



Eat Well, Live Well.

Ajinomoto Group
Integrated Report
2021



Help extend the healthy life expectancy of

1 billion people

Reduce our environmental impact by

50%



Ajinomoto Group Objectives

The Ajinomoto Group (the Group) aims to achieve its vision for 2030 to become a “solution-providing group of companies for food and health issues.” By concentrating our management resources on resolving food and health issues, we will work to reduce environmental impacts and regenerate the environment, as well as to promote better health and life, and thus enhance our corporate value.

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

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.

Outcome

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

By 2030, reduce our environmental impact by 50%, while improving business performance

ASV Management

The Ajinomoto Group has grown by pursuing ASV (The Ajinomoto Group Creating Shared Value). ASV represents our unchanging commitment to help resolve social issues and create value through our business. This remains our fundamental management policy.



Our Roots

Eat Well, Live Well.

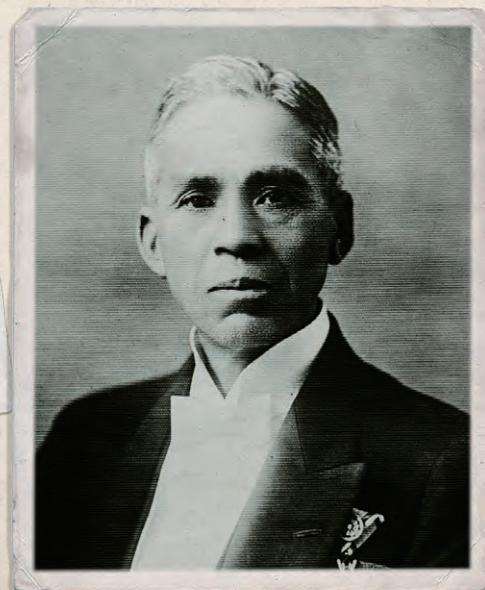


Discoverer of the umami taste

Dr. Kikunae Ikeda

Tokyo Imperial University Professor

Discovered that the umami component in *kombu* (kelp) broth is the amino acid glutamic acid



Ajinomoto Group founder

Saburosuke Suzuki II

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

1909-

Launched the world's first umami seasoning, and started global expansion of the business

1970-

Diversified business for changing society and diversifying consumer needs

2010-

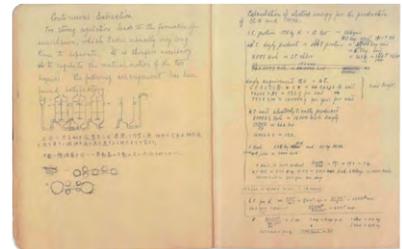
Applied ASV management globally, and promoted resolution of food and health issues

Our Origin

Ajinomoto Group Unity

Founding aspiration to balance deliciousness and health

In 1908, Dr. Kikunae Ikeda discovered that the umami component of *kombu* (kelp) broth is glutamic acid. The history of the Ajinomoto Group began soon thereafter when Saburosuke Suzuki II, who shared Dr. Ikeda's commitment to "make a simple diet more delicious and improve the nutrition of Japanese people with umami" launched the world's first umami seasoning, *AJI-NO-MOTO*®, in 1909. For over a century, our founding aspiration of "Eat Well, Live Well." has guided us as we have unlocked the power of amino acids to create foods, such as low-sodium dishes without compromising deliciousness, that are both healthy and delicious.



Dr. Ikeda's research notes (circa 1918-1929)



Eating



Sleeping



Exercising



The Ajinomoto Group is the world's leading manufacturer of amino acids and operates a wide array of global businesses centered on its Food Products and AminoScience businesses. Management resources are primarily concentrated in the six core businesses of Sauce & Seasonings, Quick Nourishment, Solution & Ingredients (S&I), Frozen Foods, Healthcare, and Electronic Materials. The Group is strengthening its adaptability to the rapidly changing external environment and markets while remaining steadfastly dedicated to unlocking the power of amino acids to resolve food and health issues.



Umami seasonings:
AJI-NO-MOTO®



Soups:
Knorr® protein-rich soup



Frozen Foods:
TAI PEI® (Fried rice)



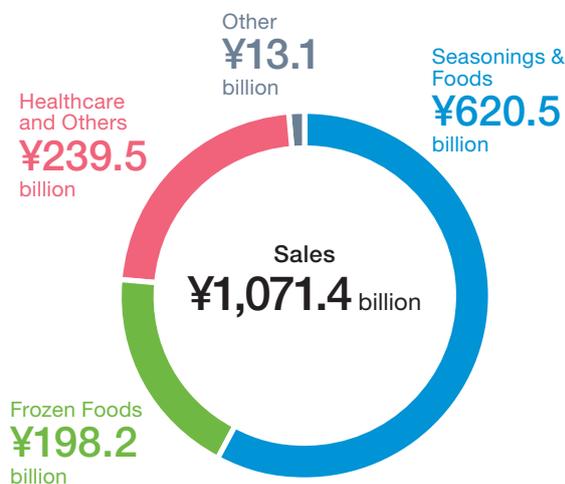
Fundamental foods: Glyna®

Our Business

Ajinomoto Group Unity

The power of amino acids — to foster health through the key components: eating, sleeping, and exercising

Fiscal 2020 sales and business profit by segment





The Ajinomoto Group engages with various stakeholders in conducting its business activities and utilizes capital of society and the global environment. To fulfill our responsibility for sustainability while creating shared value with our stakeholders, we must understand and analyze stakeholder interests and expectations for the Group, and integrate them into our business activities. We therefore consider engagement with all stakeholders through two-way communication to be important and indispensable to the management of the Group.

Our Stakeholders

Ajinomoto Group Unity

Resolving food and health issues through stakeholder engagement



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Editorial policy

The Ajinomoto Group has prepared this Integrated Report to introduce in an easy-to-understand manner the directions and initiatives it is taking to accelerate ASV management and enhance corporate value toward 2030. The report is intended to deepen understanding of the Group’s efforts to enhance the effectiveness of ASV management by changing its form of corporate organization and to enhance corporate value by focusing on strengthening its ability to establish sustainability on all fronts. We hope the report will encourage and stimulate dialogue with our shareholders, investors, and all stakeholders.

The preparation and editing of this report were conducted with full precautions to prevent COVID-19 infection. Masks were worn at all times and removed only when taking photographs.

Organizational scope

This report covers the activities of the Group, comprising, unless otherwise noted, Ajinomoto Co., Inc. (the Company) and its consolidated subsidiaries and equity-method affiliates (as of March 31, 2021). When comprehensive Group information is not available, the data parameters are explicitly defined.

Period covered by this report

Fiscal 2020 (April 1, 2020 to March 31, 2021)

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.



Part 1

Dear Stakeholders



Message from the President and CEO

Dedicated to fulfilling our aspiration of
“Eat Well, Live Well.” by providing solutions
for food and health issues

**Takaaki Nishii**

Director, Representative
Executive Officer,
President & Chief
Executive Officer

President Nishii visits a supermarket in Ibaraki Prefecture promoting reduced-salt products on the monthly Delicious Salt Reduction Day (*Oishio Day*) in Ibaraki Prefecture. Photo courtesy of Food Square Kasumi Aeon Town Moriya

Message from the President and CEO

The Ajinomoto Group management philosophy and vision

Overcoming the AND/OR dichotomy in challenging times

The COVID-19 pandemic wreaked havoc on societies and economies around the world in 2020, and the Ajinomoto Group and I myself were no exception. The experience has changed people’s values, and we believe the effects will remain for a long time. As a manager, and personally as well, I feel strongly that we should not approach issues or ideas as having solutions that are exclusive of each other, but that we should seek unity (AND) rather than division (OR). Tensions between countries, ethnic groups, and social classes have always existed all around the world, but the divisions and conflicts have been escalating in recent years. I’m sure that I’m not the only person who is distressed by what has been happening. In his book *On Happiness*, the early 20th century French philosopher Alain said, “Pessimism comes from our passions; optimism from the will.” As we face the harsh realities of these challenging times, I believe we should do our best to avoid creating divisions (OR) and rather approach situations with a spirit of embracing unity (AND).

Reflecting on the history of the Ajinomoto Group, unity has been an element of our organization since our founding in 1909 when a scientist’s aspiration joined with a businessman’s entrepreneurial spirit. The Ajinomoto Group was created when Dr. Kikunae Ikeda, who discovered that the umami taste derived from the amino acid glutamic acid, partnered with businessman Saburotsuke Suzuki II to realize their commitment to “improve the nutrition of Japanese people.” That union of social *and* economic value lives on in our commitment to ASV (The Ajinomoto Group Creating Shared Value). Likewise, they did not think that delicious *and* nutritious had to be separate (OR), but formed a clear vision for creating foods that were both delicious and nutritious. Their vision is the main ingredient in our aspiration of “Eat Well, Live Well.” and defines our purpose. This spirit of unification, the AND spirit, is also behind our drive to help resolve food and health issues and contribute to a prospering society and bright future.

➤ The video story of the discovery of umami and the founding of the Ajinomoto Group can be viewed at the following webpage.
<https://www.ajinomoto.com/media/videos?videoID=6093579991001>

Management focused on AND

Value	Social value	AND	Economic value
Origin of the Company	Scientist		Businessman
Business domain	Bio (amino acids)		Foods
Strengths	Leading-edge bioscience and fine chemical technologies		Local adaptation
Business range	Global		Local
Investment	Tangible assets		Intangible assets

Message from the President and CEO

Announcing another step forward in ASV management: The functions of amino acids and building collaboration ecosystems

The objective of ASV management is to guide our businesses in the dual creation of social *and* economic value. We announced in 2020 that we will transform the Ajinomoto Group into a “solution-providing group of companies for food and health issues” by 2030 to fulfill our open commitment to advancing ASV management. We are seeking two outcomes by 2030—to help extend the healthy life expectancy of one billion people and to reduce our environmental impact by 50%.

Management is applying a policy of “Nutrition Without Compromise” in taste, food access (availability), and local way of life, and the core element for creating value in these areas is the power of amino acids. Protein makes up approximately 20% of the human body, and as much as 50% when excluding the water in our body. Proteins are chains of amino acids, and the Ajinomoto Group has been researching amino acids for over 100 years. Amino acids serve four important functions, including flavoring to make foods tastes good, nutritional to help the body grow and develop, and physiological to help the body function properly. We are applying our leading-edge bioscience and fine chemical technologies to support delicious and nutritionally balanced meals by using functions of amino acids to create delicious foods that are low-salt and promote protein intake. Excess salt intake and insufficient essential nutrients such as protein are worldwide nutritional

issues. As the world leader in umami-based seasonings, we believe the Ajinomoto Group can use our strengths in amino acid-related technologies to address both of these issues for the benefit of society *and* to generate organic growth*¹ for the Group.

We are also promoting various environmental measures and objectives as part of our commitment to coexisting with communities and the earth primarily in the areas of mitigation of and adaptation to climate change, development of a recycling-oriented society, and achieving sustainable procurement*².

Unified action will be essential to achieving these objectives, and we will work within the Group *and* in collaboration with various stakeholders. Our focus will be in the three areas of clarifying the relationship between diet (nutrition), physical health, and mental health; categorizing eating habits and lifestyles that can lead to lifestyle-related diseases; and establishing an ecosystem of problem-solving activities. We are currently formulating two ecosystems for collaboration in product development and business activities with multiple companies and organizations.

The first ecosystem centers on academia. In April 2020, Ajinomoto Co., Inc. and Hirosaki University launched a research course on the subject of extending healthy life expectancy. The Iwaki Health Promotion Project being conducted by the city of Hirosaki in Aomori Prefecture has been gathering continuous data since 2005 on some 2,000–3,000 items from 1,000 residents that is being used for health-related big data analysis. The Company engages in joint research using the combination of unparalleled health-related big data analysis and the Company’s technologies to analyze the relationship between diet (nutrition) and physical and mental health with the aim of forming and testing hypotheses that will lead to breakthroughs in extending healthy life expectancy.

The second ecosystem will be for finding solutions to health problems. Like the successful Iwate Prefecture Salt Reduction Project begun in 2014, we will pursue opportunities for collaborations with local governments, retailers, and the media in an ongoing cycle of analysis and hypothesis formulation, testing, and verification. In July 2020, we launched the *Smart Salt* project in which we apply our salt-reduction technology to develop foods under a concept of “delicious, healthy, easy, and new salt reduction” that utilizes umami and *dashi* broth. We are also excited about expanding the project outside of Japan, and have launched a program in Vietnam.

The Iwate Prefecture Salt Reduction Project showed us that increasing sales of high value-added, low-salt products also lead to a rise in the average unit price. Projects like these therefore have the potential to contribute to the long-term growth of the Ajinomoto Group.



Message from the President and CEO

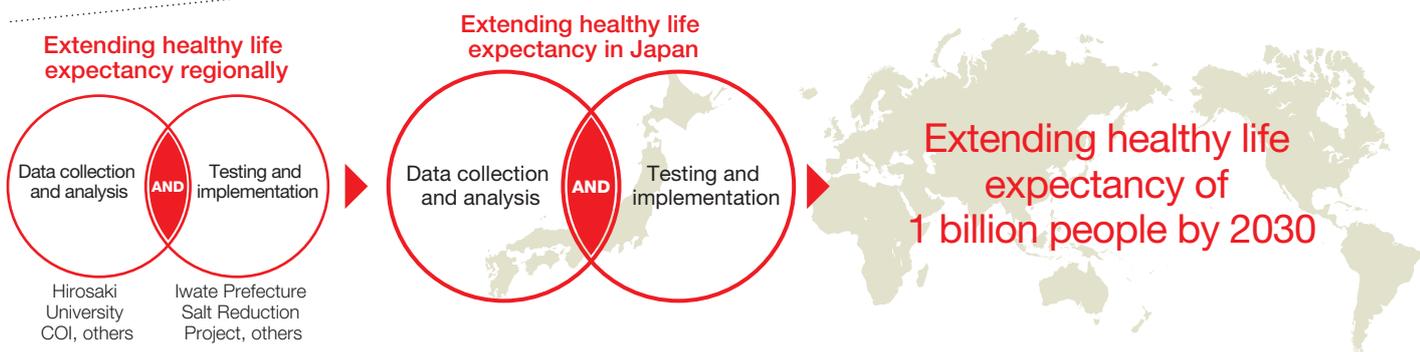
We can then integrate *and* unite these two ecosystems to widen the circle and expand the activities worldwide through collaboration (AND) with more companies that share our aspirations. We have renewed confidence that we will fulfill our vision for 2030 of helping

extend the healthy life expectancy of one billion people, or even more.

