials to consumption and disposal by consumers.

► For details, please see the Ajinomoto Group Sustainability Data Book 2020.
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Roadmap for reducing food loss and waste

Targets and measures		FY2020	FY2025	FY2050
Phase 1 target Halving of food loss and waste between acceptance of raw materials and delivery of products to customers (vs. FY2018)	Measures	Improvement of production yields and reduction of process problems		
		"Best-before" labeling of month and year, extension of "best-before" periods, and optimization of delivery deadlines through collaboration across the manufacturing, distribution, and sales sectors		
		Participation in CGF as a board member		
Phase 2 target Halving of food loss and waste across entire product lifecycles (vs. FY2018)	Measures	Development of products that reduce food loss and waste in the food service and home meal replacement industries		
		Suggestions for the reduction of food loss and waste in the home		

Commitment to wellness and sustainability initiatives on a global scale

Chika Morishima

Corporate Executive Officer
Responsible for Sustainability



The Ajinomoto Group is dedicated to the solution of issues relating to food and health. Our initiatives to tackle nutrition issues not only contribute to the achievement of the SDGs, but are also at the heart of our growth strategies. We will use our unique strengths to contribute to the extension of healthy life expectancy by unlocking the power of amino acids to solve various nutritional issues, such as salt reduction and the optimization of protein intake. We will also accelerate global efforts to improve nutrition through the introduction of our nutrient profiling system, which will allow us to visualize nutritional value.

From an environmental perspective, we will work steadily to decarbonize our business operations as part of our response to climate change. We will also strengthen

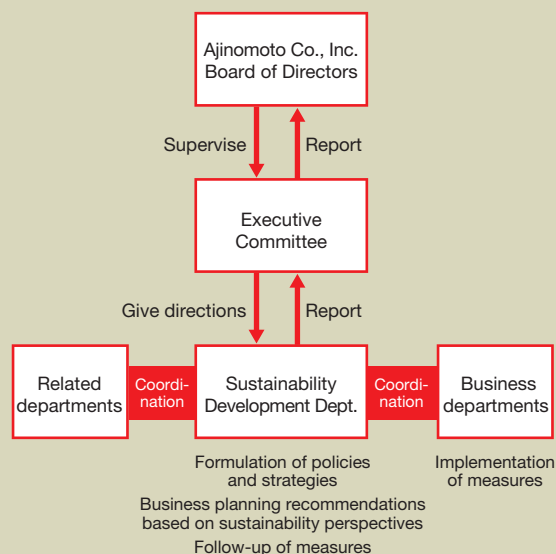
our sustainability promotion framework and work with central and regional governments to achieve our targets for the reduction of greenhouse gas emissions across the entire Ajinomoto Group. As part of our contribution to the creation of a recycling-oriented society, we are committed to a powerful companywide project to achieve our goal of reducing plastic waste to zero by fiscal 2030.

Wellness and sustainability initiatives are core elements of ASV. We will respond to stakeholder expectations by further enhancing our information disclosure, while also actively improving the nutritional and environmental literacy of all employees so that they can provide the impetus for these efforts by taking ownership of goals.

Sustainability promotion framework

In April 2020 we further strengthened our sustainability promotion structure through the establishment of the Sustainability Development Dept. This new unit will take over the role of internal task forces in developing policies and strategies on nutritional and environmental themes, such as climate change and the development of a recycling-oriented society, and on social themes, such as animal welfare. It will also provide recommendations concerning the reflection of sustainability perspectives in business plans. Other tasks include the monitoring of measures to achieve sustainability goals, the aggregation of internal ESG data, and reporting to the Executive Committee and Board of Directors.

► For details, please see the Ajinomoto Group Sustainability Data Book 2020.
<https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>



2020-2025 Medium-Term Management Plan

This section presenting an overview of the 2020-2025 MTP contains the plan content as it was announced in February 2020. Since that time, the outbreak of the COVID-19 pandemic has vastly impacted our earnings outlook for fiscal 2020.

The battle against the spread of the coronavirus has greatly altered consumer behavior and triggered a sharp increase in demand for “health-conscious” and “in-home” products. The Ajinomoto Group has responded to these developments by adding a “healthy new lifestyle” strategy and will continue transforming its business model and companywide operations as it remains fully determined to meet the MTP targets for fiscal 2022.

Overall structure and KPIs

2017-2019 MTP Review

Build a robust business structure for continuing value creation

Under the 2017-2019 MTP, we bolstered our ability to propose solutions to customers beyond the reach of other companies and further advanced our areas of competitive advantage. These efforts generated sales growth for menu-specific seasonings and products designed for the changing lifestyles. Health-related product sales also increased considerably, including for frozen Asian foods and foods with functional claims. Sales of basic and flavor seasonings captured the top share in the global market but the growth pace slowed down. At the same time, while we focused all of our efforts into the structural reform, some businesses did not yet produce results, and some others continued the long-term trends of flat or slightly declining revenues. One point that became an issue during the previous MTP is the decline in asset efficiency as our M&A activity swelled our asset holdings. We set fiscal 2019 as a year of preparation to put the Group in a solid position to

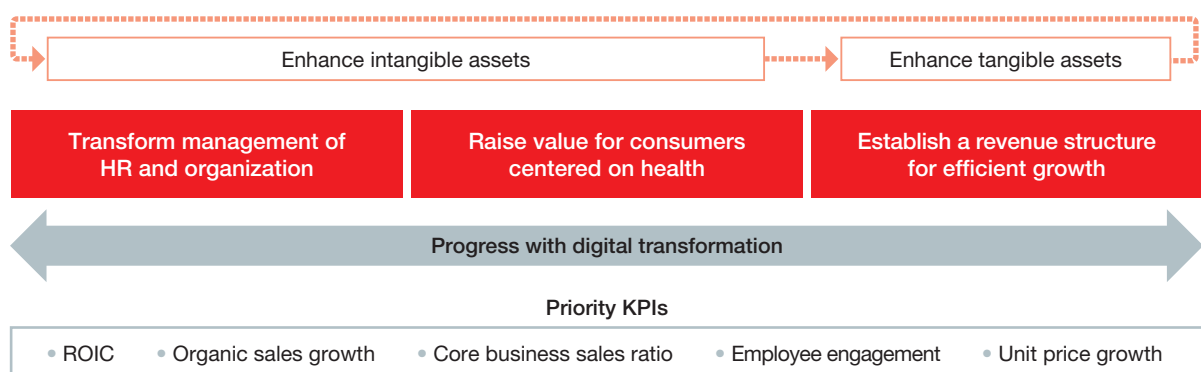
address these issues during the new MTP. During the year, we selected and concentrated management resources to core businesses and began some tasks ahead of schedule for an asset-light business model to give us the framework for structural reform.

FY2019 results

Sales	¥1,100.0 billion
Business profit	¥99.2 billion
Profit attributable to owners of the parent company	¥18.8 billion
Business profit margin	9.0%
ROE	3.3%
ROIC	3.0%
ROA (based on business profit)	7.2%
EPS	¥34.37

2022-2025 MTP Key principles

Focus all of our management resources on resolving food and health issues



We are implementing the 2020-2025 MTP in two stages; Phase 1 Structural Reform and Phase 2 Regrowth. All of our management resources are being concentrated on becoming a solution-providing group of companies for food and health issues, and we are reforming the Group's business structure to lay the foundation for sustained

growth with programs specifically designed to fulfill our objectives to transform the management of our human resources and the organization, raise consumer value centered on health, and establish a revenue structure for efficient growth.

FY2020-2022 Phase 1

Structural reform

FY2023-2025 Phase 2

Regrowth

Establish a revenue structure for efficient growth

Reformulate portfolio for higher efficiency & growth

Page 50

To our business portfolio

- Restructure non-core businesses and assess other businesses for restructuring in next phase



- Restructure other businesses assessed in FY2020-2022

- Focus management resources on core businesses

Page 51

To growth strategy by business

Raise value for consumers centered on health

Unit price growth by creating a food and health ecosystem

- Use umami to create delicious, reduced-salt foods

Unit price growth by providing delicious options for new lifestyles

- Expand peripherals to match lifestyle changes
- Strengthen products and brands constantly

Develop new growth models

- Form businesses to provide personalized health solutions

Transform management of HR and organization

Invest in our people, enhance issue-solving capabilities

Page 57

To enhancing human capital

- Invest in our people for higher productivity
- Enhance issue-solving capabilities by increasing employee engagement and diversity, and work-style innovation

Use digital transformation to enhance the productivity throughout the Group

Priority KPIs

	FY19 (Result)	FY22 (Target)	FY25 (Target)	FY30 (Final target)
ROIC	3.0%	8%	10–11%	13%
Organic sales growth (YoY)	0.3%	4%	5%	5%
Core business sales ratio	66.5%	70%	80%	80%–
Employee engagement (ASV as one's own initiative)	55%	70%	80%	85%–
Unit price growth (YoY) (International consumer products)	± 5%	2.5%	3%	3%

*The priority KPIs above are used as compensation assessment criteria for officers.

► For details, see pp.65–66 "Corporate Governance."

Growth driver: Raising value for consumers by resolving food and health issues

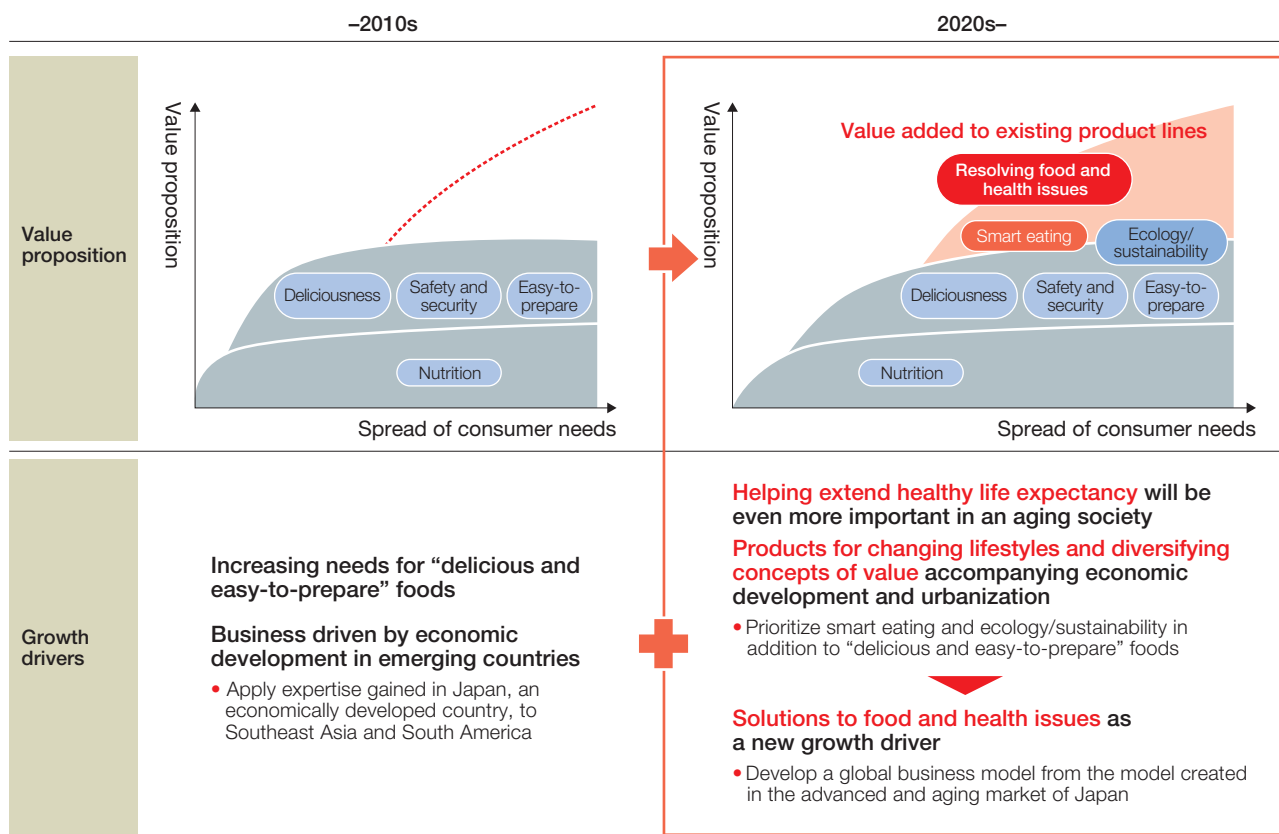
The growth driver in the 2020-2025 MTP is “resolving food and health issues.” This is a change from our past approach, which was, for example, to develop and market consumer food products focused on pursuing “delicious and easy-to-prepare food” geared to specific regions. In addition to the value provided so far, we are now taking the approach of using the value we have created addressing health issues in Japan, which is at the forefront of dealing with an aging society, through our salt reduction, *Kachimeshi*®, and other initiatives and translating it to address health issues for not just specific countries or regions, but for the entire global market.

We made “resolving food and health issues” our growth driver because the increasing food and health issues around the world as populations age have broadened the range of markets where the Ajinomoto

Group can contribute. Particularly in Southeast Asia and South America, which are our core business regions, we anticipate rising health-related spending, mainly in high and upper-middle income groups. Our aim is to reestablish business growth by introducing high value-added products, such as health-promoting products, as we seek to enhance the value of our existing products.

The COVID-19 situation has progressed to a stage of gradual reopening of social and economic activities, but the impacts are likely to continue for some time to come. Especially in times like these when people feel a real threat to their mental and physical health, we will not stop forging ahead with the structural reform called for in the MTP and will concentrate on creating new value from the customer’s perspective to contribute to the health and well-being of people around the world.

Redefined growth drivers



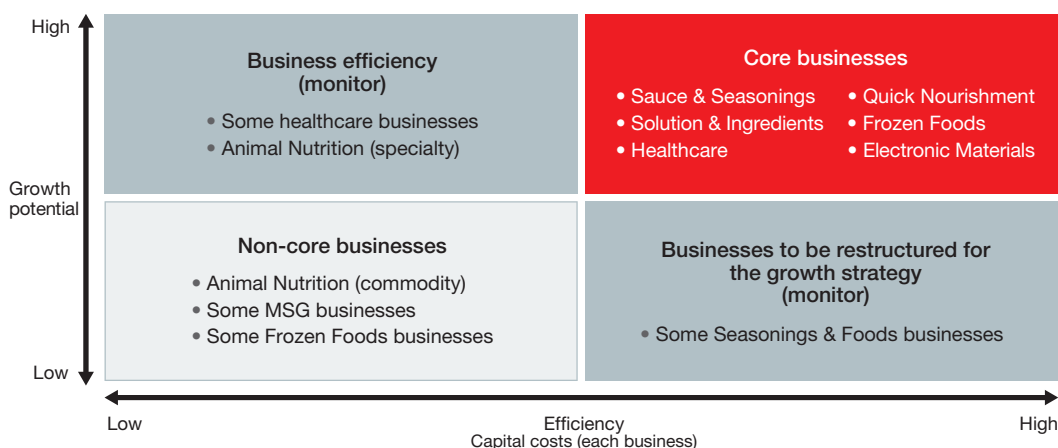
Reformulating our business portfolio to focus on creating value in our core businesses

Under the 2020-2025 MTP, we will revise our profit structure by concentrating our management resources into our core businesses with the aims of improving our capital efficiency and realizing sustainable growth. We have set Sauce & Seasonings, Quick Nourishment, Frozen Foods, Solution & Ingredients, Healthcare, and Electronic Materials as our core businesses based on their potential for ROIC to outpace capital costs and business growth. In these core businesses, we will focus on regaining growth trajectories and creating new businesses, while also

accelerating value creation that helps solve social issues.