*1 Organic growth excludes growth effects from discontinuous items, such as exchange rates, changes in accounting treatment, M&A, and business sales.

*2 Procuring raw materials in a way that supports environmental and social sustainability

Extending healthy life expectancy worldwide



Medium-Term Management Plan progress and performance assessment

Building on the plan's first year results and addressing the challenges

We are now over a year into our 2020-2025 Medium-Term Management Plan, which we configured by backcasting to the present from our vision for 2030 (see p.45-). Rooted in a sense of urgency about the present and future of the Ajinomoto Group, the plan for 2020-2025 is designed to improve the Group's capital efficiency and reestablish our organic growth. The plan has five explicit financial and non-financial key performance indicators (KPIs) for return on invested capital (ROIC), organic sales growth, core business sales ratio, employee engagement score, and unit price growth (unit price by weight, international consumer products). We are stepping up our activities as described below to achieve these KPIs and aim to exceed our target figures for fiscal 2022. Our performance results for fiscal 2020 and our forecasts for fiscal 2021 are presented in the table on the next page.

Our performance in the plan's first year included areas where we progressed faster than expected along with areas where it became clear that we need to give extra attention. We made good progress reorganizing and consolidating our businesses and communicating the

Ajinomoto Group Vision to employees. In 2021, we also fortified the corporate governance and sustainability promotion framework that serves as the foundation of our management by creating the new Sustainability Advisory Council in April and converting Ajinomoto Co., Inc. to a Company with Three Committees in June. We also began steadily integrating digital transformation (DX) to all of our "companywide operational transformation" and our "business model transformation." These activities will take time to produce tangible changes, and we expect the DX to come into full swing and begin producing results in fiscal 2021.

In terms of our business performance, we recorded an all-time high for business profit in fiscal 2020. We take pride that our employees and managers around the world remained dedicated to supporting the food needs of our customers and enabled unceasing operations and sales through the year. Upon seeing the fruits of their dedication and perseverance, I admonish myself for underestimating the power of the Group's human capital. The business environment for fiscal 2021 still contains numerous uncertainties, but at this point we expect our business performance to improve moderately over the previous year.

Message from the President and CEO

Change is unachievable without digital technology

Digital technology is crucial to the Medium-Term Management Plan. One area this is clear is in our shift in management policy emphasis for earnings from short-term profit and loss to ROIC and organic growth. Digital technology tracking and visualizing each business's KPI in real time, combined with our ROIC tree showing all operations contributing to improving ROIC, will enable us to use time that we have been putting into gathering, tabulating, and analyzing numbers for value creation and problem-solving. We expect the ability to see our KPI progress in real time to also boost employee motivation and lead to higher productivity and employee engagement. In addition, making it easier to see the fundamental aspect of a problem or challenge will allow more people to contribute their expertise so we can more quickly implement effective solutions.

We are presently focusing on raising the digital literacy of our employees as we take a step-by-step approach to applying digital technologies to our internal operations in areas including standardizing managerial accounting, preparing operational guidelines, and promoting operational excellence as the standard management mindset for all of our Group companies.

Transforming our corporate culture

As we implement the Medium-Term Management Plan, we are also seeking to transform our corporate culture through change in five specific ways. The first is **revamping the Group Vision**. In our aim to increase our contribution to society, last year we revised our corporate vision to "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." The second is **redefining our corporate value**. We redefined our corporate value as deriving from our cycle of employee engagement creating customer value (social value) that produces economic value, which then returns to employees and promotes even higher engagement.

The third way is **remodeling our human resources development and organizational management**. We cannot create new customer value without highly capable human resources. To encourage working closely with customers to find solutions as an organization and on an individual level, we have introduced a mechanism for employees to contribute to corporate value by raising customer value. The fourth is **redirecting our management policy on profits**. We have moved away from a corporate culture focused on short-term profits and redirected our management approach to a longer-term perspective that emphasizes efficient capital investment and organic business growth.

The fifth way we are transforming our corporate culture is by **revising the process for creating business strategy**. We formulated business strategies for three and six years in the future by backcasting from our targets for 2030 and factoring anticipated changes in the markets. Although the plans have been carefully prepared, rather than staunchly persisting with them for three years, if conditions change, we understand the importance of periodically revising them to ensure the utmost effectiveness. In fact, we are already revising the three-year plan created in 2020, and will continue to update it each year.

Priority KPIs of the Medium-Term Management Plan	FY2020-2022 Phase 1		FY2023-2025 Phase 2		FY2030 Final target
	FY19 (Result)	FY20 (Result)	FY22 (Target)	FY25 (Target)	FY30 (Target)
ROIC (ROIC > WACC*)	3.0%	6.9%	8%	10-11%	13%
Organic sales growth (YoY)	0.3%	-0.6%	4%	5%	5%
Core business sales ratio	66.5%	66.6%	70%	80%	80%+
Employee engagement score (ASV as one's own initiative)	55%	64%	70%	80%	85%+
Unit price growth (YoY) (International consumer products)	Approx. 5%	2.8%	2.5%	3%	3%

* Weighted average cost of capital

Message from the President and CEO

Pioneering spirit and sustainability management

Our biggest challenge is revitalizing our pioneering spirit

Now that it has been a year since we began transforming the corporate culture, I feel that my mission now is to revitalize the Ajinomoto Group's original pioneering spirit. In the past year during the COVID-19 pandemic, the 100-plus days that I would usually have spent away from my office on business trips in Japan and overseas were replaced by video conferences, and this format afforded me numerous opportunities to talk with foodtech entrepreneurs from around the world. The lively discussions in these meetings reminded me that the Ajinomoto Group was also a foodtech venture when it was founded in 1909.

We are aiming to extend the healthy life expectancy of one billion people by 2030, but we also need to extend our own healthy life expectancy as a company. As we are now, I have a real concern that new competitors could emerge and disrupt our business model. I believe our strongest defense will be to not rely on precedent and to reclaim the pioneering spirit upon which our company was created.

Last year, we conducted an extensive three-month online training program for 70 of our executive officers and up-and-coming managers. During the meetings, the managers and I talked frankly about the target shortfalls and management issues of past management plans. Everyone also agreed that the vertical organizational structure and the conservative culture clearly need to change significantly. I believe we are making great strides in our transformation, and I vow to our employees and our stakeholders to continue pushing forward.

In fiscal 2020, we also launched the A-STARTERS program to recognize and train entrepreneurs within our

ranks so they can be a part of building the Group's venture capabilities. In this direction, we have also created corporate venture capital (CVC) to invest in venture companies in Japan and overseas. We are also exercising the spirit of unity (AND) by bringing in specialists from outside the company, seeking new collaborations, and forming collaborations and cooperative alliances with various startups. We are moving swiftly and investing substantial amounts to both deepen the Group's R&D and existing businesses while also (AND) exploring new fields to further our ongoing evolution.



Governance system overhaul splits supervision and execution

A pioneering spirit inherently includes healthy risk-taking. In June 2021, Ajinomoto Co., Inc. converted to a Company with Three Committees with the aim of further strengthening the executive supervisory and support functions overseeing our risk-related activities. The Board

Collaboration and cooperation with startups

November 2020	Invested in a fund formed by AgFunder Inc. (the United States), a global agri-foodtech venture capital firm
December 2020	Collaboration agreement with Base Food Inc. (Japan), a startup developing and marketing nutritionally balanced staple foods
	Capital alliance in DAIZ Inc. (Japan), a startup developing, manufacturing, and marketing soybean-derived vegetable meat
May 2021	Invested in SAKA NO TOCHU Co., Ltd. (Japan), a startup marketing agricultural products online as our first corporate venture capital project

Message from the President and CEO

of Directors guides important management matters from the perspective of improving corporate value over the long term, and supervises the executive side by providing both green and red lights to business activities. The Board of Directors Chair is the outside director, Ms. Kimie Iwata. My role as the Board-appointed CEO on the executive side is to lead the quick execution of activities to fulfill the management direction set by the Board.

Under the new corporate structure, we now have 11 directors, including Audit Committee members. Our outside directors now include Mr. Joji Nakayama, a former CEO of Daiichi Sankyo Co., Ltd., who is deeply versed in the management aspects of the global healthcare industry. This addition has created a 55% majority of outside directors, up from 43% previously when the Company had 14 directors and audit & supervisory board members. Outside directors serve as the chairs of the Nomination Committee, Compensation Committee, and Audit Committee. We have also reduced the number of executive officers from 37 to around 20, to eliminate overlap of duties, clarify responsibilities, and create a younger group of corporate leaders.

In addition, the new Sustainability Advisory Council, which was created in April 2021 and serves under the Board of Directors, is a panel of Japanese and non-Japanese experts who advise the Board of Directors on

issues and perspectives from the points of view of health and nutrition, emerging countries, the millennial generation, environmental, social, and governance (ESG) and impact investment, and the media and for a long-term horizon to 2050. The Sustainability Committee, also created in April and serving under the Executive Committee, formulates execution plans and strengthens our management ability to pursue the combined objective of realizing a sustainable society and sustainable Ajinomoto Group.

Sustainability is an endless journey

I enjoy traveling and look forward to going abroad and expanding my horizons. In contrast to a vacation, which usually has a specific destination, I think of the pursuit of sustainability as a journey that will continue forever. While ESG is a means that will bring us to the destination of the Sustainable Development Goals (SDGs), 2030 is merely a transit point. When new destinations are set as we seek to make the world a better place, ESG and the SDGs may become so commonplace that they may even disappear from our vocabulary.

I believe our food system is heading toward a crisis point in 2050, particularly for nutrition and sustainable food supply. The damage could become immutable if the global food industry does not take action now to limit the



Visiting a cassava farm



ASV Awards ceremony



Visiting the Governor of Aomori Prefecture



Talking with a customer

Message from the President and CEO

rise in global temperatures to below 2°C by 2030. The Ajinomoto Group must also continue making every effort to help address environmental and social issues or our own sustainable growth will be in jeopardy. One major issue for the Group is the reduction of greenhouse gas emissions, and we recognize that this entails understanding and cutting emissions throughout the entire supply chain.

We are already monitoring emissions from our company and from our direct raw material suppliers, but it will take several years for us to grasp and improve the actual status of Scope 3 emissions at the suppliers' sources and on the consumer level. For key raw materials, like palm oil, we are working with the Consumer Goods Forum (CGF)*, national governments, NGOs, and others to address issues as well as forming procurement guidelines and creating a traceability system.

* An industry network of about 400 consumer goods manufacturers and retailers around the world

Always together with our stakeholders

I believe that our ASV management obliges us to not only maintain our good relations with stakeholders in our value chain but to go further and embrace their issues as our own. We commit to our customers and general

consumers to provide value to them through foods that contribute to long and healthy lives, to our employees to provide stable employment and a workplace that is rewarding and where they can continue developing their skills, to our business partners to offer fair opportunity, and to our shareholders and investors to pursue sustainable returns and to work to quickly fulfill the objectives of the Medium-Term Management Plan. By actively engaging with our stakeholders, we will seek solutions to food and health issues and help create a bright future for people around the world, which embodies our aspiration of "Eat Well, Live Well." We look forward to the continued guidance and support of all stakeholders.

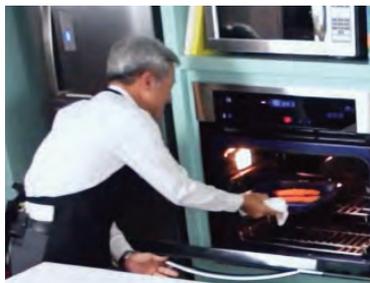


Takaaki Nishii

Director, Representative Executive Officer,
President & Chief Executive Officer

Preparing meals gives me a sense of well-being

I enjoy both eating and making delicious food. Since I was a young child, I have always enjoyed helping prepare the numerous traditional dishes for Japanese New Year, many of which I can still make. I enjoy foods from around the world, too, and sometimes spend several days making cured salmon from a recipe I learned from an American chef. Well-being researcher Yoshiki Ishikawa found that countries where men and women have a more balanced participation in meal preparation score higher on a well-being index. The study is motivating me to spend more time in the kitchen, and I'm looking forward to trying the new low-sodium recipes on the  website.



Cured salmon prepared by the chef

Shift to a Company with Three Committees

Discussion between the President & CEO & the Chair of the Board

Purpose, significance, and future outlook

Ajinomoto Co., Inc. transitioned its form of corporate organization to a Company with Three Committees. The change was intended to accelerate the evolution of ASV management through a more effective governance system enabling “appropriate supervision that reflects recommendations from multiple stakeholders” and “swift business execution.” President & CEO Nishii and Ms. Kimie Iwata, newly appointed Chair of the Board, discussed the transition.

Significance and expectations for the new governance system

Nishii Ms. Iwata, what do you think of the revision to the governance system?

Iwata The Company’s Board of Directors has been improving governance every year, and the governance system is already fairly well developed. The previous structure of a Company with an Audit & Supervisory Board, however, had a limited ability to effectively separate its supervisory and execution functions. The Board of Directors was mostly comprised of internal directors who were all also the main members of the Executive Committee. That created situations where the internal directors responded to input to the Board from the outside directors from a business execution standpoint. The roles of the Board and the Executive Committee essentially overlapped. In that respect, I think this transition is good for both the oversight and executive functions.

Nishii Shifting specific authority to the execution side is expected to reduce the number of items on the Board’s agenda by about half. The time saved can then be used for preparation and discussion, which will give outside directors a better foundation for contributing to the discussions.

Iwata The new structure will enable the Board of Directors to encourage the executive side to take more calculated risks, which will require more stringent monitoring. The structure strengthens the Board’s supervisory function and simultaneously enables more flexible execution, and I believe both of these will lead to changes in governance.

If I may say so, I think your decision to have a Nomination Committee made up primarily of outside

directors oversee the appointment and dismissal of the CEO was a good decision.

Nishii I think the reason that many Japanese companies do not do that is because their medium-term management plans cover only three years.

With the business environment changing as rapidly as it is, management needs to have a longer vision to provide direction. When the executive and supervisory sides have the same 10-year vision, the Board of Directors can determine if the company is progressing or regressing from that vision, while the Nomination Committee determines who should continue to serve or be dismissed.

The execution and supervisory sides are by no means



We will continue improving our methods for visualizing Group value.

Takaaki Nishii

Director, Representative Executive Officer,
President & Chief Executive Officer

Shift to a Company with Three Committees

at odds with each other. They may have different perspectives and opinions, but the purpose of both is to “respond to the mandates of stakeholders.” I think this is extremely important, and I am looking forward to being able to speak frankly and openly with you about the topics that come up.

Iwata I also look forward to maintaining a good relationship that has both trust and independence. As the Chair of the Board, I intend to create an environment where members can openly exchange opinions while considering the agenda for the company.

Stakeholder reaction and evaluation

Nishii What is your view on the reaction and evaluation of stakeholders regarding the transition to a Company with Three Committees?

Iwata First, overseas investors welcome the change because it improves the monitoring function from the previous form of corporate organization, which on the surface was difficult for them to understand.

I also think that investors in general, including those in Japan, will be eager to see if the new structure will be more effective. Investors may wonder if the new structure will really be effective for enabling the company to realize its vision, as well as preventing corporate missteps. For that reason, I think they will first want to see if the Board

of Directors will be able to effectively guide business execution toward realizing the vision.

Nishii That is an extremely important point. Improving the Board’s effectiveness will require a clear template for evaluation. That is the very reason we openly disclosed the five KPIs* throughout the Group and publicly. These KPIs and the sixth indicator of corporate brand value that we added for a consumer perspective will give us a rounded overview of business conditions.

Iwata All of those KPIs have deep significance. Executive management always has them in mind, and they have made the oversight by the Board of Directors much easier.

* The five KPIs are ROIC (over capital costs), organic sales growth, core business sales ratio, employee engagement score, and unit price growth (of international consumer products).

Raising corporate value further

Iwata What do you think governance must accomplish for the Ajinomoto Group to realize its vision?

Nishii As mentioned earlier, it’s important to have a simple method for monitoring the progress that the business strategies are making toward realizing the vision. That being said, it’s very complicated to assess the value of a food company that offers delicious and enjoyable food designed to promote wellness.

One of the most critical functions of the governance will be to discuss the best way to visualize that value and to communicate that to stakeholders, and then to keep verifying the visualization to continue improving its effectiveness.

Iwata I believe the form of governance that we have created is the very best possible at a Japanese company. With the format now in place, I think we will begin to see the true capabilities of the Board of Directors.

Another important element is how the Group will engage with its numerous stakeholders. It will be important that the dialogue with stakeholders not only increases understanding of the Group but also serves as a source for working together to create value. I am eager to hear the input from stakeholders and absorb different ideas so I can fulfill my responsibility to add my voice as an independent outside director.

I feel that I also need to have a better understanding of the Ajinomoto Group. Although my opportunities are limited because I’m not here full time, I would like to actively participate in the Sustainability Advisory Council (see pp.21–22) and in-house seminars.

The new governance framework will enable us to better assess the Board’s effectiveness.

Kimie Iwata

Outside Director,
Chair of the Board



Enhancing the Sustainability Promotion Framework

Sustainability promotion encompassing myriad perspectives

In April 2021, the Ajinomoto Group established the Sustainability Advisory Council (SAC) as a subordinate body of the Board of Directors to pursue the enhancement of corporate value on a continuing basis from the perspective of sustainability. The SAC examines the Group’s materiality items and vision, with a majority of its members comprised of outside experts with a broad range of knowledge and experience.

Main roles of the SAC

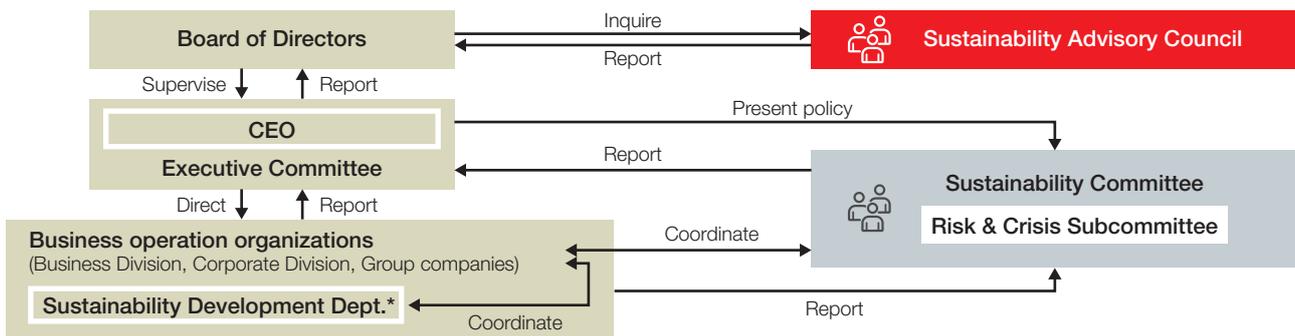
The SAC reports to the Board of Directors after conducting investigations on the following in response to consultations from the Board.

1. Materiality from a long-term perspective (through the year 2050) to be reflected in the materiality items and strategy of Phase 2 of the Medium-Term Management Plan (fiscal 2023–2025)
2. Materiality from a multi-stakeholder perspective and policies for responding to environmental changes (risks and opportunities) associated with materiality
3. Appropriate involvement in the creation of topics and social rules expected and required of companies in the year 2030 and beyond
4. Goals for the year 2030 and beyond related to the creation of social value, including reducing environmental impact and extending healthy life expectancy

Scott Davis serves as the chair of the SAC. He is a professor of international business administration at the College of Business of Rikkyo University and serves as an outside director for a number of companies. Other members of the SAC include outside experts representing various fields, such as health and nutrition, well-being, emerging markets, next generation and ESG/impact investors, and officers of the Company including outside directors and the President & CEO.

Following the launch of the SAC, we established the Sustainability Committee as a subordinate body of the Executive Committee. Based on materiality items approved by the Board of Directors (based on reports from the SAC) and the strategic direction indicated by the Board, the Sustainability Committee identifies risks and opportunities that have a Group-wide impact and reflects these in business strategy. In turn, it reports to the Executive Committee and the Board of Directors.

ESG and sustainability framework



* Together with the Sustainability Committee, it formulates policies and strategies, makes proposals to business plans from the perspective of sustainability, and follows up on measures.



Approach to sustainability toward the 2030 outcomes

The Ajinomoto Group has defined its approach to sustainability toward the 2030 outcomes. Following this, we are now working to both help extend the healthy life expectancy of one billion people and reduce our environmental impact by 50% by 2030. Beyond these goals, we are working to transform sustainable food systems that are more resilient and contribute to regeneration of the environment.

➤ For details, please see the Ajinomoto Group Sustainability Data Book 2021. <https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

Enhancing the Sustainability Promotion Framework



Sustainability Advisory Council members



Scott Davis (Chair)

Professor, College of Business, Rikkyo University



Kraisid Tontisirin

Professor, Institute of Nutrition, Mahidol University, Thailand

Specialty / stakeholders represented: Nutrition/health, academia



Yoshiki Ishikawa

Representative Director, Well-being for Planet Earth Foundation
Co-founder, Cancerscan

Specialty / stakeholders represented: Well-being, academia



Takao Toda

Ex-Vice President for Global Health and Human Security, JICA

Specialty / stakeholders represented: Emerging/developing countries, human security



Yu Aoki

President and CEO, MATCHA Inc.

Specialty / stakeholders represented: Next generation, media



Mana Nakazora

Vice Chairperson, Global Markets, BNP Paribas Securities (Japan) Limited

Specialty / stakeholders represented: ESG investors (strategists)



Naoko Kimura

Membership Senior Manager, Global Impact Investing Network (GIIN)

Specialty / stakeholders represented: Impact/ESG investors (measurement)



Kimie Iwata

Outside Director, Chair of the Board, Ajinomoto Co., Inc.



Joji Nakayama

Outside Director, Ajinomoto Co., Inc.

Takaaki Nishii

Director, Representative Executive Officer, President & CEO, Ajinomoto Co., Inc.

Kaoru Kurashima

Director, Executive Officer & Senior Vice President, General Manager of Global Corporate and Corporate Service Divisions, Ajinomoto Co., Inc.

Hiroshi Shiragami

Executive Officer & Senior Vice President, Chief Innovation Officer (CIO), Management of R&D, Ajinomoto Co., Inc.

➤ For details, please see the webpages for the Framework for ESG and Sustainability and the Sustainability Advisory Council.
<https://www.ajinomoto.com/sustainability/framework/index.php>
https://www.ajinomoto.com/sustainability/framework/advisory_council.php

Enhancing the Sustainability Promotion Framework

Message from the Chair of the Sustainability Advisory Council



A platform for realizing sustainable wellbeing through scientific knowledge and business innovation

Dr. Scott Davis

Professor, College of Business, Rikkyo University

I Innovation for wellbeing

For myself and many others, Ajinomoto Group's products are a part of everyday life. I was not fully aware, however, of the Group's wide-ranging capabilities as an innovator in the life and materials science fields. The Group's promise of "Eat Well, Live Well." is not just based on providing good food, it is grounded in an advanced scientific understanding of human physiology and a deep empathetic understanding of what people need and want in order to flourish in their respective communities.

The Ajinomoto Group's wide-reaching scientific capabilities and worldwide business presence enable it to see both global issues along with unique, regionally specific issues of sustainability. Seen in terms of opportunities for transformation through business innovation, this translates into two areas for contribution as a business to promote sustainability. One is to promote regenerative agriculture and thus enable enhancements in both efficiency and productivity to be achieved in a manner that no longer stresses or exceeds ecological boundaries. The other is to apply science-based innovations to promote human wellbeing that transcend the current boundaries which limit human health.

At Rikkyo University, I have developed a research and educational framework called the Good Business Initiative (GBI). Based on systems theory, the initiative is designed to identify social and environmental issues and reframe them as opportunities to create lasting and sustainable value for both businesses and stakeholders. The GBI process is designed to generate sustainable shared value by promoting wellbeing by creating new knowledge through mutual and constructive understanding among stakeholders. The GBI objectives closely align with the Ajinomoto Group's sustainability goals and are guiding the direction of the Sustainability Advisory Council (SAC).

I A platform for sustainability

To be viable, sustainability must be built into corporate governance structures as a strategic issue. This is what Ajinomoto Co., Inc. has done. The Company has recently adopted the "three-committee" governance structure that enables the board of directors to focus on corporate performance and long-term strategy, established the SAC as a multi-stakeholder advisory body for the board, established a sustainability committee of executives to plan and implement sustainable business, and integrated these three bodies into a robust platform of governance. Under the leadership of Mr. Nishii, the Company has created a governance structure that is able to conceptualize, plan, implement and evaluate a strategy for the sustainable creation of shared value in a manner that is integrated, comprehensive and effectively leverages the Ajinomoto Group's defining capabilities and potentials.

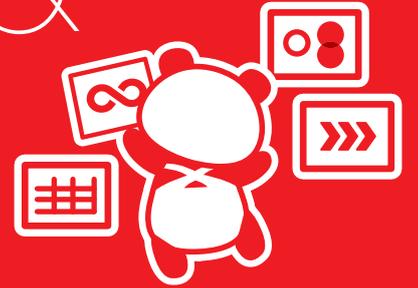
The SAC brings together a highly motivated and dedicated group of stakeholders, including internationally recognized experts in health sciences, international development, ESG investment, and wellbeing—probably the most talented group of people I have ever had the privilege of working with. These members all share a strong sense that the SAC's role is highly meaningful now and will have impact up to and beyond 2050.

The Ajinomoto Group has been actively planning and implementing sustainable business for many years. What is new today is that the Group is currently mobilizing all its resources of scientific knowledge and innovation, market understanding, partnership networks, and global presence in diverse communities to systematically create shared value that will promote sustainable wellbeing up to 2050 and beyond.



Part 2

Our Vision & Strategy



Path toward the 2030 Outcomes

Path toward the 2030 outcomes

The Ajinomoto Group is working to reduce environmental impacts and regenerate the environment as well as to promote better health and life. We will accomplish this using innovation and value co-creation with various partners by focusing management resources on core businesses, combining the power of amino acids with our ability to create new value, and expanding empathy toward our purpose to resolve food and health issues. In turn, we will increase customer value and seek to realize both outcomes of helping extend the healthy life expectancy of one billion people and reducing our environmental impact by 50% by 2030.

Purpose: Resolving food and health issues

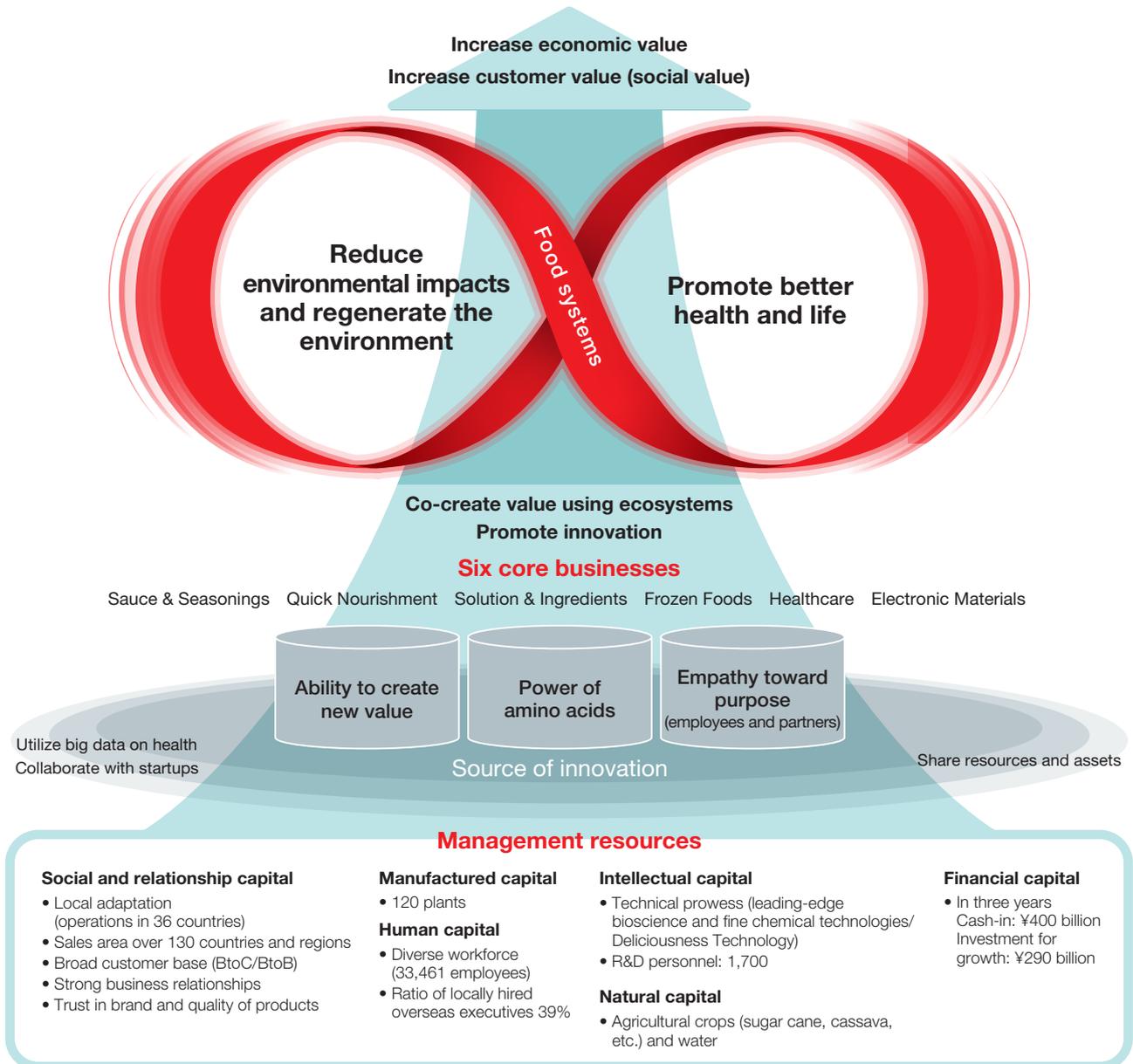
Eat Well, Live Well.