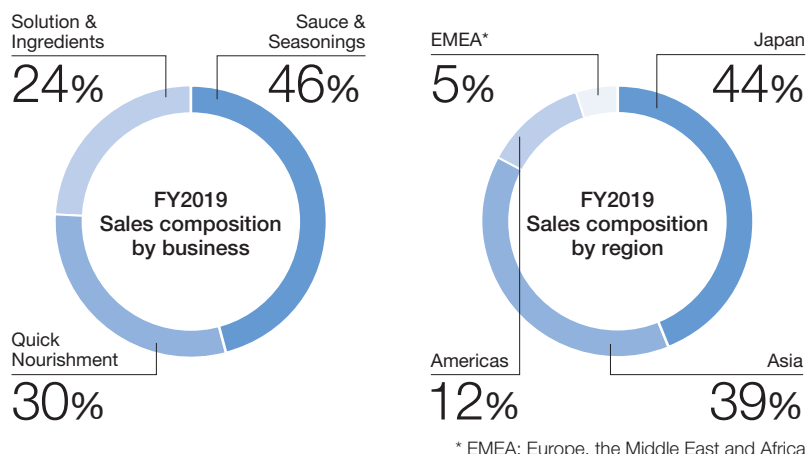
For non-core businesses, in Phase 1 of MTP during fiscal 2020-2022 we will complete the restructuring of those businesses and prepare for any transfers, sale, or withdrawals deemed appropriate. At the same time, we will scrutinize businesses exhibiting efficiency and growth issues in Phase 1, and take appropriate action in Phase 2 during fiscal 2023-2025. Over the next six years, we will carefully assemble a healthy and potent portfolio of businesses.

Portfolio reform and value creation in the core businesses



	Use umami to promote "delicious salt reduction"	Improve personal dietary habits and nutrition	Promote smart eating lifestyle	Coexistence with communities and the earth
Core Businesses				
Sauce & Seasonings Achieve nutritionally balanced and diverse menus and smart cooking				
Quick Nourishment Support consumers' peace of mind and healthy lifestyles by ready-to-eat foods and drinks				
Frozen Foods Support diverse lifestyles by enabling anybody to easily access chef-quality flavors and experience other food cultures	Contribute to risk prevention and treatment of chronic diseases	Increase the number of people who grow older in good health	Promote smart and comfortable lifestyles	Create sustainable products and businesses with low environmental impact
Solution & Ingredients Solve issues of health, labor shortage, and food resources with customers				
Healthcare Contribute to disease prevention and treatment with health risk evaluation technology				
Electronic Materials Support comfortable lifestyles by digital technologies with customers				

Seasonings & Foods Business



FY2020-2025 Seasonings & Foods business strategy

The Seasonings & Foods business aims for an organic growth rate of 5% and business profit margin of 12% by fiscal 2022, and ROIC of 17% or higher by fiscal 2025. We will accomplish this by further strengthening products and services that help resolve consumers' food and health issues, based on the stable growth of core products such as umami seasonings and flavor seasonings.

Specifically, we are actively working to expand our lineup of high value-added products tailored to the health needs and changing lifestyles of each particular country and region. This includes seasonings that make it possible to make delicious, nutritionally balanced meals easily, and products that are simple and delicious yet provide essential nutrients. We are now deploying our knowledge gained in Japan in global markets, taking our business to the next level with data-driven consumer behavior analysis and promoting solutions to food and health issues through partnerships within local communities.

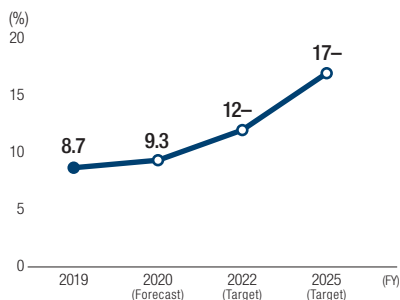
In the Sauce & Seasonings business, we will promote delicious, lower-salt menu using umami seasoning *AJI-NO-MOTO*® and accelerate the development of reduced-salt products. We will also provide solutions to address food and health issues in the community by providing information on nutritionally balanced meals using local ingredients already underway in Japan and rolling out our *Kachimeshi*® model overseas.

At the same time, we will focus on expanding product categories (menu-specific seasonings, etc.) tailored to local dietary habits that address changing styles of cooking and demand for reduced cooking time. Through this, we will actively promote new product development together with facilitating the growth of existing products and reduced-salt products for consumers to enjoy their lives.

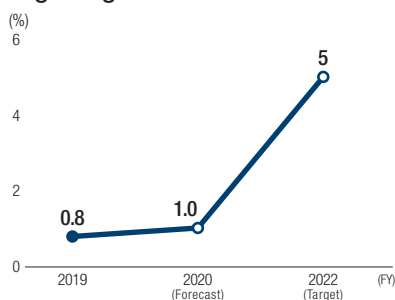
In the Quick Nourishment business, we will expand the business by strengthening products and sales channels to address changing consumer lifestyles and to improve quality of life. Specifically, we will focus on tapping into new businesses and categories that promote health value as well as increasing the number of products that are tasty and easily supplement nutrition and products with high added-value that support peace of mind.

In the Solution & Ingredients business, we will grow the business using the specialties of *Tencho* (savory seasonings) and enzymes for packaged food manufacturers, as well as the home meal replacement and food service industry. Utilizing the Group's technology and know-how in the elements of deliciousness, including flavor, taste and texture, we will resolve social issues by expanding solutions that deliver health value including "delicious salt reduction" and solutions that address changing consumer preferences around the world, such as growing demand for meat alternatives.

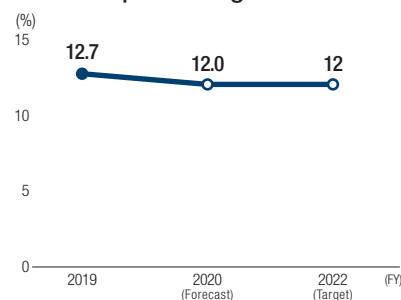
ROIC



Organic growth rate



Business profit margin



Building ecosystems with local communities

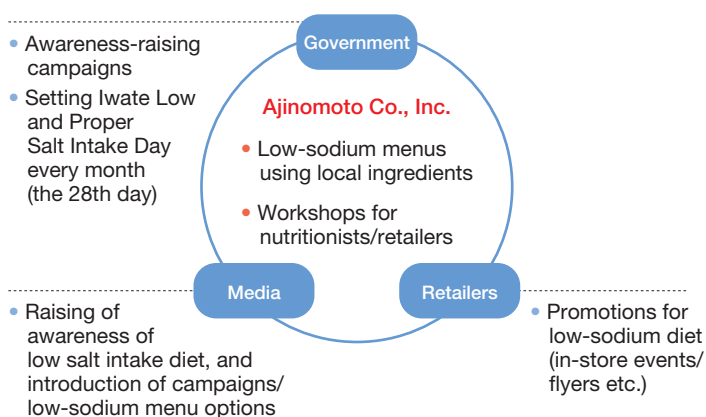
Since 2014, Ajinomoto Co., Inc. has created local ecosystems through partnerships with local governments, retailers and the media, which it has used to roll out a salt reduction promotional program. The first targeted Iwate Prefecture, which at the time had the stigma of highest salt intake per capita of any prefecture in Japan. The program introduced at stores low-sodium menu ideas that combine our reduced-salt products with local ingredients, and it organized seminars for nutritionist associations about lower-salt options. These efforts made together with the local government, retailers and the media helped to reduce per capita salt intake in Iwate Prefecture by 10 to 20% over a four-year period. Through this program, we not only contributed to the improvement of dietary habits

in Iwate Prefecture, but also increased sales through the increased sales volume of reduced-salt products with a higher unit price.

In addition to salt reduction, in Japan we are expanding the program to other areas, including *Kachimeshi*[®], which proposes nutritionally balanced meal options and *Love Vege*, which seeks to increase people's vegetable intake. In this manner, as of the end of fiscal 2019, these activities in close collaboration with local governments have been implemented in 39 prefectures across Japan.

Outside of Japan, we have a school meal project in Vietnam and other projects for supporting athletes in Asia and Brazil. Looking ahead, we plan to expand these efforts to other countries and regions by building local ecosystems.

Salt reduction project in Iwate Prefecture



Social value

Iwate Prefecture's salt intake was lowered from **highest in Japan to about 20th (out of 47)** ^{*1}

Economic value

Price premium of reduced-salt products

+20%

Sales growth of reduced-salt products (FY2014-2017)

CAGR10%

^{*1} Male 12.9g (highest in Japan) / Female 11.1g (highest in Japan) in 2012 → Male 10.7g (21st highest) / Female 9.3g (18th highest) in 2016

Example of initiatives with local collaboration outside of Japan

Thailand

Kachimeshi^{*2} bento lunch boxes provided to Thai women's volleyball team



Indonesia

Kachimeshi bento lunch boxes provided to national team swimmer I Gede Siman Sudartawa



Malaysia

Kachimeshi[®] menu introduced in cafeteria at the most historical national sports school



Brazil

Agreement with Brazil Olympic Committee to provide support for national athletes

The Philippines

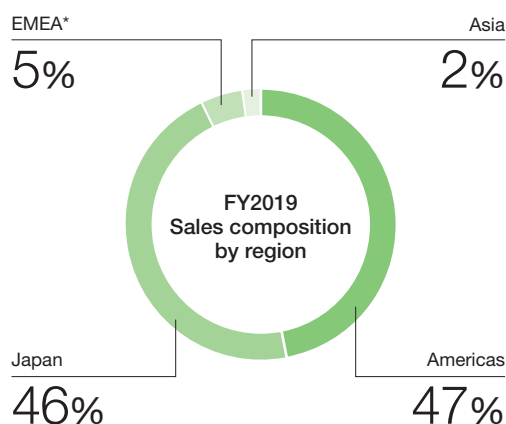
Providing support to karate representative Junna Tsukii

Singapore

Providing support to the national swim team

^{*2} *Kachimeshi* is the trademark of the *Kachimeshi*[®] project outside of Japan.

Frozen Foods Business



* EMEA: Europe, the Middle East and Africa

FY2020-2025 Frozen Foods business strategy

The Frozen Foods business aims for an organic growth rate of 3% and business profit margin of 3% by fiscal 2022, and ROIC of 5% by fiscal 2025. To achieve this, we will expand our lineup of added-value products and reorganize our production structure globally through asset-light management. We are also aggressively investing for future growth centered on our core product categories.

The Frozen Foods business's core product categories are *gyoza* (Japanese-style dumplings) and *shumai* (Chinese-style steamed dumplings) in Japan, and Asian foods and dessert categories overseas. In these core categories, we are focusing on providing health value and creating new value attuned to the changing social environment and diversifying consumer needs. To create this value, we are developing foods that are both delicious and geared to modern lifestyles by being easy and enjoyable to make, providing solutions for operating issues in the food service industry caused by the shortage of labor, and minimizing food loss and waste. We consider this business to be one of the prime areas where we can fulfill ASV. We will apply the full force of the Ajinomoto Group's expertise, materials, product development capabilities, and manufacturing technologies to increase the sales composition ratio of our health-solution products and comprehensively strengthen them with the value-added features of lower salt, optimized protein intake, free of three major allergens (eggs, dairy, and

wheat), and improved nutritional balance. We will concentrate investments into the Asian food category overseas and seek to generate business growth surpassing the market growth. We will also implement measures to strengthen our business structure, such as by downsizing operations in North America that are struggling to maintain profitability.



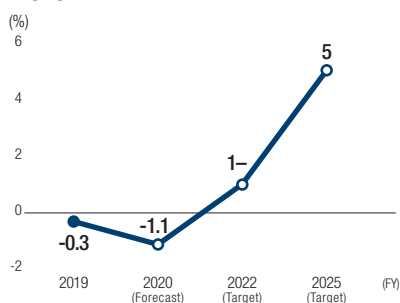
TAI PEI® reduced-salt product



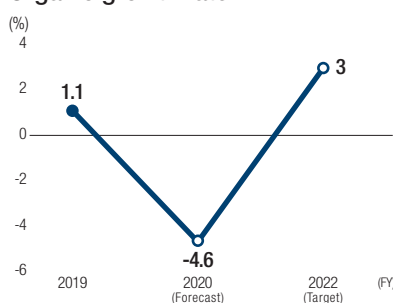
Medimeal® Flan Custard for enhanced protein intake

The Frozen Foods business currently has manufacturing bases in six countries supplying products to over 30 countries and regions. We are consolidating the manufacturing and distribution networks to support dynamic business growth with integrated global management. Measures will be launched in fiscal 2020 to improve asset usage efficiency by reducing fixed assets and increasing factory utilization rates. Growth investment for the Frozen Foods business will concentrate on the core product categories.