Contribution to greater wellness for people

By 2030

Help extend the healthy life expectancy of 1 billion people

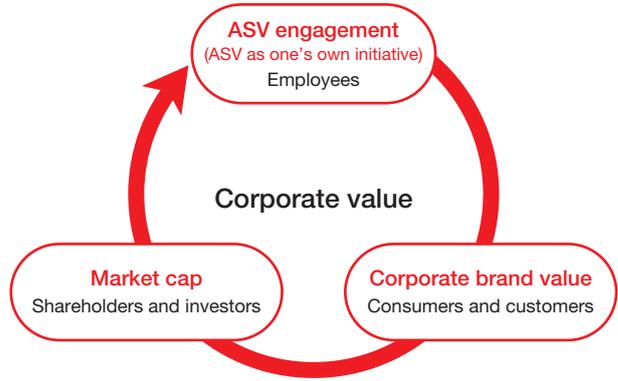
Reduce our environmental impact by 50%



Path toward the 2030 Outcomes

Cycle for increasing corporate value

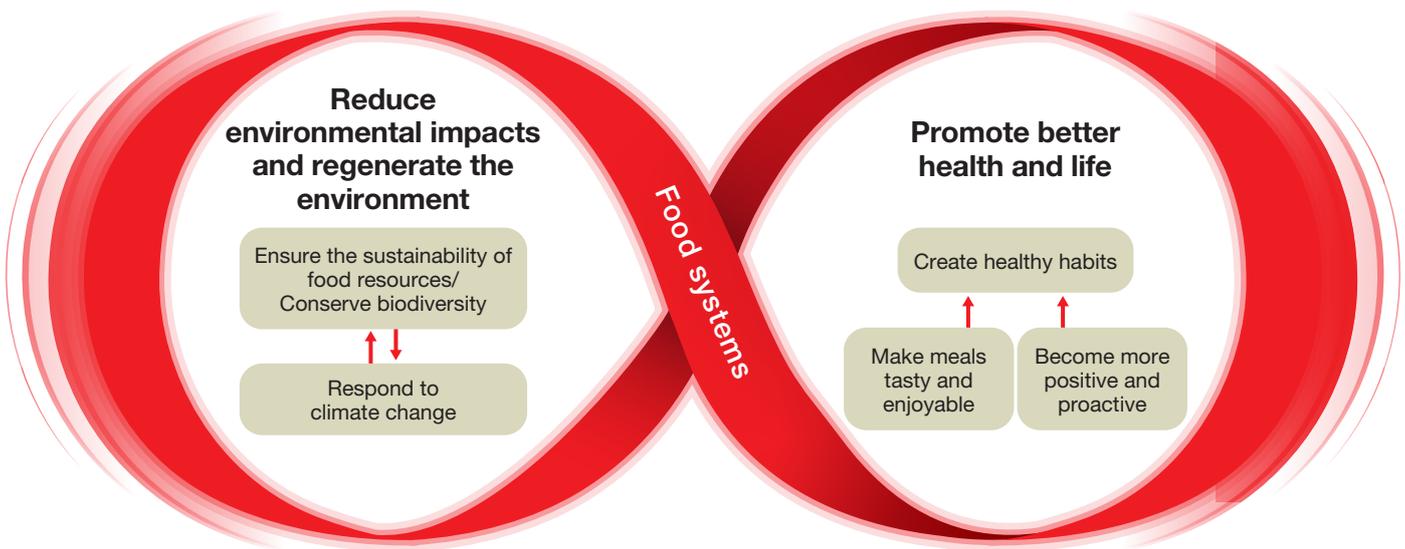
Similar to its creation of umami seasoning *AJI-NO-MOTO*® from efforts to discover what gave *kombu* (kelp) broth its distinctive taste, the Ajinomoto Group has expanded the possibilities with the power of amino acids while refining its ability to create new value, extending its business reach from foods into healthcare and electronic materials. Also, by fostering empathy toward our purpose, we have enhanced employees' ASV engagement and built ecosystems with diverse partners linking this purpose. Looking ahead, we will increase customer value using value co-creation driven by innovation and ecosystems, and sustainably enhance corporate value by continuously implementing the cycle for creating economic value.



Social value created

The Ajinomoto Group's business is supported by the sustainability of food sources, such as main raw materials and ingredients that form the foundation of deliciousness and nutrition. Currently, we are approaching the planetary boundaries, requiring urgent countermeasures to regenerate the natural environment. Therefore, first we will work to make food systems that deliver foods to customers more resilient while reducing environmental impacts by responding to climate change among others. Through these efforts we will also contribute to the regeneration of the environment.

Making delicious food and selecting the right ingredients based on nutritional balance for someone special and enjoying time together over a meal—such daily repetition is said to extend healthy life expectancy. We will promote better health and life where healthy habits become second nature. We will accomplish this through the provision of such value as making meals tasty and enjoyable and helping people become more positive and proactive closely in tune with the daily living of consumers using initiatives under the basic stance of Nutrition Without Compromise.



The pages that follow contain recognition of the external environment surrounding the Ajinomoto Group, materiality items that have a substantial impact on our ability to create value through ASV, strength of our businesses, and approach to reducing environmental impacts and to nutrition.

Understanding of External Environment and Materiality

Materiality items that have a substantial impact on our ability to create value

The Ajinomoto Group has developed the following understanding of the macro environment that is deeply related to the creation of outcomes and realization of its vision. Using this understanding, we identified materiality items, which we continuously review based on the latest social conditions and the feedback and expectations of our stakeholders.

Macro environment surrounding the Ajinomoto Group

Growing world population*1

2019 2050
7.7 billion ▶ 9.7 billion

Food production needed by 2050 compared to 2012

+50%*²

- Rising demand for food, water, and energy

Global population aging

Population over 65*3

2020 2050
0.73 billion ▶ 1.5 billion

- Rising needs for extending healthy life expectancy
- Rising demand for healthcare

Climate change

Global average temperature by 2100*4

+4.8°C

- Accelerated decarbonization
- Physical damage from natural disasters
- Unstable materials sourcing
- Breakdown in supply chain

Transition to the new normal in the wake of the COVID-19 pandemic

- Changing consumer behavior (in-home consumption, reluctance to go out, increased delivery, etc.)
- Increased awareness of hygiene and health management
- Increased awareness of the stable supply of goods (trend toward local production for local consumption, etc.)
- Social fragmentation (polarization of rich and poor, increase in number of the poor and unemployed, etc.)
- Increase in occasion of eating alone
- Promotion of the green recovery

Accelerated use of digital technology

- Emergence of new business opportunities and competition
- Changes in the way information, products and services are provided (e.g., e-commerce)
- Increasing opportunities for direct communication with consumers
- Increase in the influence of Generation Z

*1 United Nations (UN), 2019 *2 Food and Agriculture Organization of the UN, 2017 *3 UN, 2020

*4 Intergovernmental Panel on Climate Change, 2013

Understanding of External Environment and Materiality

How we identify material issues

The Ajinomoto Group identifies materiality items that have a substantial impact on its ability to create value in the short, medium, and long term through ASV, taking into account changes in the macro environment. Once we identify opportunities and risks from materiality items, we define their orders of importance and priority, then reflect these matters in our business activities.

We conduct annual reviews of our materiality items, revising content based on the latest social conditions and the feedback and expectations of our stakeholders.

➤ For details, please see the Ajinomoto Group Sustainability Data Book 2021. <https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

➤ For details, please see Ajinomoto Group Materiality. https://www.ajinomoto.com/sustainability/pdf/2020/materiality_en_2106.pdf

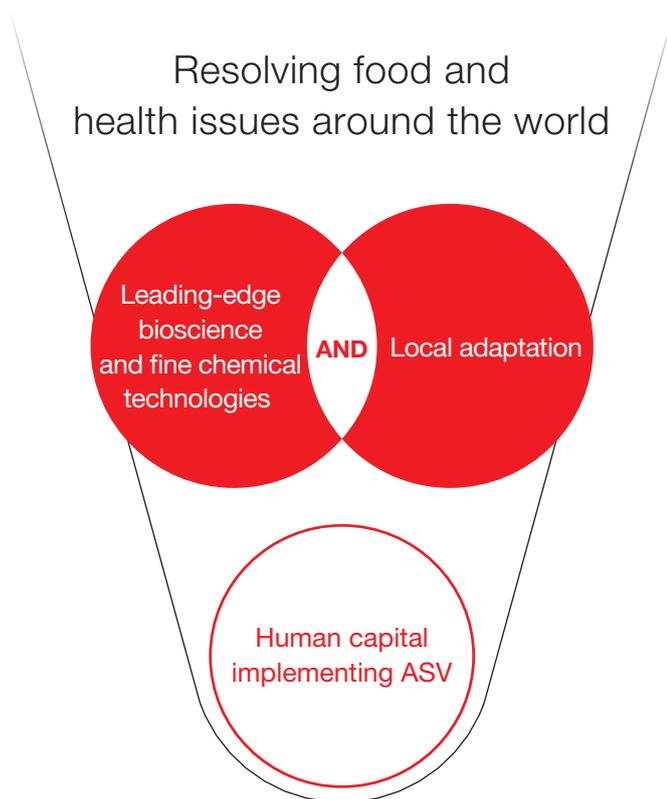
FY2015	Select/sort materiality items
FY2016	Conduct surveys of the SDGs experts (Survey conducted to review the Group's issues and approach taking into account the SDGs announced in 2015)
FY2017	Analyze the relationship between the SDGs and materiality Conduct dialogue with diverse stakeholders
FY2018-2019	Review and revise materiality (Narrowed materiality items from 26 to 11) • Interviews with outside experts • Verification by the Board of Directors
FY2020-	Conduct annual review of materiality

<h3>Materiality items and relevant SDGs</h3>	<h4>Contribution to solve food and health issues</h4> 	<h4>Rapid response to consumer lifestyle changes</h4> 
<h4>Assurance of product safety</h4> 	<h4>Diverse talent</h4> 	<h4>Climate change adaptation and mitigation</h4> 
<h4>Contribution to a circular economy</h4> 	<h4>Reduction of food loss and waste</h4> 	<h4>Sustainable materials sourcing</h4> 
<h4>Conservation of water resources</h4> 	<h4>Strong corporate governance</h4> 	<h4>Preparation for intense global competition</h4> 

Strengths of Our Businesses

Advanced technologies and local adaptation underpinned by ASV

Our core competencies are leading-edge bioscience and fine chemical technologies centered on amino acid research and local adaptation based on our deep understanding of countries and regions. Around 33,000 employees are working to implement ASV by combining and evolving these core competencies.



Leading-edge bioscience and fine chemical technologies

R&D personnel:

1,700

R&D investment:

approx. **¥87 billion**

(FY2020–2022)

We engage in the food products business, which leverages Deliciousness Technology born from our refinement of leading-edge bioscience and fine chemical technologies centered on amino acid research as well as the healthcare and electronic materials businesses utilizing the functions of amino acids and proprietary technologies (see pp.31–32). Today, we employ around 1,700 people in R&D positions at dozens of research hubs in 14 countries around the world. These specialists in the fields of foods, fermentation/biotechnology, chemistry, and engineering conduct R&D while working closely together with other regions to combine technologies cross-functionally.

Boosting competitive advantages

Following the reorganization of our R&D structure, in 2020, we renamed the R&D Planning Dept. to the Research & Business Planning Dept. These are to address an intensely changing market environment and diversifying customer and consumer needs.

The Research & Business Planning Dept. spearheads Group-wide efforts to establish research themes, allocate resources, develop human resources, and business operation during the market introduction period. We aim to initiate R&D from the perspective of what kind of value we will provide to what our customers want, not what we want to create, and we are developing open innovation in conjunction with our business.

> See pp.31–32 "Our leading-edge bioscience and fine chemical technologies."

Strengths of Our Businesses



We supply the right products and services tailored to each market based on in-depth understanding and analysis of customer and consumer needs in each country and region. Capitalizing on our strengths of localized sales and marketing capabilities, in the food products business, for instance, we supply seasonings, quick nourishment, and frozen foods contributing to the increased deliciousness and improved nutrition tailored to the local food preferences in more than 130 countries and regions spanning the globe. We have captured the top global market share in the dry savory segment.

* Umami seasonings and flavor seasonings



To realize ASV and grow sustainably, it is essential that our diverse workforce can contribute their skills in the most appropriate role suited to their abilities. We are now working to foster an innovative corporate culture through promoting ASV as one's own initiative, skills development, along with diversity and inclusion. We are also working to create a workplace environment where employees with differing strengths can contribute their skills while feeling highly engaged in their work.

Boosting competitive advantages

In recent years, the diversification of consumer lifestyles and values has changed people's eating habits as well. With these changes in mind, we are stepping up development and sales of seasonings that can reduce cooking time and products considerate of health and nutritional needs. We are also strengthening collaboration with local distributors and other stakeholders. This will help us to better penetrate localized products based on a deeper understanding of consumer needs as well as improve our future marketing and sales strategies.

Boosting competitive advantages

During fiscal 2020–2022, we plan to increase investment in our people by around 2.5 times compared to fiscal 2017–2019, and we have adopted productivity per employee as a KPI for monitoring the outcome of our investments. Also, we are stepping up skills development to increase employee literacy including digitalization, nutrition, and the environment in order to increase the issue-solving abilities of each and every employee. The promotion of diversity and inclusion is positioned as an important management strategy, and we are establishing systems to achieve diverse work styles and diverse career paths.

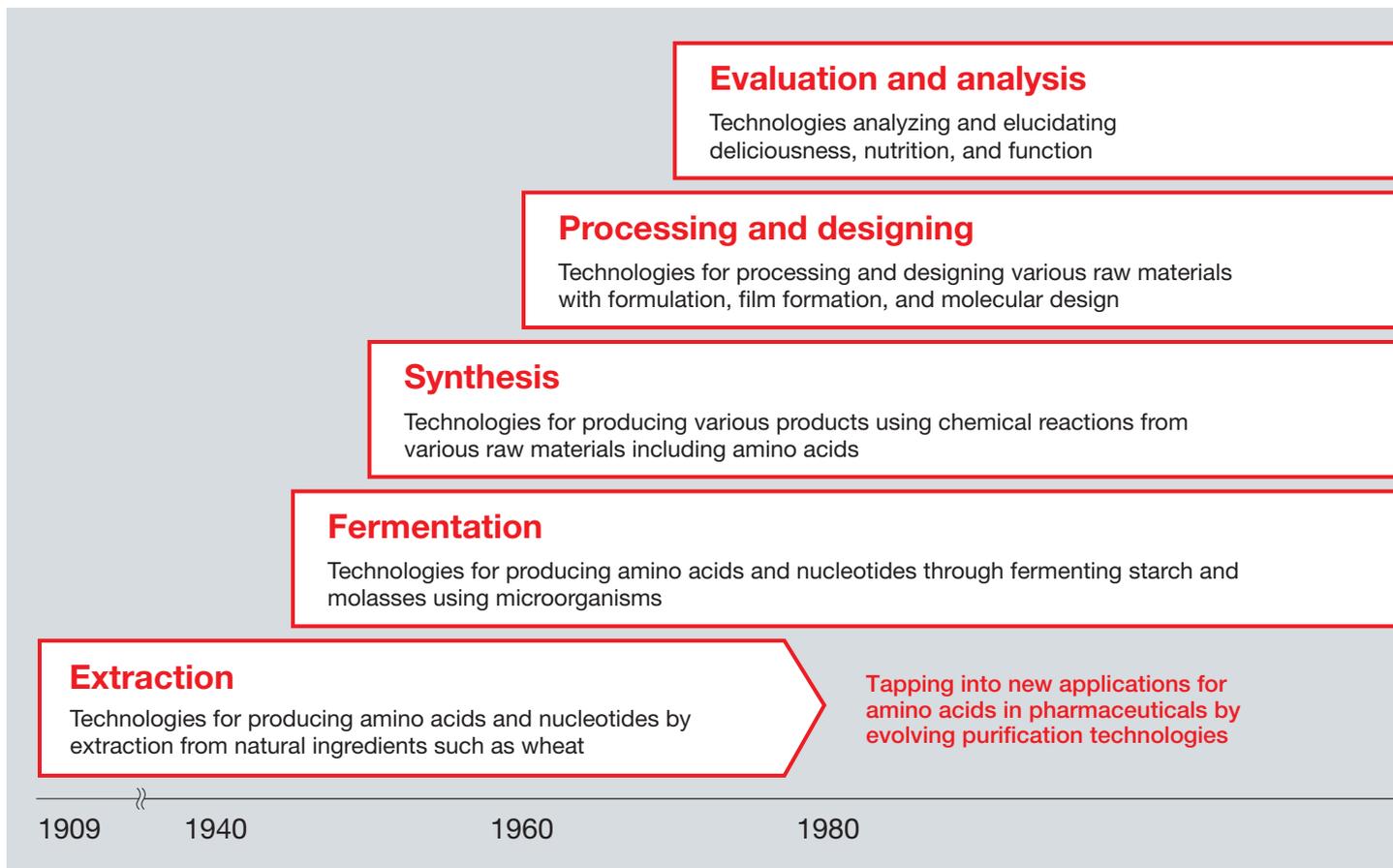
➤ See pp.57–60 "Transform Management of Human Resources and Organization."

Strengths of Our Businesses

Our leading-edge bioscience and fine chemical technologies

Glutamic acid, an amino acid, represents the essence of umami. The Ajinomoto Group has carried out research centered on amino acids for more than a century since its founding, thereby cultivating and enhancing leading-edge bioscience and fine chemical technologies. In turn, these technologies gave rise to our proprietary Deliciousness Technology. Looking ahead, we will continue to address customer needs leveraging our unique key ingredients and technical prowess.

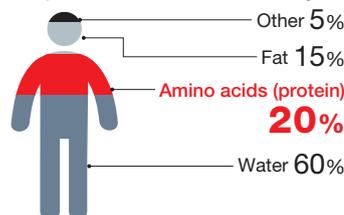
Development of amino acid-related technologies



The power of amino acids

About 20% of the human body is made up of amino acids, which are essential to all living things. Amino acids function to create delicious meals, promote growth, and support physical health, etc. We are looking to deliver new value by pursuing these functions scientifically, and using our proprietary technologies and ingredients.

Composition of the human body



The four functions of amino acids

- Flavoring function**
 - Create delicious meals
- Nutrition**
 - Promote growth
 - Development and recovery
- Physiological function**
 - Support physical health
- Reactivity**
 - Create new functions

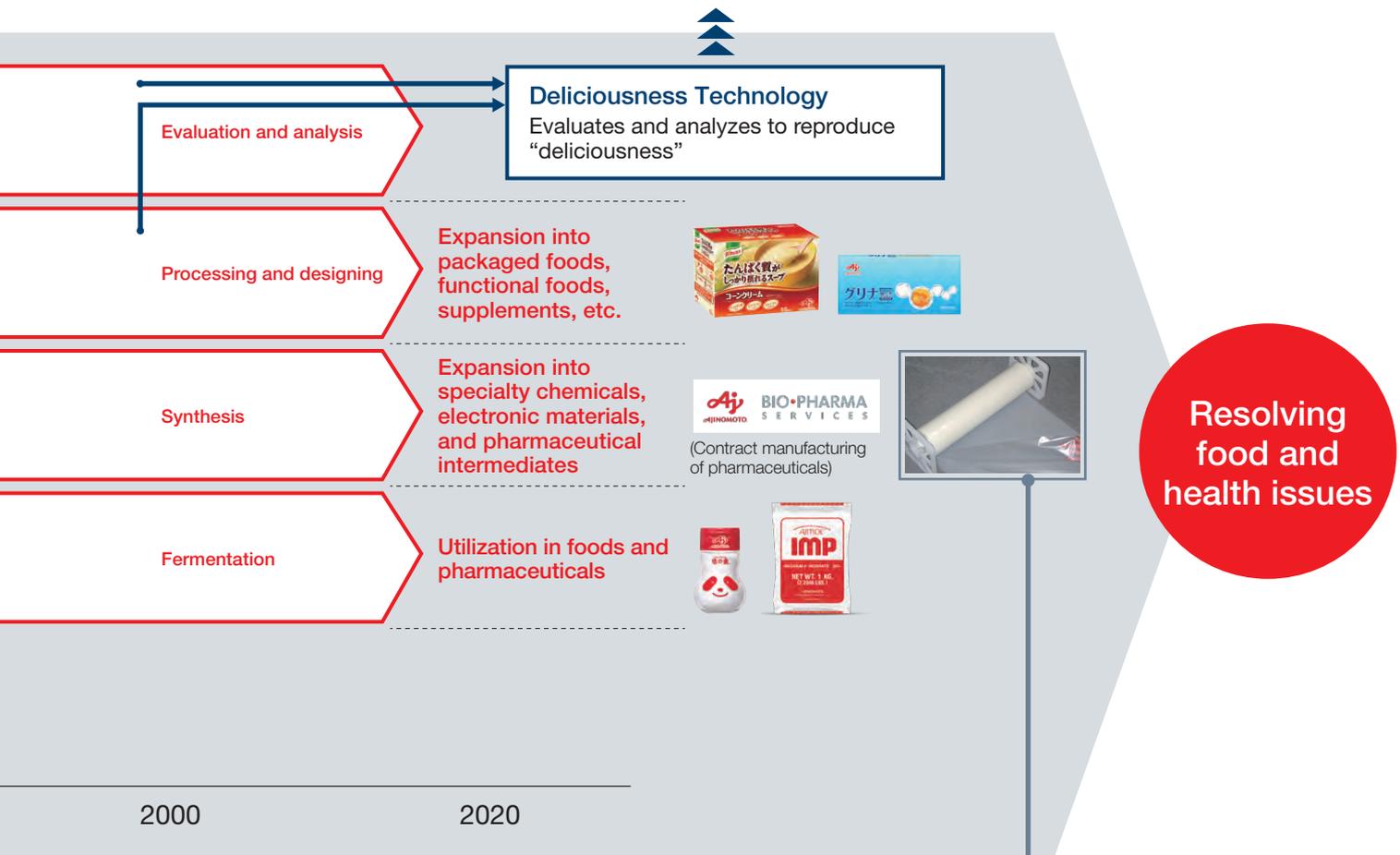
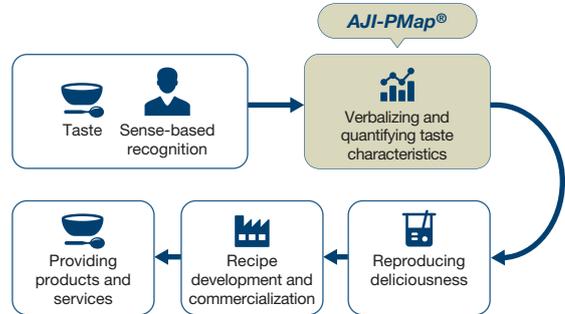
Strengths of Our Businesses

Latest example

Verbalizing the sense of deliciousness with *AJI-PMap*®

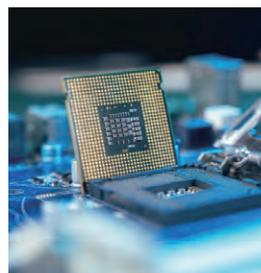
When we eat, we determine whether a food is delicious using our five senses of sight, hearing, smell, touch, and taste. The Group has developed a proprietary technology called *AJI-PMap*® that verbalizes and quantifies the characteristics for maximizing the sense of deliciousness using statistical analysis technology. *AJI-PMap*® can increase the speed of recipe development for products by reproducing deliciousness based on taste characteristics that has been verbalized and quantified. Recently, we developed *AJI-EMap*, a technology that predicts the psychological elements behind purchase motivation, which we are utilizing in customer engagement initiatives.

Speeding up commercialization by *AJI-PMap*®



Why a food company provides electronic materials?

We were the first in the world to successfully develop a film produced from liquid resin called *Ajinomoto Build-up Film*® (*ABF*) based on the technologies gained through our production of amino acids. *ABF* is used as an interlayer insulating material for semiconductor packages for high-performance central processing units (CPUs), considered the brain of PCs.



Approach to Reducing Environmental Impacts and to Nutrition

Initiatives aimed at realizing our outcomes

Our business operations are supported by sound food systems based on stable food resources and the vibrant natural environment. We have set medium- to long-term targets and KPIs for both reducing our environmental impact by 50% and helping extend the healthy life expectancy of one billion people. We are steadily moving forward with various initiatives while utilizing our strengths.

Approach to reducing our environmental impact by 50%

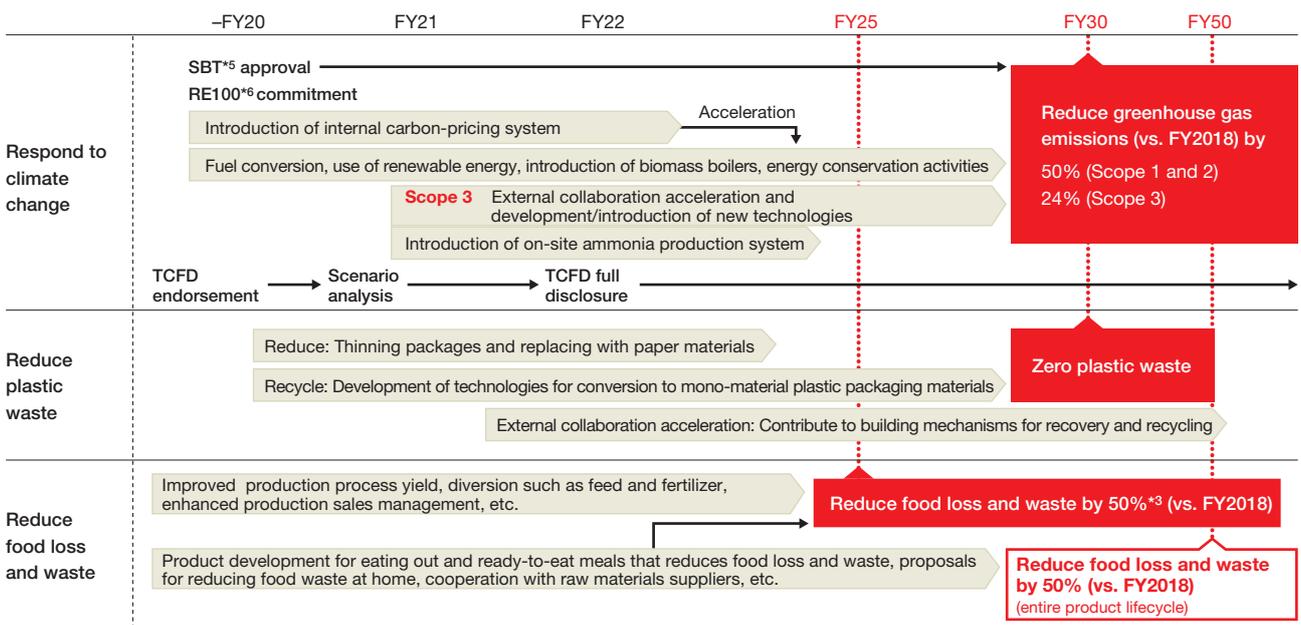
Today, when we are reaching the planetary boundaries, implementing countermeasures to help regenerate the environment is an urgent task for the Ajinomoto Group. We believe that we can only implement initiatives aimed at extending healthy life expectancy in a sustainable manner by reducing our environmental impact, such as responding to climate change, ensuring sustainability of food resources, and conservation of biodiversity. The

2020-2025 Medium-Term Management Plan contains the targets outlined in the table below. In particular, we are focusing efforts on response to climate change, reducing plastic waste, and reducing food loss and waste. For each of these, we have set targets not just for our own activities but also encompassing the entire lifecycle. We aim to achieve them through increased collaboration with outside partners.