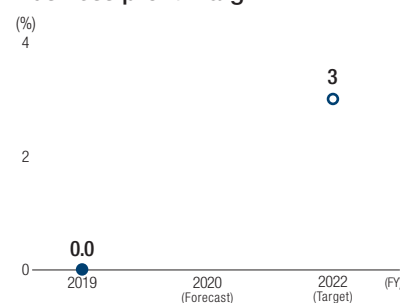
ROIC



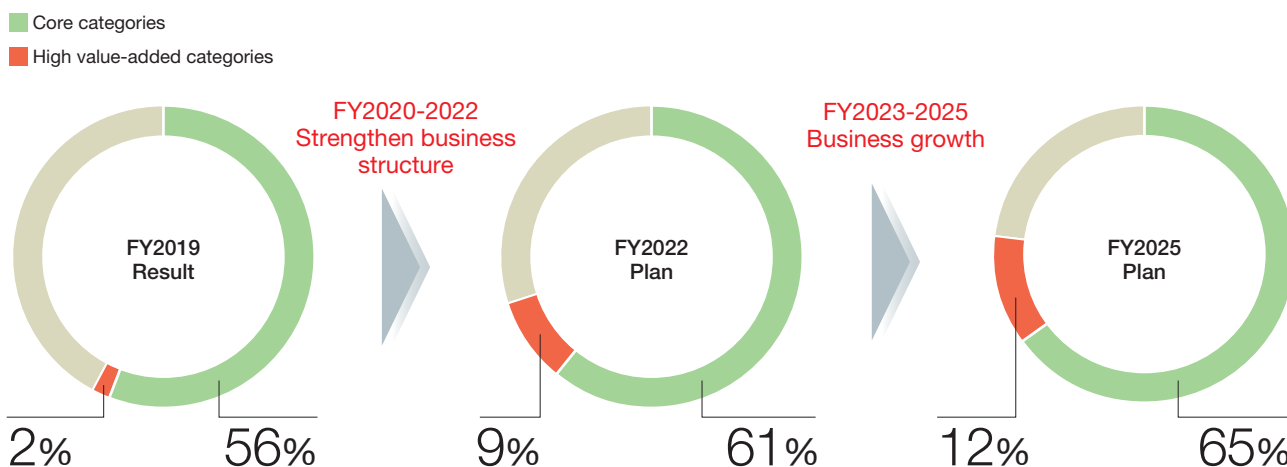
Organic growth rate



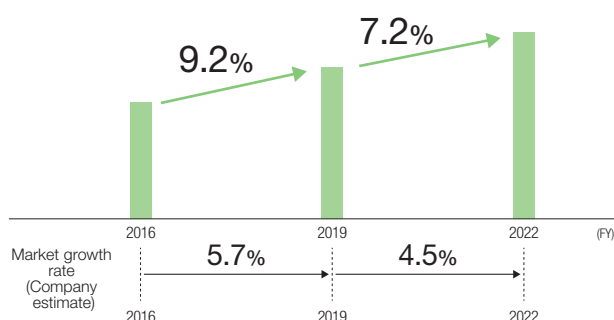
Business profit margin



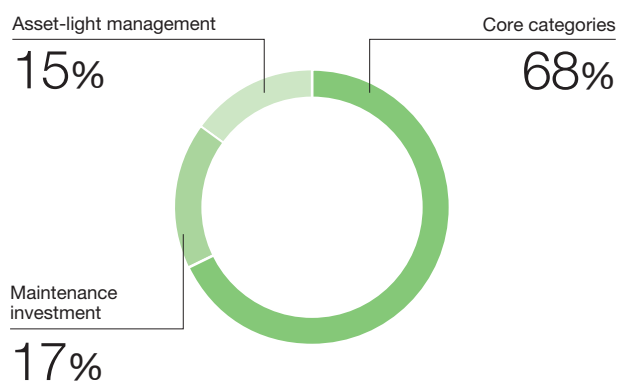
FY2020-2025 sales composition plan



Sales growth rate (CAGR) of the frozen Asian foods category in North America



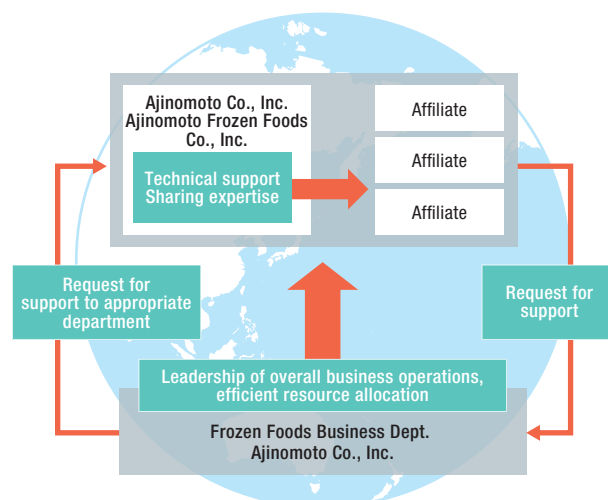
FY2020-2022 capital expenditure plan



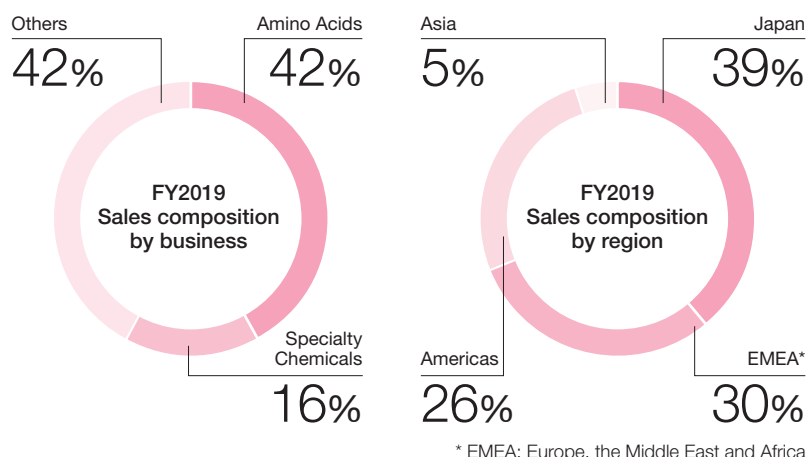
Integrated global management of the Frozen Foods business

The Ajinomoto Group has created a new operating structure for the Frozen Foods business, which previously had affiliates independently advancing their businesses. Aimed at accelerating global business growth, the new structure adopted in fiscal 2019 is built on integrated worldwide management enabling the Group to promote a universal strategy and align all of its businesses on a single vector. The new structure supports faster decision-making and more efficient resource allocation from a global business perspective, while also enabling the Group to provide stronger support for affiliates using the world-class manufacturing technologies and expertise cultivated in Japan. The freer flow of communication among Group companies around the world about marketing, R&D, and production functions is already being used to share best practices and create new systems for human resources development.

Frozen Foods business global operation



Healthcare and Others Business



FY2020-2025 Healthcare and Others business strategy

The Healthcare and Others business aims for an organic growth rate of 4% and business profit margin of 12% by fiscal 2022, and ROIC of 12% or higher by fiscal 2025. To achieve this, we will establish a highly efficient and high-growth business portfolio as well as expand the value we provide in BtoB and BtoC businesses.

In the Amino Acids business, “Ajinomoto Bio-Pharma Services,” which offers pharmaceutical contract development and manufacturing services globally, is experiencing robust growth. We have gained expertise and know-how through contract services from major pharmaceutical companies, having built strong relationships with these companies for many years. At the same time, we are reinforcing our business foundation by focusing on the growth domains of antibody drugs and oligonucleotide therapeutics. As for amino acids for pharmaceuticals and foods, we will aim to increase our presence in medical foods and cell culture medium for regenerative medicine, which are growth domains, while responding to demand from customers globally.

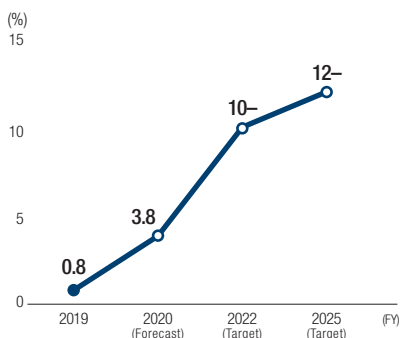
Our mainstay product in the Specialty Chemicals

business is *Ajinomoto Build-up Film® (ABF)*, an interlayer insulating material for semiconductor packages used in computers and smartphones. *ABF* is expected to see sustained growth buoyed by growing demand for new network services for high speed communication and for server applications for data centers, which are growing globally driven by 5G.

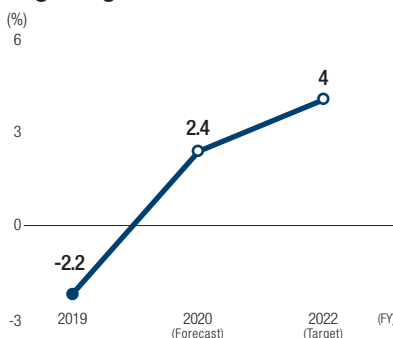
Furthermore, we will integrate food and AminoScience more actively to promote products and solutions using amino acids that can maintain and improve the body’s physical functions. We will evolve *AminoIndex®*, which assesses disease risks based on the balance of amino acid concentration in blood, and expand the reach of exams to lowering the risk of cognitive function decline. Based on this, we will develop a platform for providing integrated services tailored to individuals closely linked to exam results and the results of diet/lifestyle-driven assessments.

In the Animal Nutrition business, where commoditization continues, we will shift to specialty products with high added-value.

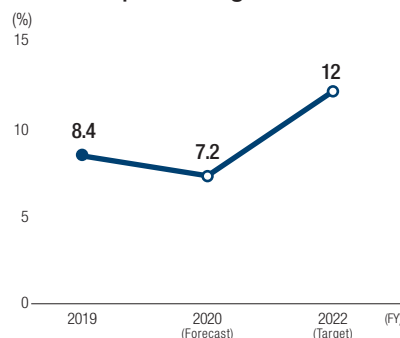
ROIC



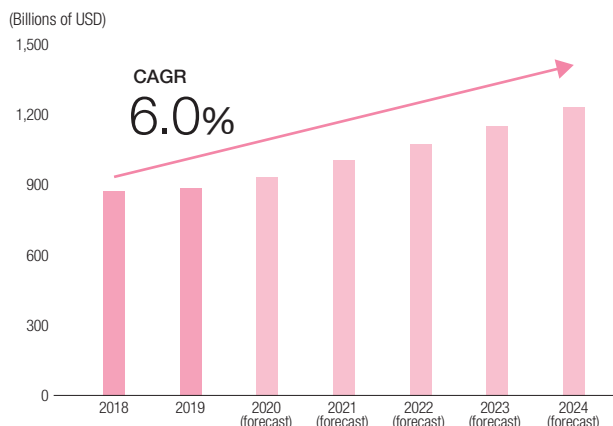
Organic growth rate



Business profit margin

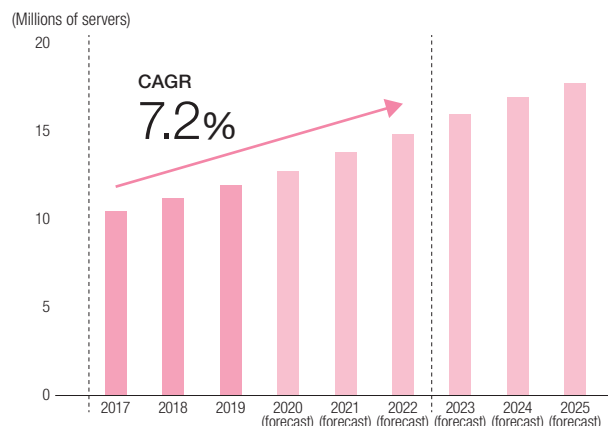


Worldwide total prescription drug sales



Source: Evaluate Pharma

Worldwide data center server demand (Company estimate)



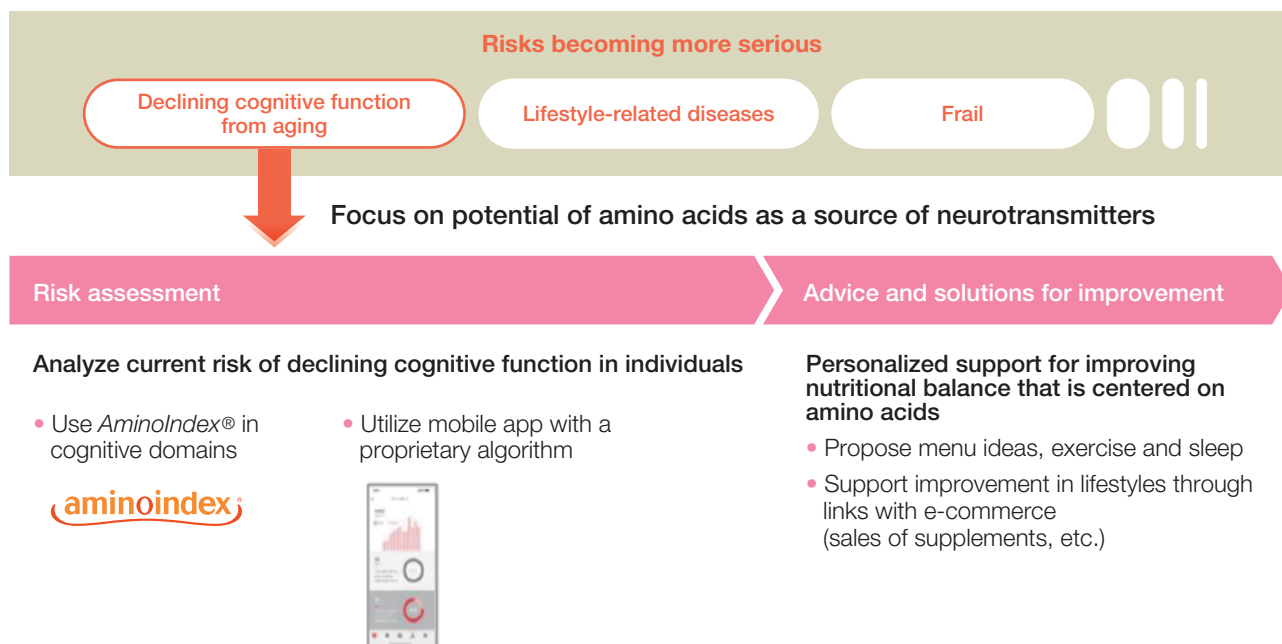
Providing solutions that support individuals' health

As aging progresses around the world, forecasts indicate health issues will emerge, driven mainly by the loss of muscle mass and decline in cognitive functions associated with aging. The Ajinomoto Group has elucidated and created an index for the balance of amino acid concentration in the blood. Using "AminoIndex technology" that assesses healthy conditions and disease

risks, we have developed a method to analyze current risks of decline in cognitive function. Also, we are developing algorithms that analyze the correlation between eating, lifestyle habits and decline in cognitive function. We will provide support to individuals to improve their lifestyles by delivering tailored advice and solutions to consumers.

► For details, see p.23 "Business Model Transformation / Project overview."

Developing a platform for personalized nutrition



Fostering a corporate culture that produces innovation

Our people are the key players in achieving our new Vision. We are now working to foster an innovative corporate culture through the promotion of diversity and inclusion, skills development, and ASV as one's own initiative.



Increasing investment in human resources as a pathway to enhancing corporate value

The Ajinomoto Group plans to boost investment in human resources by around 2.5 times compared to the 2017-2019 MTP in order to transform into a highly productive organization that can resolve issues and fulfill our new vision. We established productivity per employee as an indicator for monitoring the success of our initiatives. We have also defined employee engagement, diversity and inclusion, and work style as the three pillars to implement for boosting productivity.

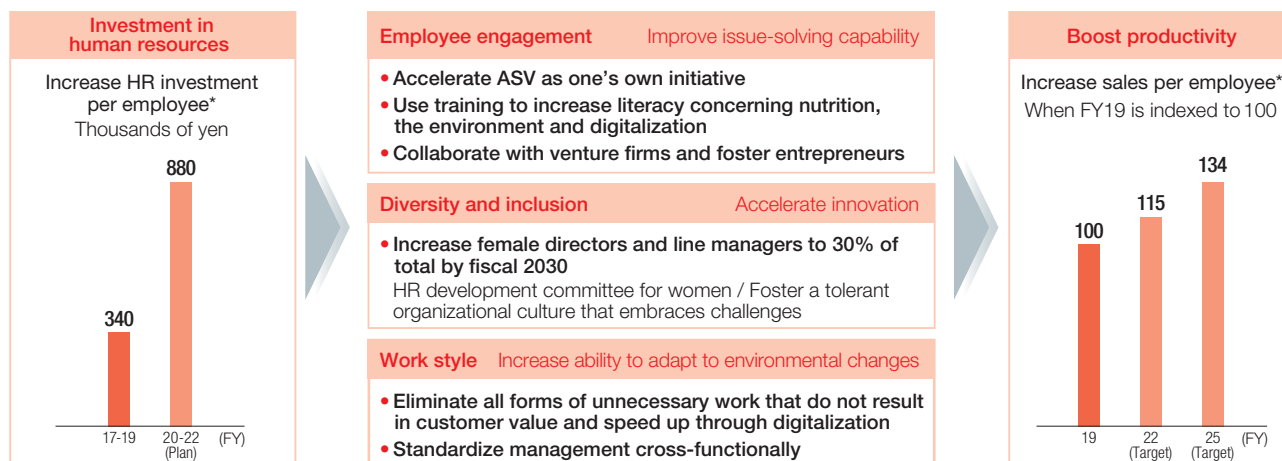
First, in terms of engagement, we will promote the skills of each employee to better resolve issues, including literacy concerning nutrition, the environment and digitalization. At the same time, we will set organizational

and individual goals of solving issues together with our customers and standardize the plan-do-check-action (PDCA) cycle of management.

Second, we will promote diversity and inclusion to accelerate innovation. Ajinomoto Co., Inc. plans to increase female directors and line managers to 30% of the total by fiscal 2030.

Third, we will take our work-style innovations to the next step and increase our ability to adapt to environmental changes. We will eliminate all forms of unnecessary work with digitalization so as to dedicate ample time to increasing customer value.

Three pillars for boosting productivity



* Amounts and indicators for Ajinomoto Co., Inc.

Engagement for skills to better resolve issues

The engagement of employees in the creation of customer value is vital to enhancing the Ajinomoto Group's corporate value. Toward this end, we need to increase the number of employees taking the lead in implementing ASV in their work; or put another way, the number of employees who feel they are contributing to our vision. This is because they will serve as a key driver propelling the organization forward.

The process for increasing employee engagement begins with dialogue with the CEO and General Managers of business or corporate divisions, but also involves setting personal goals linked with the organization's goals. During this process, we utilize operational excellence methods to ensure employees feel a keen sense of contributing to issue solving, and quantify the results of value improvement, viewing not only consumers, but also other divisions in the company's value chain as a customer. In addition, by sharing goals within each organization through the personal goal presentation, we foster a culture where employees tackle challenges while embracing our vision. We also actively share and commend best practices.

The employee engagement score on the annual engagement survey is used as an important KPI; based on which we track trends in the ASV engagement of employees and then reflect any issues identified in the survey results in next year's plan.

KPI: Employee engagement score*

FY2019 performance: **55%**

FY2030 target:
85% or higher

* The percentage of employees who talk about how they implement ASV through their own work with their family, friends and business partners is measured using the engagement survey for the Group employees.