2020-2025 Medium-Term Management Plan Targets

Challenges		KPIs		Targets	FY2020 (Result)
Respond to climate change	Greenhouse gas	Greenhouse gas emission reduction rate (total of Scope 1 and 2)		FY2025: Reduce by 30% (vs. FY2018) FY2030: Reduce by 50% (vs. FY2018)	14% reduction
	Water risk	Water use reduction rate*1		FY2030: Reduce by 80% (vs. FY2005)	78% reduction
		Recharge rate of drinking water into forest		FY2025: 100%+	107%
Create a resource recycling society	Plastic waste	Plastic waste		FY2030: Achieve "Zero"*2	—
	Food loss and waste	Food loss and waste reduction rate*3		FY2025: Reduce by 50% (vs. FY2018)	11% increase
Realize sustainable procurement	Deforestation Biodiversity Human rights Animal welfare	Sustainable procurement ratio	Paper	FY2030: 100% of important materials	94%
			Palm oil		84%
			Soybeans		68%*4
			Coffee beans, beef		Start of risk evaluation

Roadmap for reducing our environmental impact by 50%



*1 Percentage reduction per production volume unit *2 Eliminating plastics that are released into the environment without being recycled or reused

*3 From the acceptance of raw materials to delivery to customers *4 Procured for businesses in Japan

*5 Science Based Targets: The greenhouse gas reduction goals based on scientific evidence and aligned with the levels set out in the Paris Agreement

*6 An international initiative pursuing the goal of procuring and using 100% renewable energy in business operations

Approach to Reducing Environmental Impacts and to Nutrition

Initiatives and progress of response to climate change

The Ajinomoto Group's greenhouse gas emissions in fiscal 2020 totaled around 1.91 million t-CO₂ for Scope 1*¹ and Scope 2*², which marks a reduction of 14% compared to the base year of fiscal 2018. Scope 3*³ emissions totaled around 11.79 million t-CO₂ for a 1% reduction. This was because some of our plants reduced production volume due to the fallout from the COVID-19 pandemic. In fiscal 2021, we plan to draw up and begin executing a detailed plan for cutting our greenhouse gas emissions in half. Additionally, we plan to formulate decarbonization promotion measures using our internal carbon-pricing system*⁴ and to draw up a plan for working collaboratively with raw materials suppliers on Scope 3 emissions.

As for the scenario analysis based on the TCFD*⁵ recommendations, in fiscal 2019, we conducted analysis

using *AJI-NO-MOTO*[®] of the potential impact of climate change in fiscal 2050 under the assumption that the average temperature will rise by 2°C by 2100. Following this, in fiscal 2020, we expanded this analysis to cover other mainstay products such as foods and specialty chemicals and analyzed the impacts in fiscal 2030 in the events that the average temperature rises by 2°C and 4°C, respectively, by 2100. In fiscal 2021, we plan to conduct scenario analysis on the impacts in fiscal 2050 using the same assumptions as fiscal 2020.

*1 Direct greenhouse gas emissions from sources that are owned or controlled by the organization

*2 Indirect emissions from the generation of purchased electricity, heat, or steam consumed by the company

*3 Other indirect emissions (product use and disposal and transport, employee commuting and business travel, investment, etc.)

*4 A system in which companies set their own internal carbon price to promote low-carbon investment and countermeasures

*5 Task Force on Climate-related Financial Disclosures

Main risks identified from scenario analysis and response measures

	Risks	Measures
Financial impact due to rising carbon taxes	FY2030: about 20 billion yen FY2040: about 30 billion yen	<ul style="list-style-type: none"> • Introduction of internal carbon-pricing system • Fuel conversion • Use of renewable energy
Raw materials procurement	<ul style="list-style-type: none"> • Instable procurement of agricultural and livestock products due to water stress and increasing occurrence of infectious diseases in livestock • Rising raw materials costs 	<ul style="list-style-type: none"> • Supply stabilization survey and strengthening of management systems • Diversification of procurement partners • Identification of substitute raw materials and reduction of food loss and waste
Markets	<ul style="list-style-type: none"> • Market contraction in Japan due to declining and aging population • Weaker demand for warm meals and drinks due to global warming 	<ul style="list-style-type: none"> • Product development that seizes opportunities

➤ For details, please see the Ajinomoto Group Sustainability Data Book 2021. <https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

Measures and progress on reducing plastic waste

We are undertaking Group-wide strategic measures in aiming to reduce plastics that are released into the environment without being reused or recycled to zero by fiscal 2030.

Goals for fiscal 2030

- Choose to use plastic in the minimum quantity and purpose required for product safety and quality (reduce)
- Switch to using only plastic packaging made of mono-material or recyclable products (recycle)
- Support and contribute to measures for social implementation of collection, sorting, and recycling in countries and regions where our products are manufactured and sold

In order to achieve zero plastic waste, we aim to complete our reduction efforts by fiscal 2025 while developing technologies for converting to mono-material packaging materials; finally switching over to exclusively recyclable materials by fiscal 2030.

The amount of plastic used by the Group in fiscal 2020 totaled 69,000 tons, of which over 90% was used for product packaging. Of this, we have already incorporated mono-materials or paper packaging for approximately 30,000 tons. As for the remaining 40,000 tons, we have started developing technologies for mono-material packaging materials and implementing reuse measures in fiscal 2020. We are working with Japan Clean Ocean Material Alliance (CLOMA), a platform established to accelerate innovation through closer collaboration among concerned parties across multiple industries, as well as participating in and implementing activities as a partner in global recycling startup TerraCycle's "Loop" initiative that recycles and reuses containers.

We will further consider our theme for technological development and our involvement in the development of plastic recycling systems in each country and region in fiscal 2021.

➤ For details, please see the Ajinomoto Group Sustainability Data Book 2021. <https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

Approach to Reducing Environmental Impacts and to Nutrition

Measures and progress of reducing food loss and waste

The Ajinomoto Group has set out a long-term vision of reducing food loss and waste by 50% across the entire product lifecycle by fiscal 2050 compared to fiscal 2018. We aim to cut food loss and waste in half between acceptance of raw materials and the delivery of products to customers by fiscal 2025 relative to fiscal 2018.

In fiscal 2020, despite measures being implemented to reduce food loss and waste at many of our plants, due partly to the loss incurred at the time of launching new

products and lines at our frozen foods plant in the United States, the amount of food loss and waste increased by 11% relative to the base year of fiscal 2018.

In fiscal 2021, we will promote yield improvement and incident reduction at each plant as well as examine measuring methods, establishing KPIs and working collaboratively with raw materials suppliers aimed at food loss and waste reduction throughout the lifecycle of our products.

➤ For details, please see the Ajinomoto Group Sustainability Data Book 2021. <https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

Our approach to nutrition

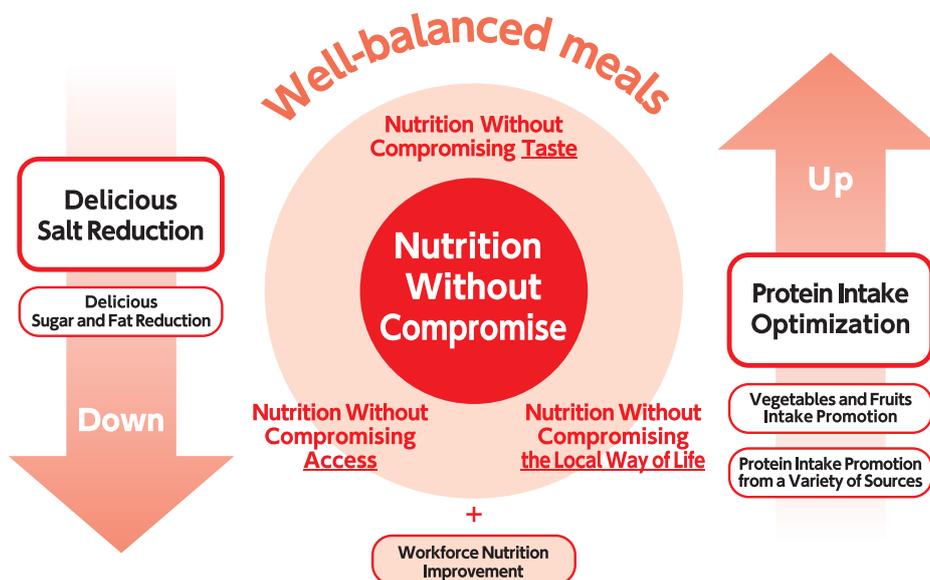
Health issues attributed to diet and lifestyle are growing around the world. These include increasing risk of high blood pressure and heart disease due to excess salt intake, along with frailty in the aged caused by malnutrition. Resolving these issues requires improving nutritional balance in our everyday diet. As a food company closely involved in people’s eating, the Ajinomoto Group is promoting initiatives following the basic policy 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 “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 “the 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. When nutritious foods taste good, are convenient and easily accessible, and respect local eating habits and preferences, we are able to promote the long-term intake of well-balanced meals by consumers.

Aimed at extending the healthy life expectancy of one billion people worldwide by 2030, in 2021 we formulated a commitment that presents a roadmap to improving people’s nutrition and relevant KPIs. Going forward, we will continue to promote activities for improving nutrition while closely monitoring the progress of this commitment.

➤ For details, please see the Ajinomoto Group Sustainability Data Book 2021. <https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

Ajinomoto Group’s approach to nutrition



Approach to Reducing Environmental Impacts and to Nutrition

Commitment to Nutrition

By 2030, we will help extend the healthy life expectancy of one billion people by increasing the current reach to 700 million consumers and providing products and information that support consumers in enjoying nutritious and delicious foods with Nutrition Without Compromise as basic policy on our approach to nutrition.

- Support practice of “delicious salt reduction” using umami
 - We will leverage our current reach to 700 million consumers to raise general awareness of salt reduction using umami, and support more people to achieve salt reduction without compromising taste.
- Provide nutritious products to contribute to people’s wellness
 - By fiscal 2030, 60% of our products will have high nutritional value while maintaining good taste. We will use the Ajinomoto Group Nutrient Profiling System (ANPS) to guide product development and reformulation.
 - Among the nutritious products, we will provide products that promote “delicious salt reduction” and “protein intake optimization” to 400 million people a year by fiscal 2030.
 - By utilizing the physiological and nutritional functions of amino acids, by fiscal 2030, we will double the availability of such products that contribute to health, compared to fiscal 2020.
- Support consciousness/behavior change of consumers by providing information that supports health and nutrition improvement
 - We will provide consumers with information to help them improve their health and nutrition, as well as easy recipes and menus both on product packaging and our website that support delicious and well-balanced meals and healthy lifestyles.
- Improve nutrition literacy of Group employees
 - We will help our employees improve and maintain their health by providing healthy meals in the workplace, nutrition education, health checkups, and maternity leave.
 - By fiscal 2025, we will provide nutrition education to sum total of 100,000 employees.

Initiatives and progress for improving nutrition

In 2020, the Ajinomoto Group became the first Japanese company to introduce a nutrient profiling system called Ajinomoto Group Nutrient Profiling System (ANPS) as a platform for visualizing the nutritional value of our products and enabling continuous improvement. As of March 2021, ANPS has been introduced for around 500 products at nine of our group companies in seven countries.

We are aiming to accelerate social implementation of “delicious salt reduction” using umami to enhance the flavor of food while decreasing the intake of salt with a focus on issue of excess salt intake. Under the U20 Healthy Umami Research Project, which is scientifically exploring, disseminating, and appealing the benefits and public hygiene value of umami, we work with academia to estimate hidden potential at the country and global level to reduce salt intake without compromising deliciousness. The first outcome was obtained in Japan that the average salt intake per Japanese person can be reduced between 12% and 21% (1.3 g to 2.2 g/day) when incorporating umami into Japanese dietary patterns. With this approach, we will steadily explore the possible

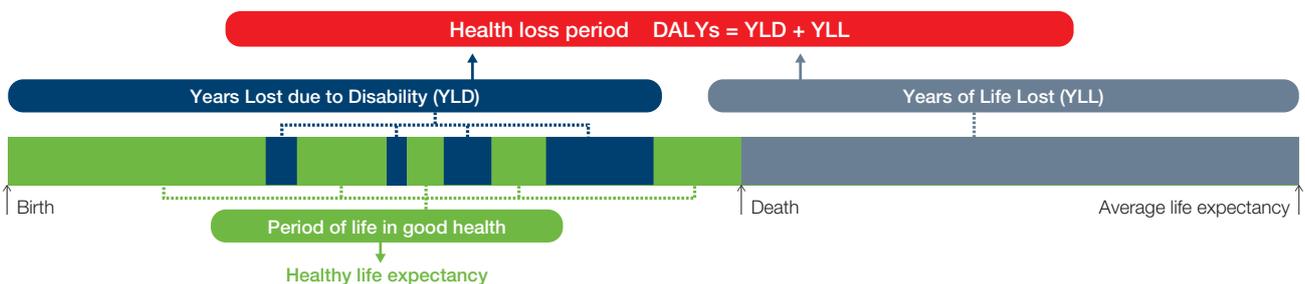
contribution of umami on salt reduction without compromising deliciousness in the main countries where we operate, and also work on forecasting impacts on DALYs (disability-adjusted life year)*.

Going forward, with an eye toward more sophisticated initiatives for improving nutrition, we will elucidate the relationship between food, health, and well-being together with our partners in academia and utilize the knowledge gained through our products and services. At the same time, we will work collaboratively with multi-stakeholders committed to building ecosystems for improving social nutrition, health, and well-being that encourage changes in consumer behaviors.

* 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.

▶ For details, please see the Ajinomoto Group Sustainability Data Book 2021. <https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

Relationship between healthy life expectancy and DALYs



Core Businesses and Solutions for Social Issues

Contributing to solutions to consumer issues through our businesses

We are contributing to solutions to social and environmental issues through our broad international business portfolio spanning food and healthcare while addressing the diversification of consumer lifestyles and values as well as changes in their preferences.

Six core businesses

Sauce & Seasonings

We provide a variety of products including *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 local consumer preferences as well as to improve nutrition of consumers.

Quick Nourishment

We provide 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 supplement nutrition including those for medical institutions. The business contributes to consumers' health and well-being by addressing globally changing lifestyles.

Solution & Ingredients

We supply 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



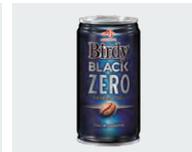
Umami seasonings:
AJI-NO-MOTO[®]



Flavor seasonings:
Ros Dee[®]



Soups:
Knorr[®] protein-rich
soup



Coffee: *Birdy*[®] Black
Zero Sugar



Texture improver:
Ajinomoto KK
Seasoning for Juicier
Kara-Age and Meat



Savory seasoning:
SALT ANSWER[™] *KEM*

Actual solutions for social issues

- Contribute to solutions to dietary issues in Japan through *Smart Salt* initiative for delicious reduced-salt food using umami and *dashi* broth



- Work to solve dietary issues internationally, including launching reduced-salt products in Thailand, Brazil, and Turkey, providing low-sodium recipe ideas, and organizing cooking classes
- Expand the *Kachimeshi*[®]* program to general consumers to help improve nutrition, utilizing our knowledge gained from supporting top athletes

* A nutrition program based on many years of research of Ajinomoto Co., Inc. that utilizes the power of amino acids to improve the physical condition of the body with three well-balanced meals a day and snacks, helping people to achieve their various goals.

- Contribute to solutions to health issues caused by food and lifestyle from children to adults through providing products with reduced salt yet delicious in taste and nutrients such as protein to markets around the world
- Expand the lineup of *Birdy*[®], the number one canned coffee brand in Thailand, to include reduced-sugar and no-sugar products in response to the growing health consciousness of consumers due to the COVID-19 pandemic and their changing preferences

- Contribute to changes in the tastes of consumers worldwide, diversification of food, and the effective utilization of food resources through the provision of solutions for the improved taste/flavor/texture of foods in a collaborative effort with startups and others
- Improve soil fertility and productivity of agriculture by supplying highly nutritional fertilizers made from by-products of amino acid production



Core Businesses and Solutions for Social Issues

Frozen Foods

We provide products mainly in the Asian food 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.

Healthcare

We provide amino acids and amino acid-based products and services 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.

Electronic Materials

We supply 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



Gyoza



Fried rice: TAI PEI®



Fundamental foods: Glyna®



Contracted pharmaceuticals manufacturing service



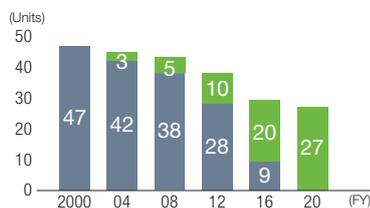
Ajinomoto Build-up Film® (ABF)

Actual solutions for social issues

- Contribute to solutions to issues of consumer health and well-being, and labor shortages at restaurants by providing the basic values of deliciousness, easy-to-prepare and time saving, and fair prices
- Eliminated the use of fluorocarbons in freezers at all seven of our plants in Japan, lowering volume by about 70 tons, which is equivalent to the annual CO₂ emissions of 42,000 households

Switching to fluorocarbon-free freezers in Japan

■ Fluorocarbons ■ Natural refrigerant



- Provided a stable supply for multiple orders of the main ingredient (oligonucleotides) in PCR test kits for COVID-19
- Provide advice based on the results of *AminoIndex® Risk Screening (AIRS®)*^{*1} and other information and tools to support lifestyle improvement by our smartphone app, *aminoSTEP™*
- Ajinomoto Cambrooke, Inc. acquired Nualtra Limited of Ireland, helping to improve the quality of life of users by harnessing our technologies and know-how on oral nutritional supplements^{*2}



Products of Nualtra Limited

- Contribute to a safer, more convenient society by addressing growing worldwide demand for ABF amid the digitalization of business and our everyday lives under the new normal brought about by the COVID-19 pandemic



*1 A service that assesses disease risk based on the balance of amino acid concentration in blood

*2 A type of high-energy and high-protein medical food for seniors with dietary restrictions due to illness or with nutritional deficiency due to aging

Ajinomoto Group Supply Chain

Initiatives for a sustainable society

The Ajinomoto Group operates our businesses while interacting with various stakeholders engaged in every process of our global supply chain. We have identified social issues, concerns, and risks closely related to each process as described below. We aim to resolve social and environmental issues through steady efforts and responses in collaboration with related parties.

Social issues and concerns

- Transition to a decarbonized society (response to climate change)
- Biodiversity • Water resources • Raw materials loss
- Labor shortages in agriculture, securing sufficient farmland
- Animal welfare
- Occupational safety and health
- Respect for workers' rights

Risks

- Failure to procure raw materials due to food resource and water resource depletion
- Insufficient procurement of raw materials due to delays in addressing animal welfare, land hoarding, and deforestation
- Increased losses during the transportation and storage of raw materials
- Occupational accidents
- Potential human rights violation risks

Social issues and concerns

- Transition to a decarbonized society (response to climate change)
- Product quality and safety
- Food loss and waste
- Water resources
- Occupational safety and health
- Respect for workers' rights

Risks

- Loss of trust due to intentional contamination by mixing in foreign substances
- Environmental impact, cost increase, or production stagnation due to delay in decarbonization
- Production stagnation due to droughts, floods, and deterioration of water quality
- Occupational accidents
- Potential human rights violation risks



💡 Group initiatives

- Procure environmentally friendly raw materials
- Contribute to sustainable agriculture by using co-products*; reduce raw material losses
- Strengthen supply chain CSR audits and collaborate to resolve issues
- Thorough quality assurance based on the Ajinomoto System of Quality Assurance (ASQUA)

* Nutrient-rich by-products of amino acid production

💡 Group initiatives

- Reduce greenhouse gas emissions by shifting to renewable energy sources
- Reduce food loss and waste at production sites
- Engage in recycling through water treatment
- Strengthen supply chain CSR audits and collaborate to resolve issues
- Occupational safety and health management
- Thorough quality assurance based on ASQUA

Ajinomoto Group Supply Chain

Social issues and concerns

- Transition to a decarbonized society (response to climate change)
- Labor shortages and aging demographics in the logistics industry
- Increase in logistics volume due to increase in e-commerce
- Occupational safety and health
- Respect for workers' rights

Risks

- Environmental impact and cost increase due to delay in decarbonization
- Logistics delays due to labor shortages
- Occupational accidents
- Potential human rights violation risks

Social issues and concerns

- Transition to a decarbonized society (response to climate change)
- Fair competition
- Responsible marketing
- Food loss and waste
- Protect customer privacy
- Occupational safety and health
- Respect for workers' rights

Risks

- Legal risks, including antitrust law violations, competition laws, and food safety and labeling laws
- Loss of trust due to inappropriate advertising and marketing
- Loss of trust due to insufficient consideration of personal information protection and privacy
- Occupational accidents
- Potential human rights violation risks

Social issues and concerns

- Transition to a decarbonized society (response to climate change)
- Product quality and safety
- Waste (plastics)
- Food loss and waste
- Information overload

Risks

- Erroneous use of products and health hazards
- Environmental impact due to increased waste and food loss
- Lack of understanding of correct information on food and health



Distribution



Sales



Consumers

💡 Group initiatives

- Promote modal shifts
- Increase the ratio of renewable energy use
- Collaborate with other companies to reduce energy consumption during transportation
- Thorough quality assurance based on ASQUA

💡 Group initiatives

- Education regarding related laws and regulations including antitrust laws, and anti-bribery
- Implement appropriate methods of delivering products, services, and information to customers
- Reduce product returns and product disposals by extending best-before date, improving supply chain management accuracy, etc.
- Enhance information security
- Thorough quality assurance based on ASQUA

💡 Group initiatives

- Reflect customer feedback on developing and improving products and services
- Provide appropriate information on packaging and via the internet
- Use environmentally friendly packaging materials
- Thorough quality assurance based on ASQUA

Stakeholder Engagement

Ongoing dialogue with stakeholders

The Ajinomoto Group engages in ongoing dialogue with all of its stakeholders across a diverse range of forums. We reflect the opinions obtained through these dialogues in our corporate activities, leading to value creation toward solving food and health issues. We also leverage these opinions in our actions to achieve sustainability in society and the global environment.

Principal stakeholders	Customers and consumers 	Shareholders and investors 	Business partners 
Concerns/ expectations of stakeholders	<ul style="list-style-type: none"> • Product safety and security • Solving food and health issues 	<ul style="list-style-type: none"> • Fair and highly transparent management • Sustainable business growth • Constructive dialogue and stronger governance • Timely and appropriate disclosures 	<ul style="list-style-type: none"> • Promotion of initiatives toward a sustainable supply chain • Fair business practices
Engagement channel	<ul style="list-style-type: none"> • Customer call center • Website • Factory tour • Information sharing and/or discussions with consumers during events and presentations • Market research 	<ul style="list-style-type: none"> • General meeting of shareholders • Financial results briefings, IR Day, and business briefings • Dialogue with institutional investors • Company briefings for individual investors 	<ul style="list-style-type: none"> • Procurement policy briefings • Food defense briefings and food defense audits • Briefings on Sedex, a platform for sharing corporate ethics data • Dialogue with customers (retailers)
Results and impacts	<ul style="list-style-type: none"> • Product improvements using the voice of customers • Proposals to resolve issues facing consumers in terms of food and health (salt reduction, promotion of vegetable consumption, etc.) 	<ul style="list-style-type: none"> • Publication of video of presentations on our website including Q&A sessions • Reflection of the voice of investors in management and improvements to IR activities (explanation of the Group's strengths through IR Day and business briefings, etc.) 	<ul style="list-style-type: none"> • Sharing of changes in dietary habits and mindset in Japan following COVID-19 • Provision of menus in retail stores for improving immunity • Provision of local meals from around Japan in retail stores • Food poisoning preventive measures at restaurants • Proposals of take-out menus for restaurants

Stakeholder Engagement

Principal stakeholders	Employees 	Local communities 	Outside experts, NPOs, NGOs, and business associations 
Concerns/ expectations of stakeholders	<ul style="list-style-type: none"> • Human resources development • Career development • Diversity and inclusion • Improved employee engagement • Compensation and employee benefits • Occupational safety and health 	<ul style="list-style-type: none"> • Local safety and environmental conservation • Sustainable development of communities 	<ul style="list-style-type: none"> • Honest dialogue and linked activities
Engagement channel	<ul style="list-style-type: none"> • Various skills development and training • Dialogue with the CEO and General Managers of business or corporate divisions • Personal goal presentation • ASV Awards • Social media platform to connect employees globally • Ajinomoto Group Policies (AGP) workplace reviews • Hotlines (whistleblower reporting system) • Harassment hotline 	<ul style="list-style-type: none"> • Dialogue with residents living near our plants • Participation in and sponsorship of community events • Activities to support the recovery of communities impacted by natural disasters • Supports through foundations (three countries) 	<ul style="list-style-type: none"> • Dialogue with outside experts • Dialogue with NPOs and NGOs • Roundtables on Better Animal Welfare (held on eight occasions from February 2020) • Dialogue with consumer goods manufacturers and global retailers at the Consumer Goods Forum (CGF) • Supports through foundations
Results and impacts	<ul style="list-style-type: none"> • Improved FY2020 survey score for “ASV as one’s own initiative” • Promotion of mutual understanding of work environment, such as occupational safety and health and salary and employee benefits, through dialogue between management and employees 	<ul style="list-style-type: none"> • Initiatives for identifying and resolving health and nutrition issues in communities (proposals at retailers on ways to increase vegetable consumption using local specialty vegetables, school lunch projects in Vietnam, nutrition seminars for midwives in Indonesia, etc.) 	<ul style="list-style-type: none"> • Revisions to Group Shared Policies, guidelines, and approaches • Involvement in activities to resolve social issues through international organizations and industry-government-academia collaboration, such as the IP Open Access Declaration Against COVID-19 • Participation in the Japan Platform for Migrant Workers toward a Responsible and Inclusive Society • Commencement of reduced salt-intake promotional activities for residents of Chiba City through a tie-up with AEON Co., Ltd. and Chiba City • Ongoing implementation of the AIN program supporting NPOs and NGOs active in the fields of food and nutrition (through foundation)

➤ For details, please see the Ajinomoto Group Sustainability Data Book 2021.
<https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

Stakeholder Engagement

Initiatives for improving nutrition around the world

The Ajinomoto Group actively discusses and works collaboratively with international industry organizations, NGOs, and other stakeholders on food and nutrition with the aim of resolving various nutrition issues around the world.

Collaboration with stakeholders ahead of the UN Food Systems Summit and the Tokyo Nutrition for Growth Summit

Even today more than 720 million people in the world go hungry*¹. In recent years, many countries around the world are also faced with the double burden of malnutrition, involving both undernutrition and overnutrition. This requires responses to the spread of lifestyle-related diseases and frailty from super-aging societies. In 2021, two major international conferences covering these issues are scheduled to take place. The Group is participating in discussions ahead of both.

In September 2021, the UN Food Systems Summit will be held to discuss the sustainability of food systems as a worldwide issue. Our President & CEO participated in CEO consultation, a preparatory meeting soliciting recommendations on food systems from various CEOs from around the world. During this meeting, which featured active dialogue, our President & CEO delivered a presentation on our own initiatives for contributing to a recycling-oriented society and sustainability in procurement.

In December 2021, the Tokyo Nutrition for Growth (N4G) Summit organized by the Japanese government will take place. The N4G Summit was first held in 2013 following the London Olympics and has since been held in Rio de Janeiro and now it will take place in Tokyo. The Summit will see various stakeholders confirm the current state and issues in regard to improving nutrition around the world, with discussions slated to take place on international initiatives aimed at resolving these issues. The Ajinomoto Group was the only Japanese company to participate in the first Summit meeting. Based on this experience, we will demonstrate our commitment on improving nutrition at the upcoming Summit meeting.

Official website of the UN Food Systems Summit

<https://www.un.org/en/food-systems-summit/about>



Official website of the Tokyo N4G Summit

<https://nutritionforgrowth.org/events/>



Additionally, we are stepping up engagement with stakeholders in the field of nutrition, including Access to Nutrition Foundation (ATNF)*², Scaling Up Nutrition (SUN)*³, and the Global Alliance for Improved Nutrition (GAIN)*⁴. For example, the Consumer Goods Forum (CGF), an international industry group for consumer goods, and GAIN, an NGO working to improve nutrition internationally, plan to make commitments at the Tokyo N4G Summit. These organizations jointly established The Workforce Nutrition Alliance promoting ways to improve nutrition in the workplace. The Ajinomoto Group recognizes that employees' health is one of the most important elements of its management foundation. Given our focus on improving workforce nutrition and efforts to increase employees' nutrition literacy, we are holding talks with both organizations upon the launch of this alliance.