Management cycle that increases ASV engagement



► See pp.25–26 "Companywide Operational Transformation."

► For details, please see the Ajinomoto Group Sustainability Data Book 2020.
<https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

ASV Awards accelerating ASV as one's own initiative

We will share best practices in realizing ASV and utilize them in setting personal goals to help employees embrace ASV as one's own initiative.

The ASV Awards is a program for commending particularly excellent examples of initiatives that embody ASV. Outside experts are also involved in the selection of awards. The grand prize in fiscal 2019 went to Ajinomoto AGF, Inc., for its project to contribute to the prevention of global warming and realization of a resource recycling society through packaging material innovation of its mainstay stick



Representative of the Grand Prize winners

Takumi Inoue

Package Development
Department
Ajinomoto AGF, Inc.

products. The initiatives entered into the awards are shared with employees through social media and other means, which will be of help for personal goal setting and for further realization of ASV. In this manner, we are accelerating the ASV engagement of employees.

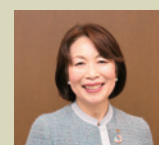
Outside judges for ASV Awards



Kumiko Bandou
President
Japan Legal
Support Center



Junko Edahiro
President
e's Inc.



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



Yasuo Saito
Outside Director
Ajinomoto Co., Inc.



Takashi Nawa
Outside Director
Ajinomoto Co., Inc.



Kimie Iwata
Outside Director
Ajinomoto Co., Inc.

Skills development to better resolve issues

To produce innovations that resolve food and health issues, we need to promote the ASV engagement of employees and skills development to enhance the issue-solving ability of each employee. Our focus is particularly on increasing the literacy of all employees concerning nutrition, the environment and digitalization, organizing participatory training to promote ASV as one's own initiative, and our in-house entrepreneur development and venture collaboration programs. We will implement the PDCA cycle where skills development is combined with the management cycle for increasing the ASV engagement of employees.

Increasing employee literacy aimed at realizing the Vision

In fiscal 2020, we will prepare training curriculum and promotional activities on the theme of nutrition for employees of Ajinomoto Co., Inc. Employees will master basic knowledge of nutrition, nutritional issues around the world, approaches to nutrition by the Group, the power of amino acids, and the nutritional information of the Group's products. By doing so, we will empower employees to propose new value to customers with confidence and engage in proactive activities concerning nutrition.

In addition, to increase digital literacy, we have started curriculum for fostering business DX talent, system developers and data scientists, and we will establish certification programs for each. By fiscal 2022, we aim to certify 100 employees as business DX talent, 20 employees as system developers and 50 employees as data scientists. With our operations upgraded as a result, we will be able to lead social transformation using digital technology.

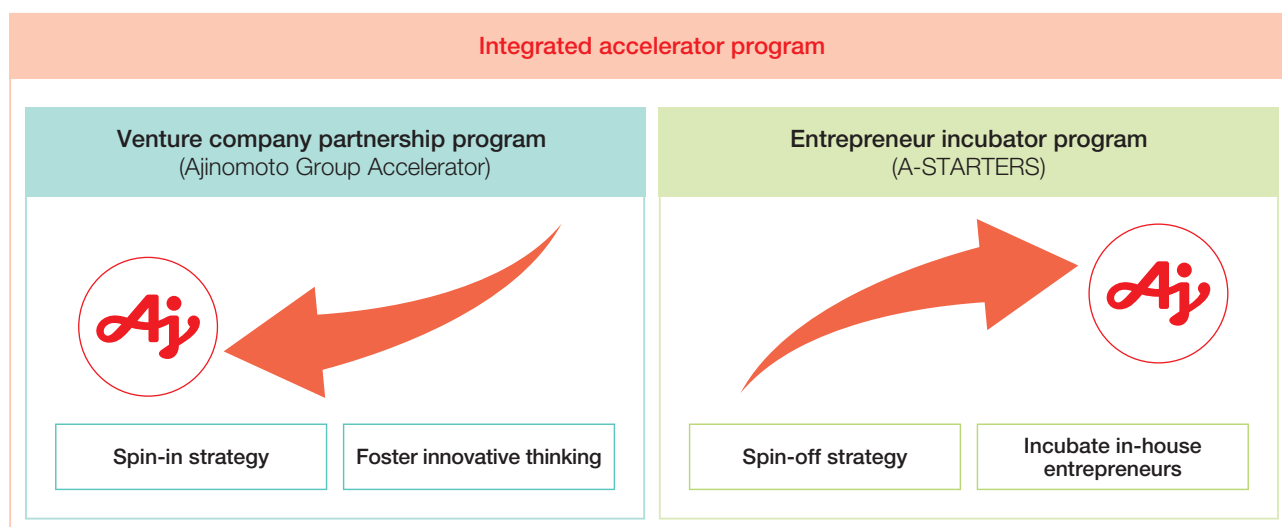
Integrated accelerator program for identification and fostering of internal entrepreneurs and collaboration with outside entrepreneurs

We will implement an accelerator program that integrates the following two programs with the purpose of fostering a corporate culture for innovation creation and development of the infrastructure needed in-house.

First is Ajinomoto Group Accelerator, a program that supports and promotes business development of outside venture firms. This program will allow us to invigorate initiatives for new business development based on the themes of "food and health" and "coexistence with communities and the earth," and support venture firms that are active in these domains. Catalysts for bridging the Ajinomoto Group's management resources to venture firms during the program will be selected within the company, and through collaboration, we will foster entrepreneur talent. When a promising venture firm is identified, we will make a small investment, and, even after the program ends, we will continue with the business partnership established.

Second is A-STARTERS, a program for employees of Ajinomoto Co., Inc. It identifies and educates entrepreneurs within the company, and promotes commercialization of business ideas. The program allows employees to work for the company to promote their entrepreneurial ideas even if they do not possess enough knowledge or experience in commercialization. Those who pass the screening will undergo training and receive support for commercialization, including mentoring. In addition, after the program ends, we will provide outlets for commercialization, including spin-outs, regarding promising business ideas.

Creating a new growth model using open and linked innovation



Diversity and inclusion for corporate culture transformation

To generate innovation in a timely manner, talents from diverse backgrounds, including gender, generation, nationality and career, need to harness their skills. For this reason, the promotion of diversity and inclusion represents an important management strategy for the Ajinomoto Group.

We are not only hiring and promoting diverse talent, but also developing the systems required for diverse work styles and diverse career paths. Simultaneously, we are cultivating an organizational culture that embraces diversity.

We have launched initiatives from Japan, recognizing that the country lags behind other parts of the world in terms of diversity and inclusion. Ajinomoto Co., Inc. will increase the number of female leaders and accelerate the transformation of our corporate culture. We aim to increase female directors and line managers to 30% by fiscal 2030.

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

Percentage of female directors

FY2019 result: 12.5%

FY2030 target: 30%

Percentage of female line managers

FY2019 result: 6%

FY2030 target: 30%

HR development committee for women supporting the advancement of female employees

In October 2017, we established the HR development committee for women, chaired by the officer in charge of diversity and HR. Its goal is supporting the promotion of female employees and the active role of women in the workplace. The committee's initiatives include mentoring programs. Officers or organization heads mentor female employees (manager class or higher) to provide skills development support from an objective perspective beyond their direct supervisor. This program is aimed to speed up the appointment of women to senior management positions and allows them to expand their horizons and grow their personal network inside the company.

Fostering an organizational culture with unconscious bias training

Unconscious bias is a hurdle to promoting diversity and inclusion because it makes it difficult to be aware of one's own bias. In 2018, Ajinomoto Co., Inc. began holding unconscious bias training. This training examines how to become aware of one's own unconscious bias and what impacts it has on decisions related to people and things. The objective of the training is for employees to recognize and control bias in their thinking and actions.

In 2018, this training was held for senior management and HR departments. In October 2019, we began providing the training to all employees. Through this training, we hope to foster an organizational culture that embraces diverse opinions, and gives rise to daily creative innovation from new perspectives.



Training participants

► For details, please see the Ajinomoto Group Sustainability Data Book 2020.
<https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>



Corporate Governance

Corporate governance is the foundation for becoming a group of companies that provides solutions to food and health issues. We are continuously working to build an effective corporate governance 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 Director meetings (FY2019)	18 (See p.64)
Number of Audit & Supervisory Board meetings (FY2019)	14 (See p.64)
Number of voluntary committees of the Board of Directors (FY2019)	Nominating Advisory Committee3 Compensation Advisory Committee ...5 Corporate Governance Committee ...6 Management Foundation Review Committee9 (See p.64)
Compensation systems for officers, etc.	See p.65
Directors' term of office	2 years
Adoption of corporate executive officer system	Yes
Accounting auditor	KPMG AZSA LLC*

* Appointed June 24, 2020, replacing Ernst & Young ShinNihon LLC



Message from the Chairman of the Board

Overseeing the path to realizing our vision for sustainable growth objectively**Masatoshi Ito**

Chairman of the Board

**Active discussions held from an early stage when establishing our new vision and MTP**

Recently, we established our vision for 2030. Because we were able to reach an early consensus among the Board of Directors regarding the overarching direction, we went ahead with discussions on the growth strategy and investment plan for this vision. During these discussions, Outside Directors offered objective feedback and advice, which energized discussions at Board meetings and other meeting bodies. I feel this resulted in a vision that is very grounded. Outside Directors were involved from the early stage of the 2020-2025 MTP formulation process, which resulted in a number of useful opinions regarding investment in intangible assets. Going forward, I'm convinced this process has paved the way for more in-depth discussions on matters of importance for management.

Governance system changes and compensation system revision to further enhance objectivity and effectiveness

In June 2019, we made changes to our corporate governance system. First, we established a system where three Outside Directors were appointed to chair the Nominating Advisory Committee, Compensation Advisory Committee, and Corporate Governance Committee, which report directly to the Board of Directors. Outside Directors now lead discussions by these committees; therefore, it has increased the objectivity of the deliberation process and outputs. We also established the Outside Director Communication Committee to facilitate the exchanging of views among Outside Directors.

Next, we increased the number of Non-Executive Internal Directors by one. Utilizing his wealth of knowledge and experience in Group company management inside and outside of Japan, he is supervising operations effectively, including at the Group companies where he

has been appointed Director. This increase in Non-Executive Internal Directors has been highly praised by Outside Directors, too, from the standpoint of increasing the effectiveness of the Board of Directors.

We have partially revised our compensation system which was approved at the shareholders meeting held in June 2020. After determining that enhancing shareholder value should be evaluated based on increased medium-term capital efficiency, we removed ROE, which fluctuates due to short-term financial leverage, as an evaluation indicator for short-term company performance-linked compensation. We revised the key indicators for medium-term company performance-linked stock compensation to return on invested capital achievement rate, core business sales ratio achievement rate, relative total shareholder return, employee engagement and ESG targets.

Separation of business execution and supervision, and the continued pursuit of diversity

The Board of Directors will push ahead with the new vision and the 2020-2025 MTP. At the same time, the Corporate Governance Committee will take the lead in continually reviewing measures and mechanisms for appropriate supervision. Discussion incorporating diverse perspectives is a point of emphasis. We are now focusing on diversity in management, including increasing the number of female directors and appointing foreign nationals to corporate executive officer positions, and we plan to strengthen and expand this diversity.

Masatoshi Ito
Chairman of the Board

Basic approach to corporate governance

The Ajinomoto Group considers corporate governance an important part of the management foundation needed to accelerate its ASV efforts and become a solution-providing group of companies for food and health issues.

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 describes 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 and continuously enhance corporate value.

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

Initiatives to reinforce governance

2003

- Introduced the corporate executive officer system
- Decreased the number of directors (from 30 to 12)
- Appointed an outside director (one of 12 directors)

2004

- Appointed outside corporate auditors (three)

2005

- Established the Nominating Advisory Committee
- Established the Compensation Advisory Committee

2009

- Increased the number of outside directors (two of 15 directors)

2011

- Appointed a female outside director (one of 15 directors)

2015

- Increased the number of outside directors (three of 14 directors)

2016

- Introduced Board of Directors’ effectiveness assessments

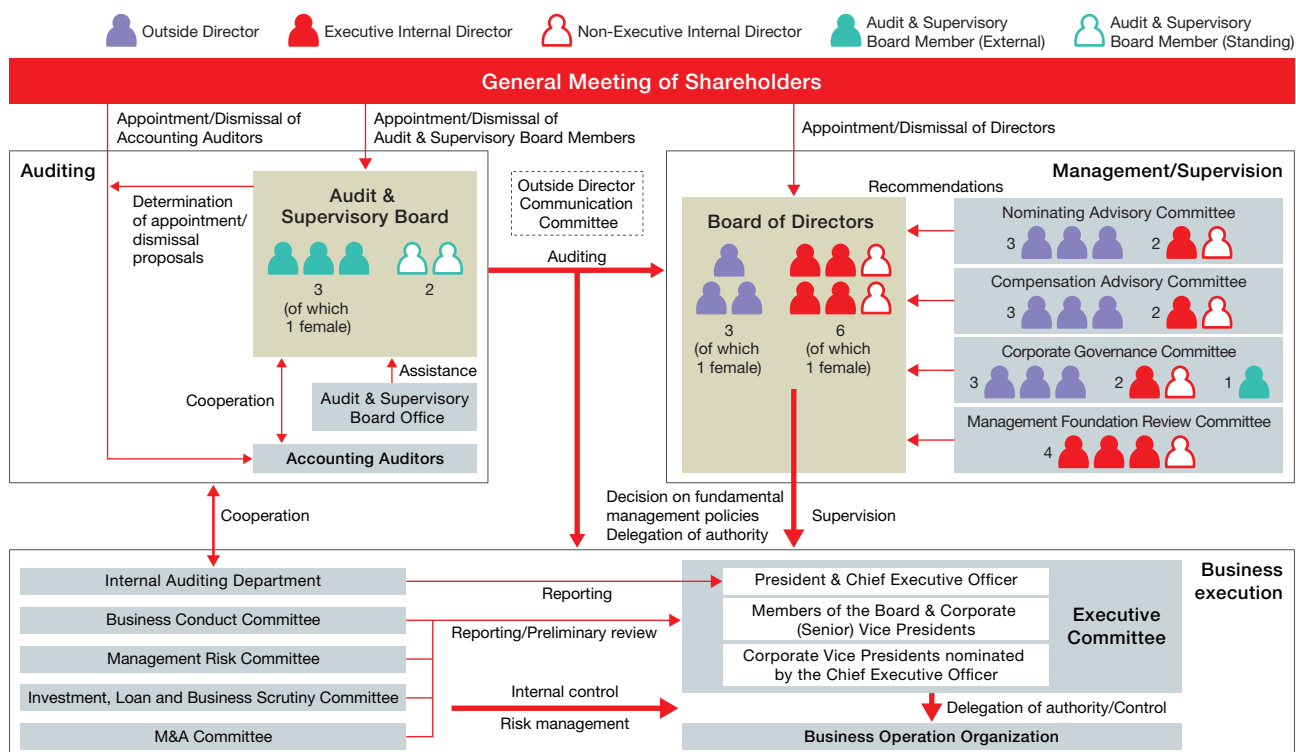
2017

- Decreased the number of internal directors (from 10 to 6)
- Established the Corporate Governance Committee
- Introduced a stock compensation system linked to medium-term company performance

2019

- Published Ajinomoto Principle on Corporate Governance

Corporate governance framework



Audit & Supervisory Board

The Audit & Supervisory Board works with the accounting auditor and the Internal Auditing Department to audit the execution of duties by Directors and Corporate Executive Officers, etc.

Board of Directors

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

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 for the Chief Executive Officer, and reports on these deliberations to the Board of Directors.

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, and reports on these deliberations to the Board of Directors.

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.

Management Foundation Review Committee

The Management Foundation Review Committee consists of four members: three Representative Directors including the President and one Non-Executive Internal Director. 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.

Executive Committee

The Executive Committee deliberates on company management policies and plans, and makes important business execution decisions. The Committee consists of the Chief Executive Officer, one Corporate Executive Deputy President, two Corporate Senior Vice Presidents, and five Corporate Vice Presidents.

Meeting attendance in fiscal 2019

Name Position	Board of Directors	Audit & Supervisory Board	Nominating Advisory Committee	Compensation Advisory Committee	Corporate Governance Committee	Management Foundation Review Committee
Masatoshi Ito Chairman of the Board**	***100%	—	—	—	—	—
Takaaki Nishii President*	100%	—	100%	100%	100%	***100%
Hiroshi Fukushi Director*	100%	—	—	—	—	100%
Masaya Tochio Director*	100%	—	—	—	—	100%
Chiaki Nosaka Director	100%	—	—	—	—	—
Etsuhiro Takato Director**	94%	—	100%	75%	100%	100%
Yasuo Saito Outside Director	100%	—	100%	***100%	100%	—
Takashi Nawa Outside Director	100%	—	100%	80%	***100%	—
Kimie Iwata Outside Director	100%	—	***100%	100%	80%	—
Yoichiro Togashi Audit & Supervisory Board Member (Standing)	100%	***100%	—	—	—	—
Shizuo Tanaka Audit & Supervisory Board Member (Standing)	100%	100%	—	—	—	—
Atsushi Toki Audit & Supervisory Board Member (External)	94%	100%	—	—	100%	—
Hideki Amano Audit & Supervisory Board Member (External)	94%	100%	—	—	—	—
Hiroshi Murakami Audit & Supervisory Board Member (External)	100%	100%	—	—	—	—

* Representative Director ** Non-Executive Internal Director *** Chair

No. of meetings during appointment

Board of Directors: 18 (Nosaka, Iwata: 13) Audit & Supervisory Board: 14 (Indo was appointed on June 24, 2020) Nominating Advisory Committee: 3

Compensation Advisory Committee: 5 (Iwata, Nishii, Takato: 4) Corporate Governance Committee: 6 (Iwata, Takato: 5) Management Foundation Review Committee: 9

Succession plan

A detailed description of the succession plan is available on the corporate website.

► For details, please see the Ajinomoto Principle on Corporate Governance.
https://www.ajinomoto.co.jp/company/en/ir/strategy/corp_gov/main/0/teaseritems1/03/linkList/03/link/principle_E.pdf

Officer compensation systems

Compensation for Directors (excluding Outside Directors) comprises monthly compensation, short-term company performance-linked compensation, and medium-term company performance-linked stock compensation, as described below.

■ Monthly compensation

Set with reference to the results of a survey conducted by an external organization.

■ Short-term company performance-linked compensation

Paid based on an assessment of the Company's overall and each division's earnings performance for a fiscal year. Assessment elements during fiscal years 2017-2019 were consolidated sales, business profit, profit attributable to owners of the parent company, and ROE.

■ 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 based on an assessment of the Company's earnings performance in the final fiscal year of the MTP.

Assessment elements during fiscal 2017-2019 were consolidated business profit and ROA. On a 6-point scale, with the highest performance score a 6, compensation-related performance was assessed as a 2 for the period.

In fiscal 2020, the criteria for short-term company performance-linked compensation and medium-term company performance-linked stock compensation were revised as follows.

■ Short-term company performance-linked compensation

Paid based on an assessment of the Company's overall earnings performance for a fiscal year.

Assessment criteria (consolidated performance)	Assessment weighting
Sales	30%
Business profit	50%
Profit attributable to owners of the parent company	20%

■ Medium-term company performance-linked stock compensation

Paid in the form of shares of the Company and an amount of cash equivalent to the conversion value of Company shares based on an assessment of the Company's earnings performance for the fiscal 2020-2022 period.

Assessment criteria	Performance target	Assessment weighting
ROIC achievement rate*1	8.0%	60%
Core business sales ratio achievement rate*2	70%	20%
Relative total shareholder return*3	1	10%
Employee engagement*4	—	5%
ESG targets*5	—	5%

*1 Weighted average value of target achievement rate for each year in the period (weighted average: 25% in 2020, 25% in 2021, 50% in 2022) ROIC is calculated based on the following formula. All figures are consolidated amounts.

Net operating profit less adjusted taxes for the fiscal year ÷ ((Invested capital for the fiscal year + Invested capital for the previous fiscal year) ÷ 2)

Invested capital = Shareholders' equity attributable to owners of the parent company + Interest-bearing debt

*2 Target achievement rates for fiscal 2022

Core business sales ratio achievement rate is calculated based on the following formula. All figures are consolidated amounts.

Core business sales for fiscal 2022 ÷ Consolidated sales for fiscal 2022

*3 Target achievement rates for fiscal 2022

Relative total shareholder return is calculated based on the following formula.

Total Company shareholder return at the final day of fiscal 2022 ÷ Total TOPIX shareholder return including dividends for the corresponding period used to calculate total Company shareholder return

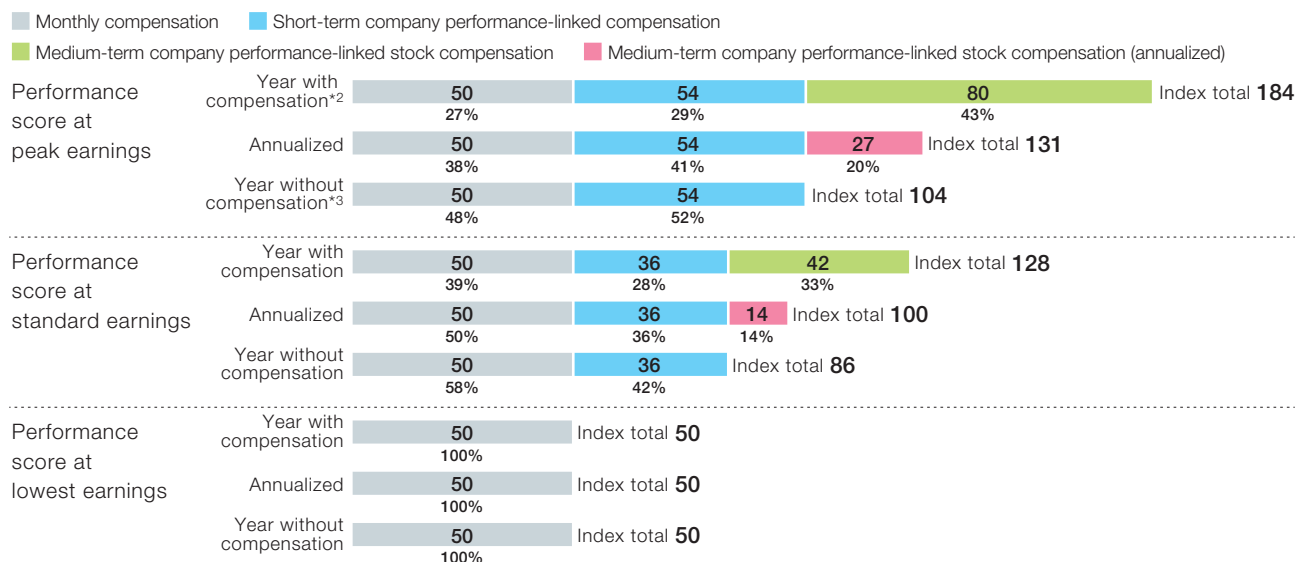
*4 Self-assessment of employee engagement survey results, the initiatives started in the MTP and achievement of these initiatives

*5 Self-assessment of the initiatives and achievement of the ESG targets in the MTP

The (annualized*1) payment ratio of monthly compensation, short-term company performance-linked compensation, and medium-term company performance-linked stock compensation when the performance target criteria have been achieved is approximately 50:36:14. The variation

range for the performance scores was revised in fiscal 2020. When standard performance score for total (annualized) compensation is 100, total compensation and the payment ratios for the highest and lowest performance scores are as follows.

Ratio of compensation



*1 The amount of medium-term company performance-linked stock compensation that would be paid after the three-year MTP period is completed, divided into equal amounts for each year

*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

Stance on cross-shareholdings

The Company is gradually decreasing the volume of cross-shareholdings to the minimum amount necessary. Shareholdings considered suitable to retain and that are commensurate with the cost of capital in terms of benefits and risk will be retained; shareholdings deemed inappropriate or unsuitable to retain will be sold upon

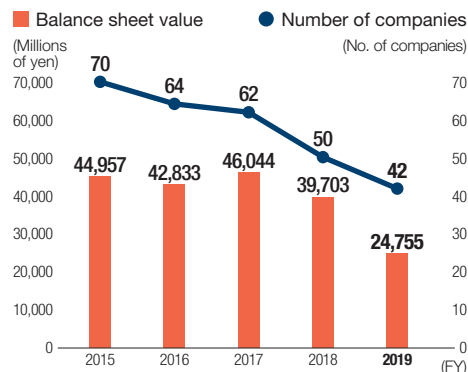
determining the most appropriate divestment procedure.

The Board of Directors annually reviews the suitability of each cross-shareholding and reviews the purpose of holding the shares and whether the associated benefits and risks are commensurate with the cost of capital.

Cross-shareholdings and balance sheet value

		FY2015	FY2016	FY2017	FY2018	FY2019
Number of companies	Listed	70	64	62	50	42
	Unlisted	70	68	69	67	67
	Total	140	132	131	117	109
Balance sheet value (millions of yen)	Listed	44,957	42,833	46,044	39,703	24,755
	Unlisted	1,748	3,565	2,324	3,355	3,177
	Total	46,706	46,399	48,369	43,059	27,932

Listed stocks



Message from Outside Director

Fostering the flexibility to correctly address disruptive change using a longer term perspective

Takashi Nawa

Outside Director

Praise for the Ajinomoto Group's new MTP established after backcasting from 2030

For some time, I have stated the need to clarify the long-term direction of the Ajinomoto Group. While I highly commend the Group for creating the 2020-2025 Medium-Term Management Plan (MTP) after backcasting from its vision for 2030, I feel like 2030 is too short of a time frame. With an eye toward 2050, the Group needs to refine its insight and approaches based on the scenario of an ever-changing world.

Under the new MTP, asset-light measures and digital transformation (DX) have been cited as new focal points. Once the correlative relationship between these initiatives and ASV as a foundation is made clear, stakeholders should be able to better comprehend the Group and its initiatives.

In terms of asset-light measures, the Group needs to reduce tangible assets while increasing intangible assets. Going forward, the Group will also need to further narrow the scope of investments in intangible assets, such as human resources, brand, knowledge (algorithm: value co-creation equation), and network (ecosystem: relationships of co-existence and co-prosperity with others). I would like the Group to focus particular efforts on reviewing its brand and algorithm. In regard to DX, I feel the Group should actualize and accelerate eco-system transformation (DX 2.0) and business model transformation (DX 3.0), since the first stage of operational excellence (DX 1.0) is progressing nicely.

The success of these transformations under the MTP will be dictated based on whether existing business divisions and the cross-functional transformation teams can collaborate together, and whether the activities of not only Japan but also other regions can be linked together. In other words, the key to success will be whether the Group can become One Team. Such actions to face off against constant change in the world will call into question the Group's scale and speed. The Group needs to become more flexible in working to address environmental



changes, both correctly and tirelessly. I would like the Group to build a system for generating innovation in each region and department and, then, use this system for the growth of the entire Group.

As an ultra-short-term perspective, the Group must address changes occurring in each country and region as a result of the COVID-19 pandemic. In addition to interim countermeasures, I have asked senior management to review agile measures aimed at *protraction with COVID-19* and *after COVID-19*. The newest MTP was created before COVID-19, and I expect the Group to become more adaptable to its environment, where it must be willing to revise the MTP often and without guiding principles.

Execution is most important of all, so I will provide my advice to top management steadily, including in informal settings.

Deepen discussions of governance structure and processes to support the execution side

The Corporate Governance Committee, which I chair, is moving ahead with discussions referencing the best practices of peers in order to make fundamental changes to the Company's governance structure and processes. In hindsight, however, time has been taken up by discussions on the *what*, so I feel more discussions are needed on the *why*. We will also need to discuss the *how* including who specifically will be responsible, while collaboration with the Nominating Advisory Committee will be indispensable.

The Ajinomoto Group's corporate governance challenges can be found in the details and not the system. Normally, the execution side should continually examine the correct risks always ahead of market changes, while maintaining a long-term and broad perspective. The role of governance is to support the execution side so that it can carry out corporate management autonomously. I will continue to play such a role now and in the future.

Directors, Auditors and Corporate Executive Officers



Masatoshi Ito
Chairman of the Board



Takaaki Nishii
Representative Director,
President & Chief Executive
Officer



Hiroshi Fukushi
Representative Director &
Corporate Executive Deputy
President



Masaya Tochio
Representative Director &
Corporate Senior Vice President



Chiaki Nosaka
Member of the Board &
Corporate Vice President



Etsuhiro Takato
Member of the Board



Yasuo Saito
Outside Director
Quick career summary
• Director-General, European Affairs
Bureau, Ministry of Foreign Affairs
• Diplomat



Takashi Nawa
Outside Director
Quick career summary
• McKinsey & Company
• Visiting Professor, Hitotsubashi ICS
(present position)



Kimie Iwata
Outside Director
Quick career summary
• Ministry of Labor (currently, Ministry
of Health, Labour and Welfare)
• Director, Shiseido Co., Ltd.



Yoichiro Togashi
Audit & Supervisory Board
Member (Standing)



Shizuo Tanaka
Audit & Supervisory Board
Member (Standing)



Atsushi Toki
Audit & Supervisory Board
Member (External)
Quick career summary
• Attorney-at-law



Hideki Amano
Audit & Supervisory Board
Member (External)
Quick career summary
• Certified public accountant



Mami Indo
Audit & Supervisory Board
Member (External)
Quick career summary
• Daiwa Securities Co., Ltd.
• Senior Executive Director,
Daiwa Institute of Research Ltd.
• Commissioner, Securities and
Exchange Surveillance Commission

► For details, please see Officers on our corporate website.
<https://www.ajinomoto.com/aboutus/group/officers>

The Ajinomoto Group conducts strategic risk management linked to its management strategy and each business strategy, with the aim of increasing corporate value, following the Group Shared Policy on Risk Management.

Risk management framework

The Ajinomoto Group conducts an annual review of the materiality items which have a substantial impact on our ability to create value through ASV. Here, we identify the risks and opportunities associated with each materiality item. The Management Risk Committee, which has been formed under the Executive Committee, develops responses to risks and opportunities that have a groupwide impact. The Management Risk Committee evaluates and manages important risks and opportunities cross-functionally, including those pertaining to climate change, social issues, and technological innovation. This framework allows us to respond to crises in a timely and appropriate manner. Matters deliberated in the Management Risk Committee are reported to the Executive Committee and Board of Directors annually. For highly urgent themes, the Committee organizes separate working groups to work on formulating policies and project planning.

Risk management framework



The Group encourages independent risk management within each organizational unit. Further, each organizational unit performs an annual review of risk items and their degree of impact, reporting to the Management Risk Committee. The Business Conduct Committee, which is also under the Executive Committee, prepares manuals and other documents to address emerging crises. Following these, each organizational unit creates their own business continuity plan. We ascertain and inspect the status of preparations using crisis management training and other means.

Principal risks

Identified risks and opportunities associated with each materiality item along with the Group's key initiatives in response are available on the Company's website.

► For details, please see the Ajinomoto Group Materiality.
https://www.ajinomoto.com/sustainability/pdf/2020/materiality_en.pdf

Financial risks and opportunities in particular are as follows.

Financial risks	Related risks and opportunities (●Risk ○Opportunity)
Impairment loss	<ul style="list-style-type: none"> ● Failure of acquired subsidiaries, etc., to fulfill business plan ● Sharp increase in interest rates
Capital procurement	<ul style="list-style-type: none"> ● Depletion of capital due to financial crisis ● Ratings downgrade ● Additional capital procurement and worsening of rating arising from failure to fulfill plans due to various risk factors
Bankruptcy of customers	<ul style="list-style-type: none"> ● Unforeseen bankruptcies of customers including overseas customers
Fluctuation in exchange and interest rates	<ul style="list-style-type: none"> ● Slowdown in overseas business activity ● Impact on yen translation of business results of overseas subsidiaries
Country risk	<ul style="list-style-type: none"> ● Expropriation risk ● Risk of outbreak of war, conflict, etc.
Tax system change	<ul style="list-style-type: none"> ● Increase in business operational costs due to system reform (e.g., value-added tax in Brazil) ○ Lower future tax burden through system reform (e.g., reform of U.S. tax system)
Tax effect change	<ul style="list-style-type: none"> ●○ Higher/Lower tax expenses due to change in estimates of future taxable income, etc.

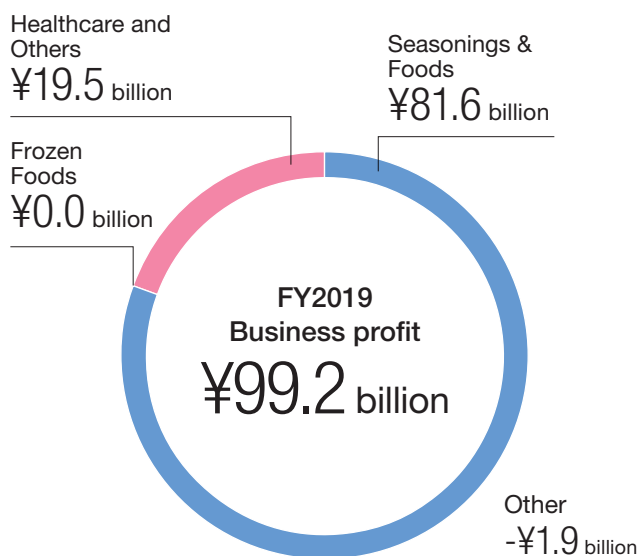
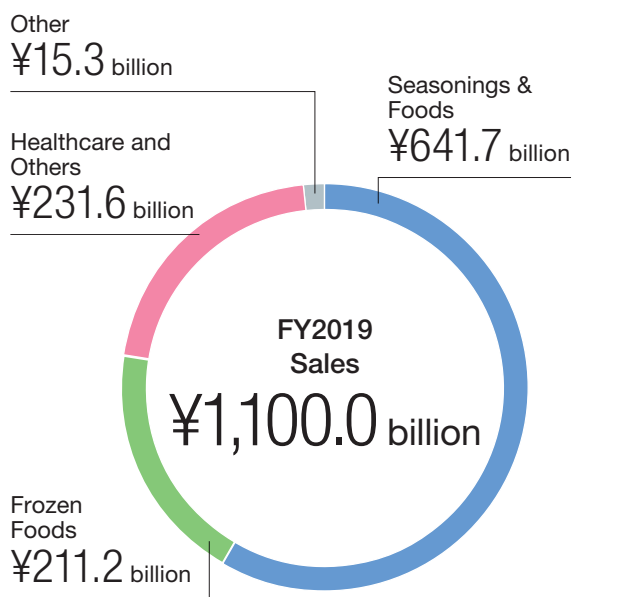
► For details, please see our Securities Report (Japanese only) and Financial Report 2020.
<https://www.ajinomoto.co.jp/company/jp/ir/library/securities.html>
<https://www.ajinomoto.co.jp/company/en/ir/library/report.html>

Performance and Information

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Review of FY2019 Financial Results by Segment

The business segments were reorganized in fiscal 2020. Figures in this section represent the current segment configuration.



Seasonings & Foods

- Sauce & Seasonings
- Quick Nourishment
- Solution & Ingredients

Sales	Business profit
¥641.7 billion	¥81.6 billion

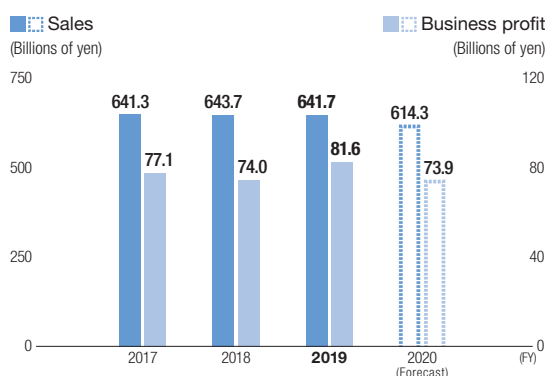
FY2019 Results

Advances in digital technology in recent years have accelerated the diversification of consumption, particularly in the Japanese market, and the structure of sales channels is also evolving. Sales in Japan were flat year on year as sales of seasonings for food services struggled during the COVID-19 pandemic at the end of the fiscal year, while sales continued strong for home-use and packaged food products. Domestic business profits increased year on year as costs declined in the coffee business and sales rose for core products.

Sales outside Japan were also flat year on year as sales of the core seasonings products steadily increased supported by growing middle-income consumers, particularly in Southeast Asia and South America. However, sales declined year on year in Vietnam, and results were also impacted by foreign currency exchange rates. Overseas business profits increased on higher prices for seasonings, higher unit prices for umami seasonings for processed food manufacturers, and cost reductions.

Overall segment sales were flat with the previous fiscal year and business profit increased.

Sales and business profit



Frozen Foods

Sales
¥211.2 billion

Business profit
¥0.0 billion

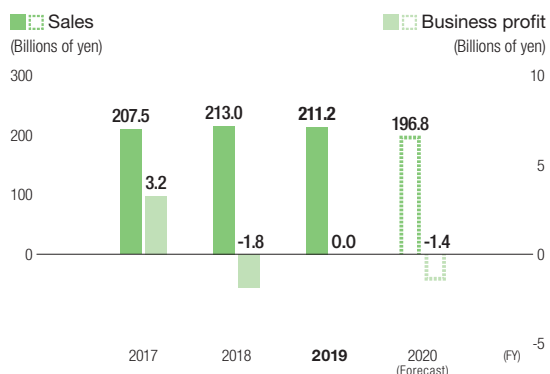
FY2019 Results

The frozen food market in Japan is characterized by strong competition in a small number of growth areas. While sales of restaurant-use products declined, overall domestic sales were flat year on year on solid sales in the core home-use category, particularly for Gyoza, and business profit rose, supported by improved productivity.

Sales outside Japan continued to rise in North America and Europe as the market for frozen Asian foods expanded on the growing popularity of Japanese food and increasing numbers of Japanese-style restaurants. However, the foreign exchange impact and the sale of Amoy Food Limited led to an overall decline in sales. Overseas business profit benefited from the improved productivity in North America, but ended out down year on year due to the impact of COVID-19 in Europe.

Overall segment sales were flat with the previous fiscal year while business profit increased.

Sales and business profit



Healthcare and Others

● Amino Acids ● Specialty Chemicals ● Others

Sales
¥231.6 billion

Business profit
¥19.5 billion

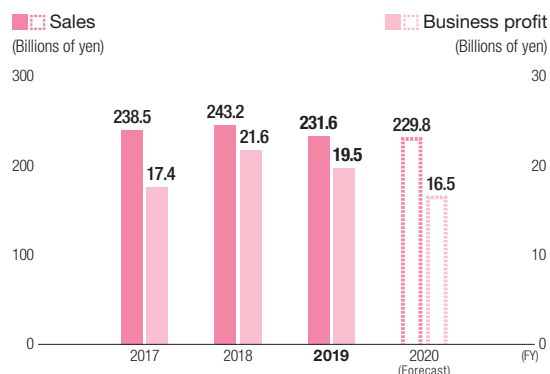
FY2019 Results

Sales expanded for amino acids for pharmaceuticals and foods, and for Bio-Pharma Services. In specialty chemicals, sales for electronic materials remained strong, supported by demand for data center servers and networks.

Animal nutrition demand declined amid a worldwide spread of African swine fever, and revenue fell sharply from the fall in unit sales prices.

Overall segment sales and business profit both declined from the previous fiscal year.

Sales and business profit



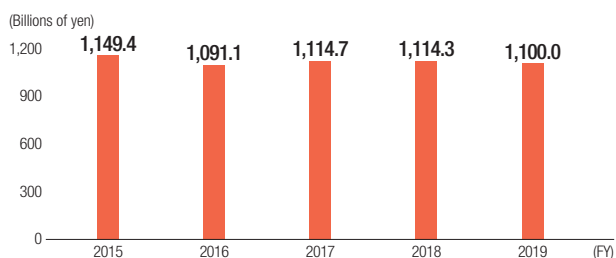
KPIs set in the 2017-2019 MTP

Our performance versus the financial targets (quantifying economic value), non-financial targets (quantifying social value), and integrated targets (corporate brand value) set in the 2017-2019 MTP are as follows. We fell short of some financial and non-financial targets as well as our target for corporate brand value in the year under review

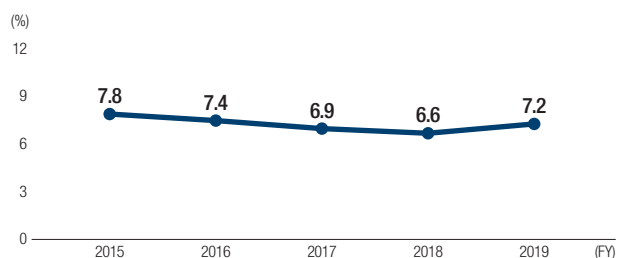
owing to slowed growth in our core seasoning business and the decision to move ahead our plan for asset light management. Among the targets we did attain were the non-financial targets for reducing greenhouse gases and water volume usage.

Financial data under IFRS (Economic value)

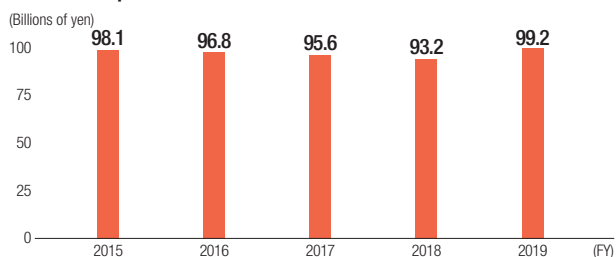
Sales



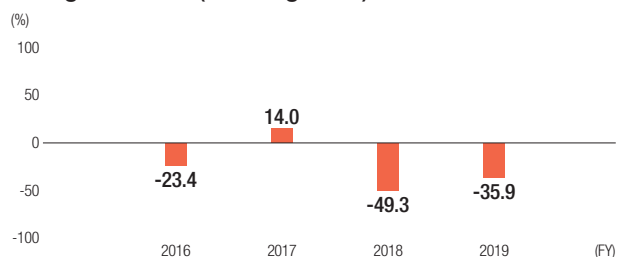
ROA*2



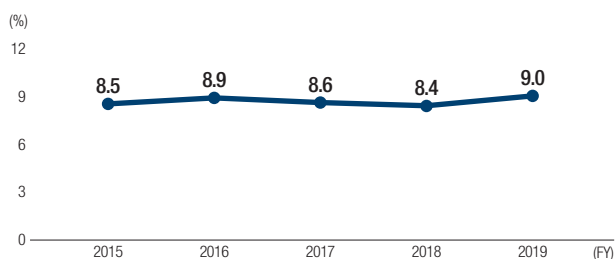
Business profit



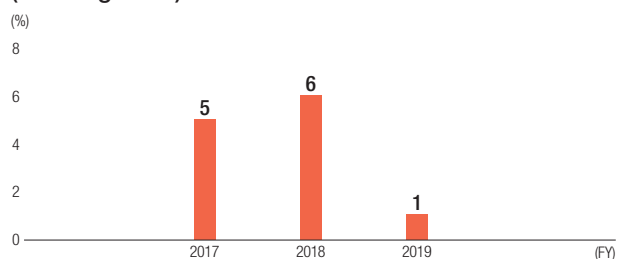
EPS growth rate (annual growth)



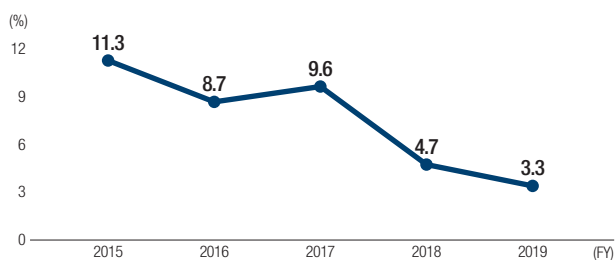
Business profit margin



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



ROE*1



*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

Performance Data

KPIs set in the 2017-2019 MTP

Financial data under IFRS (Economic value)

Sales volume increase (vs. FY2015)

Umami seasonings	Flavor seasonings	Amino acids	Frozen foods* ¹	Soups* ²
FY2017 +20 k tons	FY2017 +30 k tons	FY2017 ±0 tons	FY2017 +10 million packages	FY2017 +60 million servings
FY2018 +20 k tons	FY2018 +30 k tons	FY2018 -90 k tons	FY2018 ±0 packages	FY2018 +50 million servings
FY2019 ±0 tons	FY2019 +30 k tons	FY2019 -150 k tons	FY2019 +10 million packages	FY2019 +60 million servings
FY2020 target +100 k tons	FY2020 target +90 k tons	FY2020 target +80 k tons	FY2020 target +30 million packages	FY2020 target +100 million servings

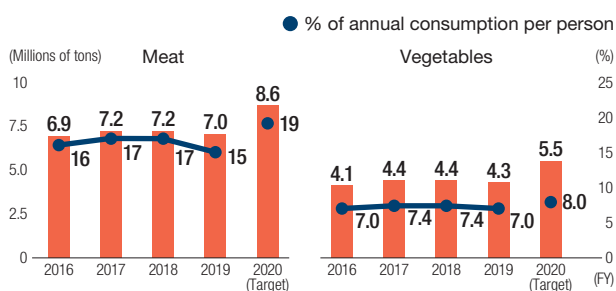
Cost reduction (vs. FY2016)

FY2018 -¥4.1 billion	FY2019 -¥6.6 billion	FY2019 target -¥10.0 billion
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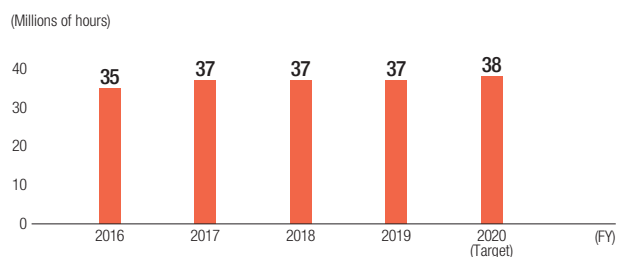
KPIs set in the 2017-2019 MTP

Non-financial data (Social value)

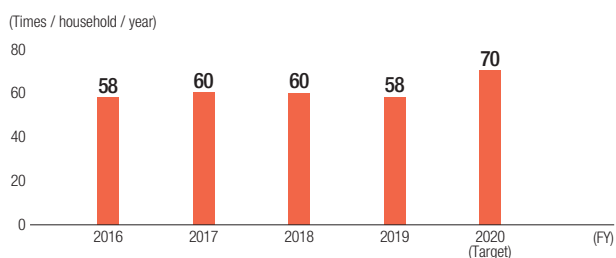
Volume of meat and vegetable consumption through the Group's products (Japan and Five Stars*³)



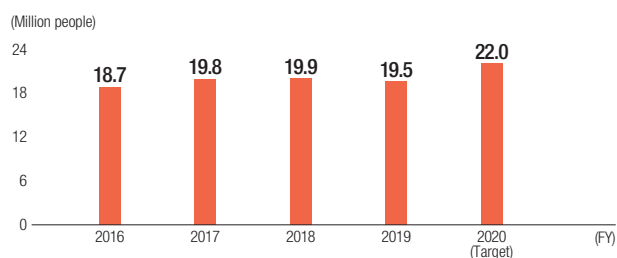
Spare time created through the Group's products (Japan)



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



Contribution to comfortable lifestyles through amino acid products (AminoScience)



*1 Counting only products for household consumers in Japan

*2 Counting only cup soup products in Japan

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

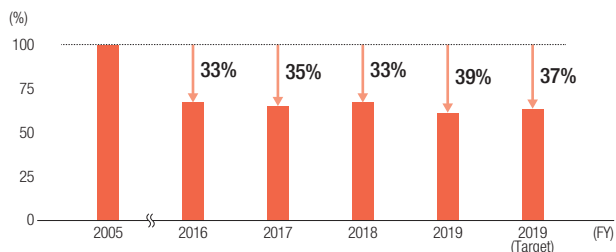
Performance Data

KPIs set in the 2017-2019 MTP

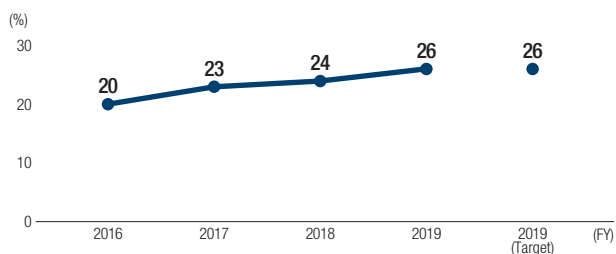
Non-financial data (Social value)

Reduce greenhouse gases

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

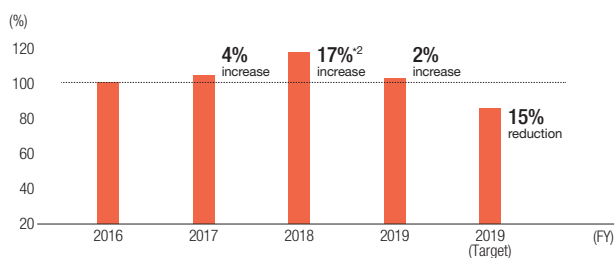


- Renewable energy use ratio



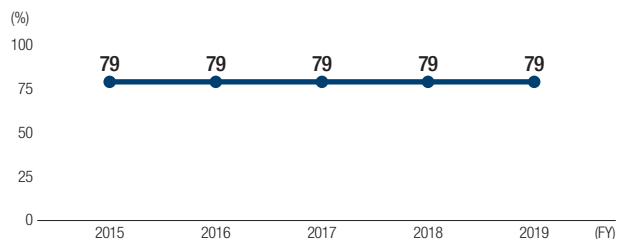
Reduce food loss and waste

- Reduction rate of food loss and waste*1 from the acceptance of raw materials to delivery to customers (volume generated) (vs. FY2016)



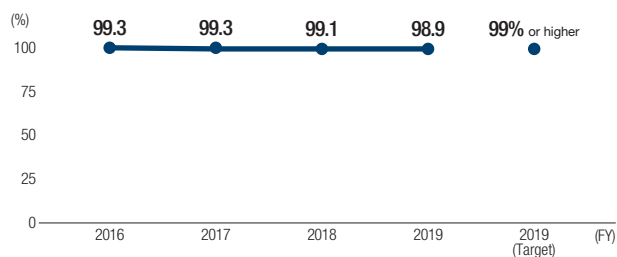
Secure food resources and protect natural environment, including ecosystems and biodiversity

- Ratio of factories installing resource-saving fermentation technologies

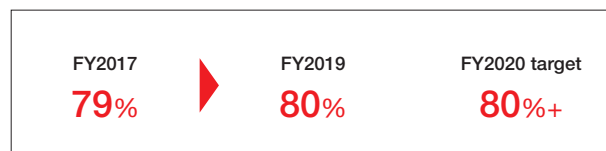


Reduce, reuse, recycle (3Rs) for waste material

- Resource recovery ratio of waste generated by business activities

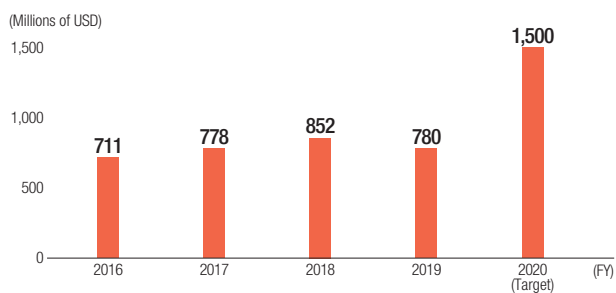


Percentage of employees feeling highly engaged in their work



KPIs set in the 2017-2019 MTP

Corporate brand value*3

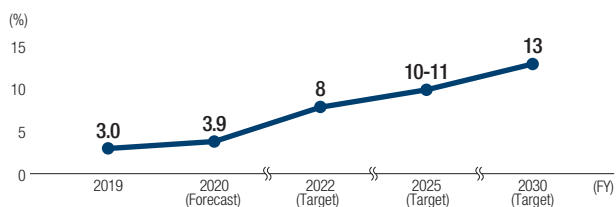


*1 Including food loss and waste turned into feed and fertilizers *2 Updated with the data for companies newly added to the Ajinomoto Group *3 Evaluated by Interbrand, "Japan's best Global Brands"

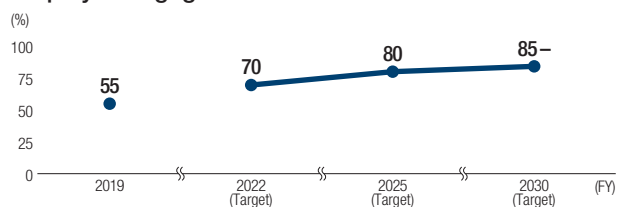
Performance Data

KPIs set in the 2020-2025 MTP

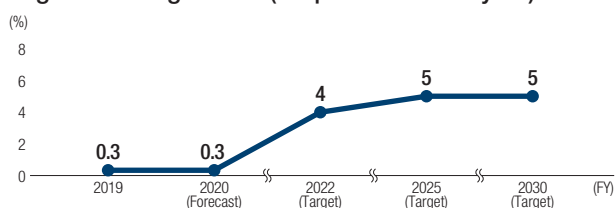
ROIC*1



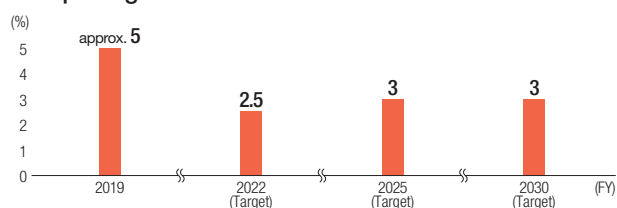
Employee engagement score*1



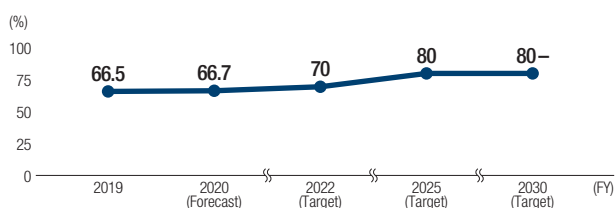
Organic sales growth*1 (vs. previous fiscal year)



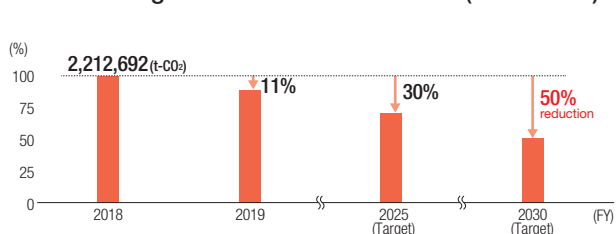
Unit price growth*1



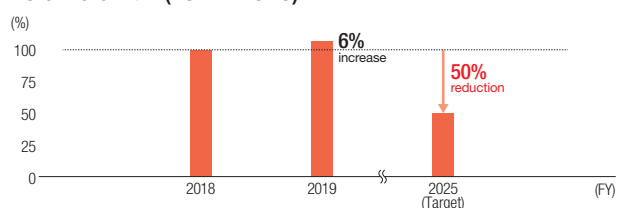
Core business sales ratio*1



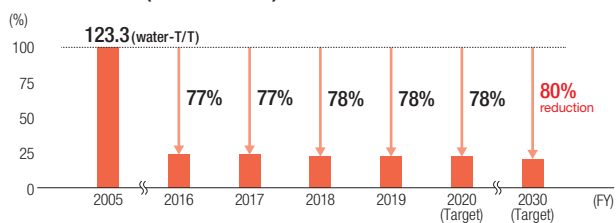
Greenhouse gas emission reduction rate (vs. FY2018)



Food loss and waste reduction rate per production volume unit*2 (vs. FY2018)

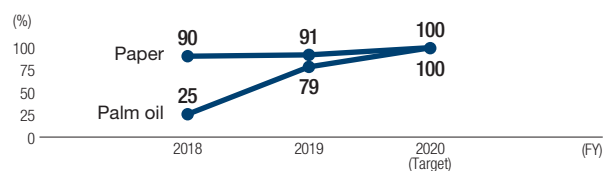


Reduction rate of water consumption per production volume unit (vs. FY2005)

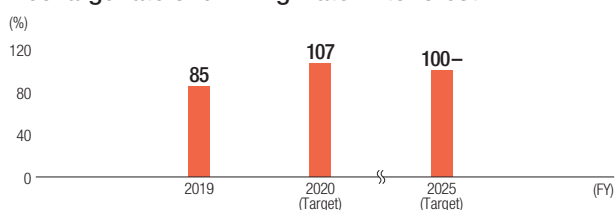


Sustainable procurement ratio

- Paper and palm oil



Recharge rate of drinking water into forest



- Other important raw materials (coffee beans, soybeans, beef)

FY2030 target: **100%**

Plastic waste

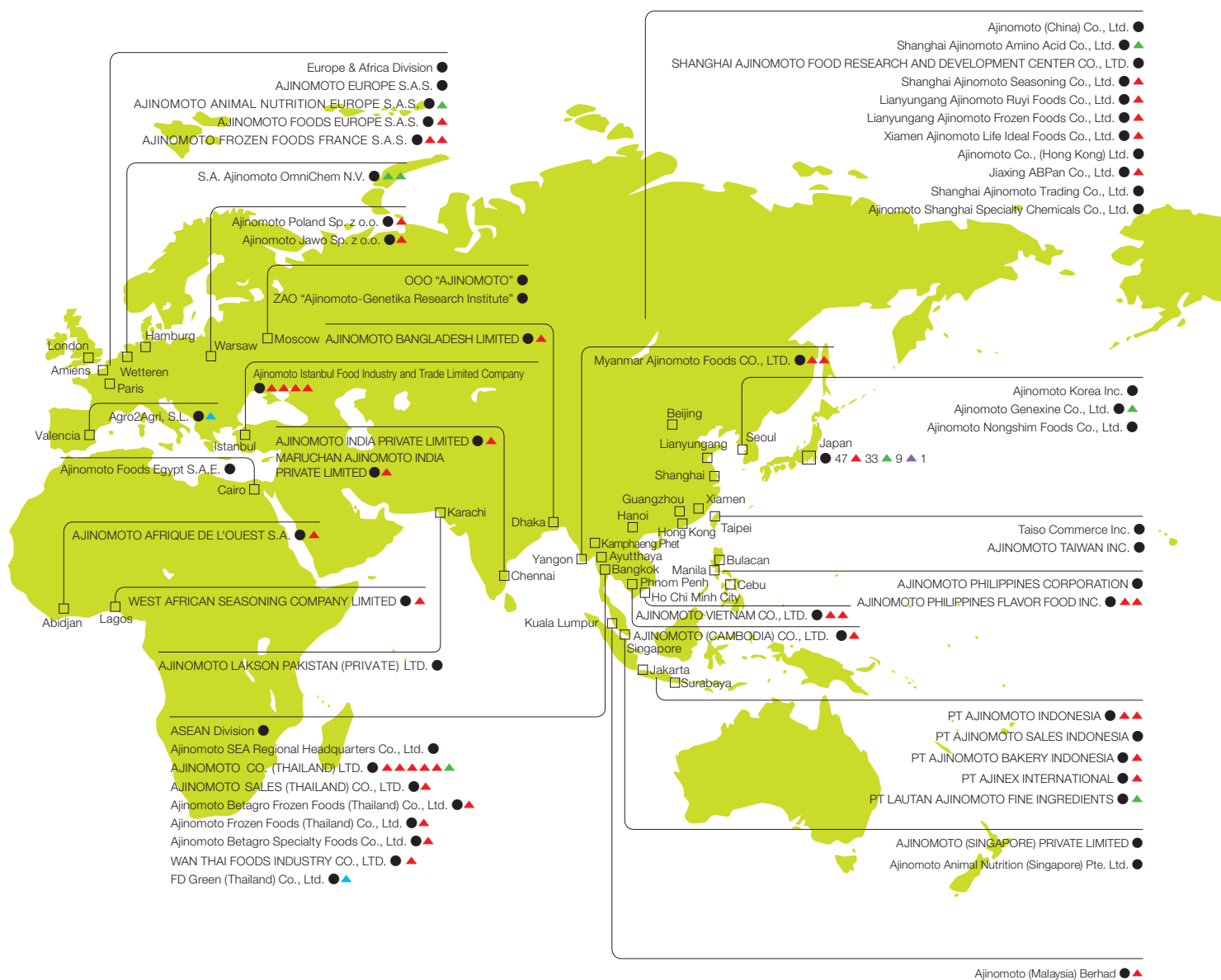
FY2030 target: **Achieve "Zero"**

*1 See p.81 "Glossary" *2 From the acceptance of raw materials to delivery to customers

Global Network

Global Network (As of April 1, 2020)

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

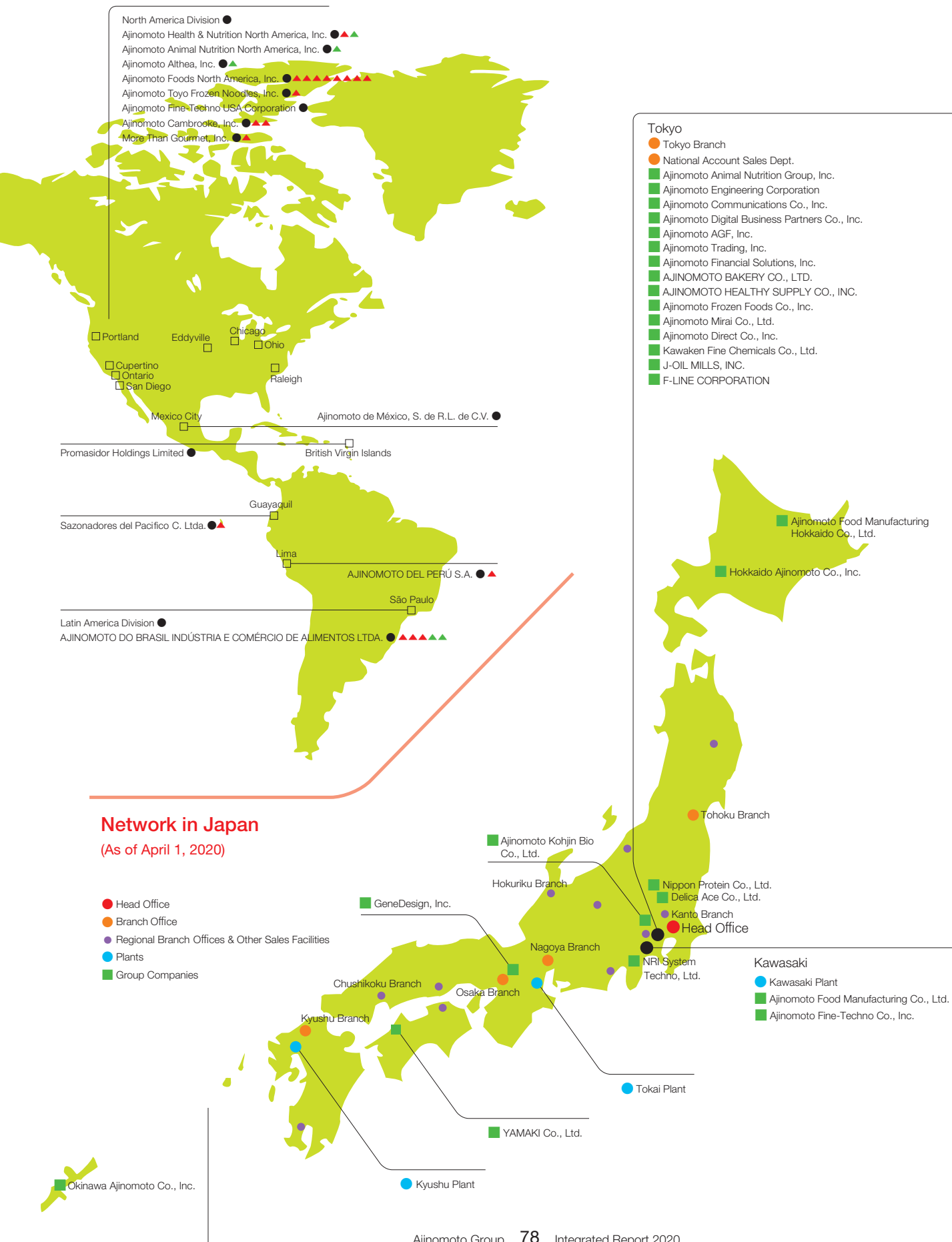


Global network: 35 countries and regions
(including 121 plants in 24 countries and regions)
(Japan: 43; Other countries: 78)

● Subsidiaries, Affiliates and Offices of Ajinomoto Co., Inc.	
▲ Foods Plants	95
▲ Amino Acids and Specialty Chemicals Plants	22
▲ Pharmaceuticals Plants	1
▲ Other Plants	3

* Plants include packaging plants.
* Not all plants are displayed on the map.
* Divisions are regional headquarters.

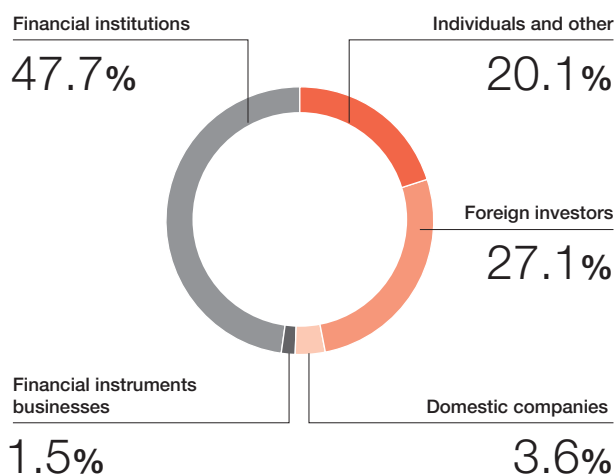
Global Network



Company name: Ajinomoto Co., Inc.
Founding: May 20, 1909
Paid-in capital: 79,863 million yen
Number of employees: 32,509 (consolidated)
 3,401 (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/>

Common stock authorized: 1,000,000,000 shares
Shared issued: 549,163,354 shares
Shares with voting rights
(Treasury shares, etc.): 100,400 shares
(Other): 548,531,600 shares
Shares less than one unit: 531,354 shares
Number of shareholders: 144,653 (YoY decrease of 1,874)
Listed stock exchange: Tokyo Stock Exchange
 (Stock code: 2802)
Shareholder registrar: Mitsubishi UFJ Trust and Banking Corporation
Accounting auditor: Ernst & Young ShinNihon LLC
 * KPMG AZSA LLC from June 24, 2020

Distribution of shareholders



Major shareholders

Shareholder	Shares held (Thousands)	Ownership interest (%)
The Master Trust Bank of Japan, Ltd. (trust account)	60,690	11.05
Japan Trustee Services Bank, Ltd. (trust account)	30,278	5.51
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 7)	9,387	1.71
Japan Trustee Services Bank, Ltd. (trust account 5)	9,027	1.64
JP MORGAN CHASE BANK 385151	8,573	1.56
STATE STREET BANK WEST CLIENT – TREATY 505234	8,304	1.51

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

- The 1st ESG Finance Awards Japan “Bronze Award”
- FY2019 New Diversity Management Selection 100
- FY2019 Leading Companies where Women Shine “Cabinet Office Special Minister Award (Gender Equality)”
- 2020 Certified Health & Productivity Management Organizations Recognition (White 500)
- 2020 Health & Productivity Stock Selection
- Ranked 14th in 2018 Access to Nutrition Index (ATNI)



Main evaluations of Integrated Report

- “Excellent Integrated Reports” and “Improved Integrated Reports” as selected by GPIF asset managers entrusted with domestic equity investment
- Environmental Communication Awards by the Ministry of the Environment and the Global Environmental Forum “Entering the Hall of Fame”

▶ List of inclusions in SRI Indexes
<https://www.ajinomoto.co.jp/company/en/ir/esg/evaluation.html>

▶ Public awards and feedback
<https://www.ajinomoto.co.jp/company/en/ir/esg/sri/2019.html>

Stock Performance

Stock performance (TSR) (annualized rate)*1

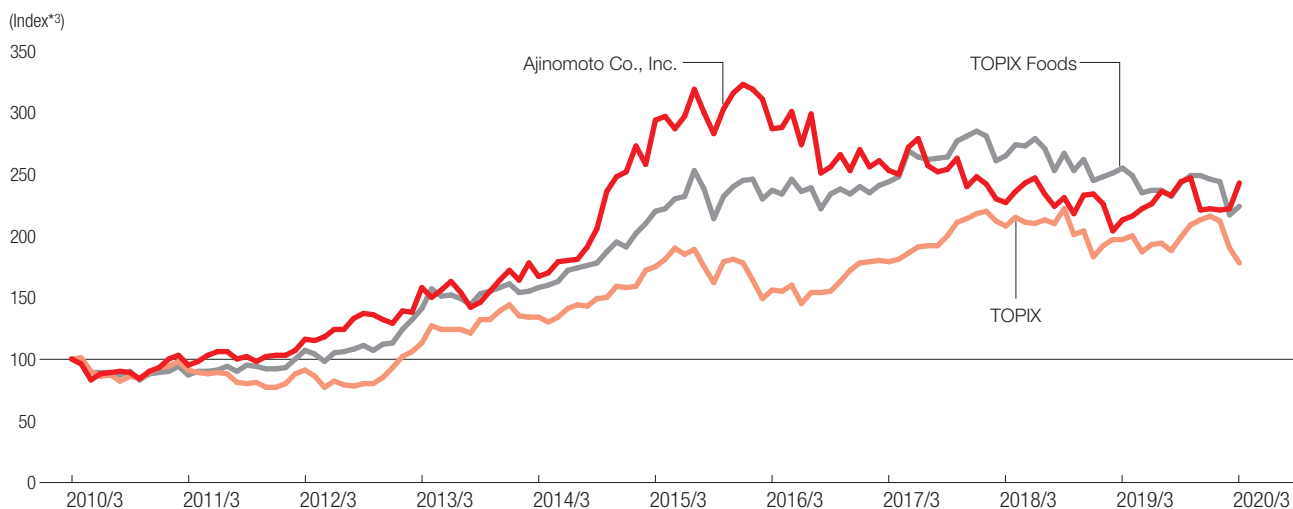
	1 year	3 years	5 years	10 years
Ajinomoto Co., Inc.	115.5%	98.6%	96.1%	109.3%
TOPIX	90.5%	99.9%	100.4%	106.0%
TOPIX Foods	87.7%	97.2%	100.4%	108.4%

*1 Total shareholder return is the sum of the gain on the stock price and the dividend.

Stock price by fiscal year

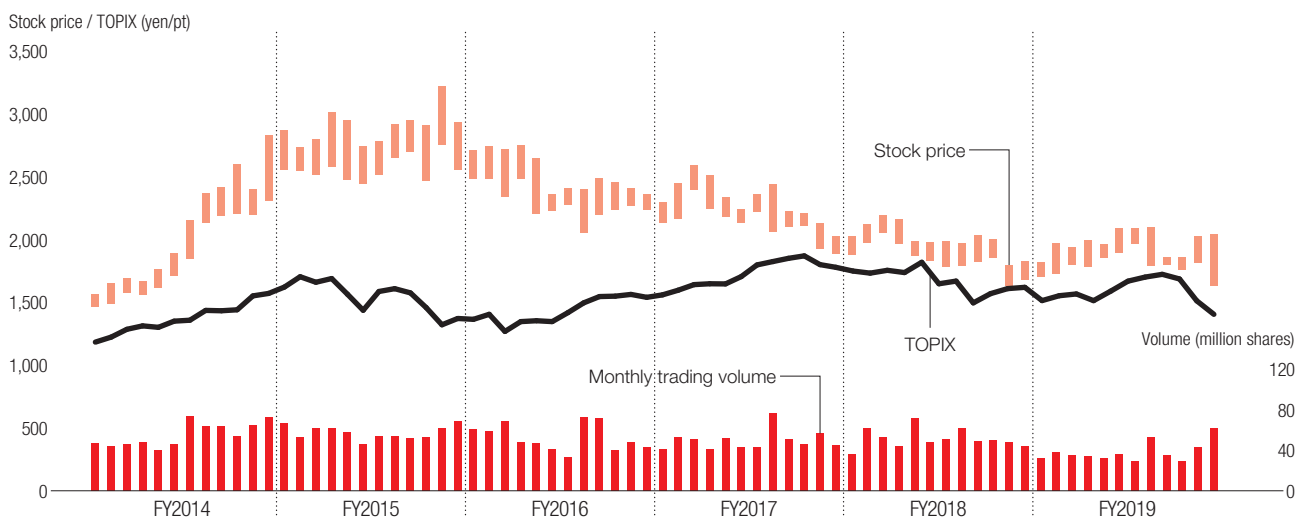
Fiscal year	High (Yen)	Low (Yen)	FY-end (Yen)	Volatility*2
2010	953	729	867	26.9%
2011	1,047	847	1,038	26.2%
2012	1,416	1,018	1,415	20.0%
2013	1,594	1,236	1,475	28.2%
2014	2,782.50	1,443.00	2,634.50	26.2%
2015	3,161.00	2,404.00	2,539.50	33.6%
2016	2,702.50	2,020.00	2,196.50	28.2%
2017	2,543.50	1,853.00	1,925.00	19.2%
2018	2,188.00	1,624.50	1,769.00	25.4%
2019	2,088.00	1,626.00	2,010.50	26.1%

*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



Glossary

ASV	The Ajinomoto Group Creating Shared Value ASV represents our unchanging commitment: With our stakeholders and businesses, we help resolve society's issues, leading to the creation of economic value.
ASV engagement score (ASV as one's own initiative)	The percentage of employees who talk about how they implement ASV through their own work with their family, friends, and business partners is measured using the engagement survey for the Group employees.
Biopharma services business	A business that undertakes contracts to develop and manufacture pharmaceuticals for pharmaceutical companies. The Group has a coherent global drug development and manufacturing contract system for pharmaceuticals from low-molecular drugs to biopharmaceuticals and oligonucleic acids.
Business profit	Business profit = Sales – Cost of sales – Selling expenses, Research & development expenses and General & administrative expenses + Share of profit of associates and joint ventures It does not include "Other operating income" or "Other operating expenses."
CAGR	Compound annual growth rate
CCC	Cash conversion cycle An index showing the number of days from purchasing debt to collecting accounts receivables. The smaller the value, the better the cash flow. $CCC = \text{Number of days of accounts receivable turnover} + \text{Number of days of inventory asset turnover} - \text{Number of days of purchase liability turnover}$
Core businesses	Six businesses of Sauce & Seasonings, Quick Nourishment, Solution & Ingredients, Frozen Foods, Healthcare and Electronic Materials.
Ecosystem	A direct or indirect relationship of companies and organizations collaborating, dividing labor, and working together to provide value in products, services, or other ways.
Materiality	Key issues/factors that have a significant impact on the Group's ability to create value through ASV.
Menu-specific seasonings	A seasoning mix prepared for a specific menu, where a dish can be easily prepared by simply cooking with the ingredients.
MSG	Monosodium glutamate (MSG) is the sodium salt of glutamic acid, one of the most common naturally occurring amino acids and the main component of umami found in kelp and other sources. The Group produces MSG by fermenting starch and molasses found in natural ingredients such as sugar cane.
Organic sales growth	Sales growth rate excluding the effects of discontinuous growth such as exchange rates, changes in accounting practices and M&A/business sell-offs.
Personal foods	Foods with benefits that meet the diverse needs and values of individuals.
Personalized nutrition	A business that provides services (food, advice, etc.) that help reduce health risk by evaluating the risks associated with dietary habits and lifestyles of individual consumers.
Relative total shareholder return	Total shareholder return (TSR) is the sum of the gain on the stock price and the dividend. Relative TSR is the relative yield of TSR compared to a predetermined benchmark group. $\text{Relative TSR} = \text{Total Company shareholder return at the fiscal year-end} \div \text{Total TOPIX shareholder return including dividends for the corresponding period used to calculate total Company shareholder return}$
ROIC	Return on invested capital* An indicator of how much profit a company has made from investment in its business activities. $\text{ROIC} = \text{Net operating profit less adjusted taxes for the fiscal year} \div ((\text{Invested capital for the fiscal year} + \text{Invested capital for the previous fiscal year}) \div 2)$ * Invested capital = Shareholders' equity attributable to owners of the parent company + Interest-bearing debt
Unit price growth	Growth in the unit price by weight
WACC	Weighted average cost of capital $\text{WACC} = \{\text{Interest-bearing debt} \div (\text{Interest-bearing debt} + \text{Shareholders' equity}) \times \text{Debt capital cost} \times (1 - \text{Effective tax rate})\} + \{\text{Shareholders' equity} \div (\text{Interest-bearing debt} + \text{Shareholders' equity}) \times \text{Shareholders' equity cost}\}$

Editorial policy

This Integrated Report outlines in an easy-to-read narrative format the Ajinomoto Group's roadmap for enhancing corporate value through ASV as it seeks to become a solution-providing group of companies for food and health issues. The Group hopes this report will give shareholders, investors, and other stakeholders a deeper understanding of the Group's approach to realizing sustainable growth. The Sustainability Data Book provides additional information to this Integrated Report for each materiality item.

More detailed information is available on the corporate website.

Organizational scope

This report covers the activities of the Group, comprising, unless otherwise noted, Ajinomoto Co., Inc. and its consolidated subsidiaries and equity-method affiliates (as of March 31, 2020). When comprehensive Group information is not available, the data parameters are explicitly defined.

Period covered by this report

Fiscal 2019 (April 1, 2019 to March 31, 2020)
Past circumstances, data, and recent cases outside of this time period are presented when appropriate.

Precautions related to forward-looking statements

Business performance forecasts and other forward-looking statements presented in this report are based on management estimates, assumptions, and projections at the time of publication. The Company does not guarantee that the forward-looking statements will be fulfilled. Various factors could cause actual results to differ materially from expectations.

Key communication materials

Primary communication materials

Integrated Report

<https://www.ajinomoto.com/sustainability/ir/>
Date of publication: End of August 2020



Secondary communication materials

Sustainability Data Book

<https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>
Date of publication: End of September 2020

IR Data Book

<https://www.ajinomoto.co.jp/company/en/ir/library/guide.html>
Date of publication: End of June 2020

Financial Report

<https://www.ajinomoto.co.jp/company/en/ir/library/report.html>
Date of publication: End of July 2020

Ajinomoto Principle on Corporate Governance

https://www.ajinomoto.co.jp/company/en/ir/strategy/corp_gov/main/0/teaserItems1/03/linkList/03/link/principle_E.pdf
Last update date: End of June 2020

Corporate Governance Report

https://www.ajinomoto.co.jp/company/en/ir/strategy/corp_gov/main/0/teaserItems1/03/linkList/04/link/Governance2020_E.pdf
Date of publication: End of June 2020

Medium-Term Management Plan

<https://www.ajinomoto.co.jp/company/en/ir/strategy/managementplan.html>
Date of release: February 19, 2020

Eat Well, Live Well.



Ajinomoto Group Integrated Report 2020

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