We are also participating in the Nutrition Japan Public Private Platform (NJPPP), a platform for promoting businesses that improve nutrition through tie-ups between Japanese companies and academia, among other players. Together with NJPPP members, we plan to demonstrate the approaches to improving nutrition that are uniquely Japanese at the Tokyo N4G Summit. We also plan to actively make recommendations together with other NJPPP members in response to the commitment set to be made by the Japanese government at the meeting.

The Ajinomoto Group, which aims to help extend healthy life expectancy of one billion people by 2030, will continue to capitalize on various opportunities to disseminate information not only about its own activities but also the unique situation in Asia and the strengths of Japanese companies.

Our goal is to help improve people's nutrition around the world while working collaboratively with various stakeholders.



Our President & CEO participating in the Pre-Summit of the UN Food Systems Summit

*1 Source: *The State of Food Security and Nutrition in the World 2021* by the FAO and others

*2 An organization that compiles the Access to Nutrition Index

*3 A worldwide framework involving governments, people, the UN, aid organizations, business, and academia working to resolve nutrition issues in developing countries

*4 An NGO established by the UN in 2002



Part 3

Management Plan



Overall Structure and Progress of 2020-2025 Medium-Term Management Plan

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

The 2020-2025 Medium-Term Management Plan (MTP) entered its second year. We are marking solid progress with initiatives to reformulate our business portfolio and increase employee engagement. We have identified issues from the first fiscal year of the plan and now the entire Ajinomoto Group is working as one to fulfill our vision for 2030 to become a “solution-providing group of companies for food and health issues.”

Key principles of 2020-2025 Medium-Term Management Plan

The Ajinomoto Group focuses its management resources toward resolving food and health issues, and under our MTP, we are working to transform management of human resources and organization, raise value for consumers centered on health, and establish a revenue structure for efficient growth.

Based on the concept of corporate value redefined in 2020, by actively investing in human resources, we enhance the customer value created by human resources (intangible assets), which will lead to the strengthening of financial assets (tangible assets). Returning financial assets to human capital, we will enhance corporate value through this cycle (see p.26).

Under our 2020-2025 MTP, fiscal 2020 to 2022 is positioned as Phase 1 Structural Reform and fiscal 2023 to 2025 as Phase 2 Regrowth, and we will spend six

years working to transform into a sustainable business structure. Furthermore, these phases will be supported by our drive toward digital transformation (DX), which will speed up strategy implementation.

The priority KPIs include ROIC from the standpoint of efficiency, organic sales growth from the standpoint of growth potential, along with core business sales ratio, employee engagement score, and unit price growth, which relate to the first two.

We are also working on business process transformation for creating business strategy. In fiscal 2020, we revised and bolstered the MTPs of our core businesses based on the impacts of the COVID-19 pandemic, and we improved the decision-making process for strategy implementation.



Progress in fiscal 2020

Among the priority KPIs, we have made steady progress with ROIC despite impairment losses from the structural reform process. Organic sales growth stalled because Seasonings & Foods and Frozen Foods for food services along with the Bio-Pharma Services in the North America were impacted by the COVID-19 pandemic. The core business sales ratio is expected to receive a boost in fiscal 2021 from our structural reforms in the animal nutrition business. Unit price growth of international

consumer products is progressing according to plan buoyed by improvement in the product mix. There is still room for improvement in employee engagement score, though, which is a leading indicator of financial targets, despite improvements over the previous year from our initiatives for ASV as one's own initiative.

Corporate brand value, another leading indicator, experienced a V-shaped recovery, up 19% over the previous year.

Overall Structure and Progress of 2020-2025 Medium-Term Management Plan

Priority KPIs	FY19 (Result)	FY20 (Result)	FY22 (Target)	FY25 (Target)	FY30 (Final target)
ROIC	3.0%	6.9%	8%	10-11%	13%
Organic sales growth (YoY)	0.3%	-0.6%	4%	5%	5%
Core business sales ratio	66.5%	66.6%	70%	80%	80%+
Employee engagement score (ASV as one's own initiative)	55%	64%	70%	80%	85%+
Unit price growth (YoY) (International consumer products)	Approx. 5%	2.8%	2.5%	3%	3%

Corporate brand value*1

(millions of USD)	FY19 (Result)	FY20 (Result)	FY22 (Target)	FY25 (Target)	FY30 (Final target)
	780	926	-	-	-

*1 Evaluated by Interbrand, "Best Japan Brands"

Fiscal 2020 results and challenges

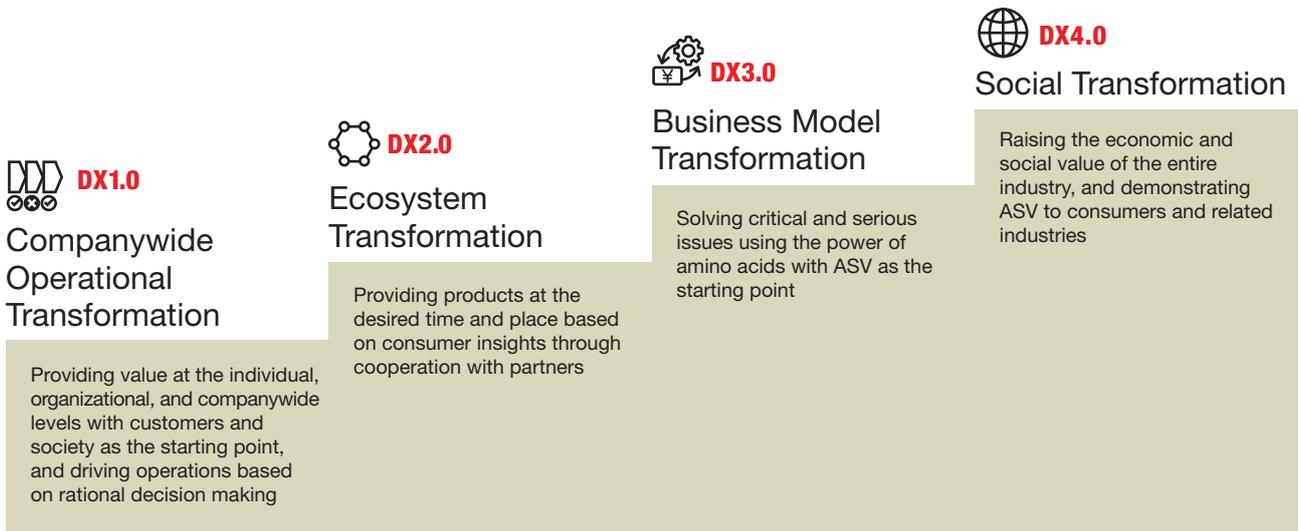
	Results in fiscal 2020	Challenges and measures for regrowth
Establish a revenue structure for efficient growth		
Reformulate portfolio for higher efficiency and growth	<ul style="list-style-type: none"> Completed structural reform of animal nutrition business (commodities) Implementing measures to wind down the MSG business for BtoB customers In frozen foods, reduced unprofitable items for restaurant and industrial-use products in Japan, while shifted to high-profit Asian food category in North America 	<ul style="list-style-type: none"> Shift to solution services for customers Improve costs and enhance productivity by streamlining business assets Continue to promote asset-light measures
Raise value for consumers centered on health		
Unit price growth by creating a food and health ecosystem	<ul style="list-style-type: none"> Launched the <i>Smart Salt</i> project using the Group's salt-reduction technologies 	<ul style="list-style-type: none"> Speed up partnerships within local communities to accelerate the deployment of the <i>Smart Salt</i> project inside and outside of Japan
Unit price growth by providing delicious options for new lifestyles	<ul style="list-style-type: none"> Increased nutritional value by revamping products with Ajinomoto Group Nutrient Profiling System (ANPS) 	<ul style="list-style-type: none"> Develop technologies for visualizing nutritional value of foods prepared using the Group's seasonings
Transform management of human resources and organization		
Invest in our people, enhance issue-solving capabilities	<ul style="list-style-type: none"> Increased employee engagement score (ASV as one's own initiative) from 55% to 64% Implemented program fostering business DX talent*2: 803 certified persons in total, or 25% of our workforce Provided nutrition literacy training to sales departments in Japan*2, for a total of 460 employees, or 75% of eligible sales workforce 	<ul style="list-style-type: none"> Roll out dialogue with CEO and top management as well as the personal goal presentation to Group companies outside Japan Expand programs to improve literacy in digital and nutrition to Group companies Introduce program to improve literacy in environment

*2 At Ajinomoto Co., Inc. only

DX That Promotes “Resolving Food and Health Issues”

DX that promotes “resolving food and health issues”

The Ajinomoto Group is actively advancing its digital transformation (DX) to transform itself into a “solution-providing group of companies for food and health issues” through which it will boost its market competitiveness, efficiency, and productivity. The Group is integrating DX over four stages each with a specific overarching objective.

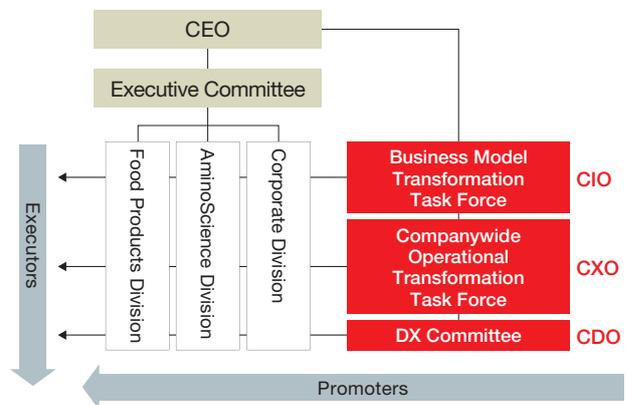


For details, please see the Ajinomoto Group Sustainability Data Book 2021. <https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

Framework for promoting DX

The DX Committee, led by the Chief Digital Officer (CDO), has been established to supervise and advance the DX in all of the Group’s value chains.

In addition, task forces reporting directly to the CEO, each headed by a Chief Transformation Officer (CXO) and Chief Innovation Officer (CIO), have been established specifically for DX1.0 Companywide Operational Transformation and DX3.0 Business Model Transformation. Led by the CEO, the CDO, CIO, and CXO are bringing together the two business divisions and the Corporate Division for a fully coordinated effort to bring about our transformation.



Developing business DX talent

Recognizing that it is the employees who will be carrying out our DX, in fiscal 2020 we introduced new programs to develop business DX talent, system developers, and data scientists and have also stepped up external hiring to reinforce our human resources.

At Ajinomoto Co., Inc., the development of business DX talent was launched with a program of beginner, intermediate, and advanced courses and a target of training 100 people in the three years of fiscal 2020-2022. In fiscal 2020, 803 employees earned certification,

representing 25% of our workforce. Preparations are under way to expand the program to Group companies in Japan and overseas.

Fiscal 2020 certified business DX employees of Ajinomoto Co., Inc. 803 (25%*)

* Percentage of the total number of employees

For details, please see the Ajinomoto Group Sustainability Data Book 2021. <https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

DX That Promotes “Resolving Food and Health Issues”

DX1.0 Companywide operational transformation

DX1.0 will transform operations throughout our organization to enable us to carry out optimal operations from an overall standpoint with the aim of providing value to customers and society on the individual, organizational, and companywide level.

Transformation on a foundation of operational excellence

The Ajinomoto Group is introducing operational excellence (OE) as a management system that will be the foundation for our transformation. Group OE is continuous improvement and reform activities based on the philosophy and methods of thoroughly refining all operations to solve problems and to add value from the

customer’s point of view while individuals and teams grow in a synchronized manner in order to create a competitive advantage. Through this, we aim to create customer value, enhance employee skills and motivation, and improve our performance as an organization. OE is the foundation for stages 2.0, 3.0, and 4.0 in our DX strategy.

OE for boosting ASV as one’s own initiative

The steps for implementing OE are threefold: 1) clarify the target customer and the value the customer wants, 2) set our goal as an organization, and break it down to specific goals linked to personal goals, and 3) execute data-driven management.

In fiscal 2020, we integrated this OE approach to our measures to encourage employees to make ASV one’s own initiative. The Ajinomoto Group has formulated a management cycle with a system for enhancing ASV engagement to simultaneously promote ASV as one’s own initiative and individual skill development.

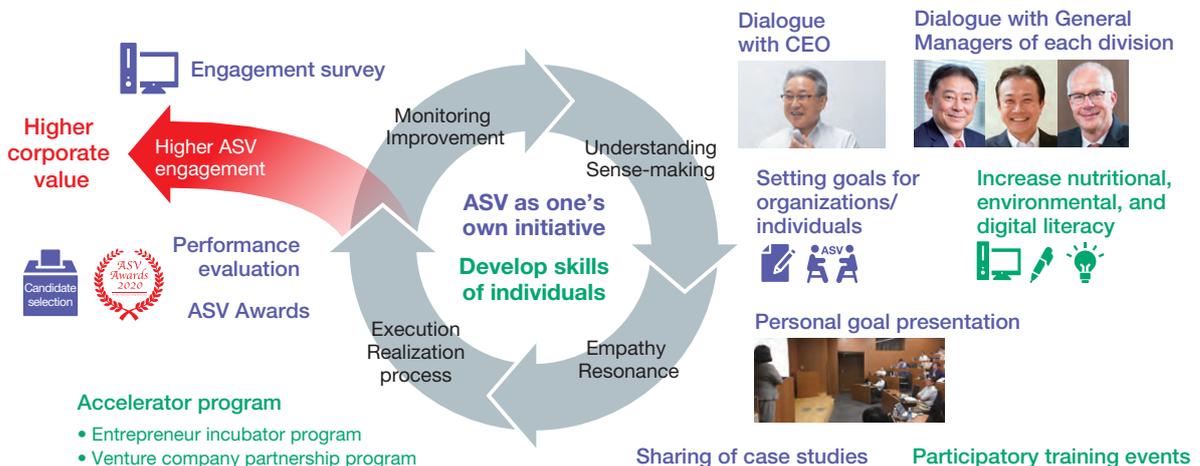
Ajinomoto Co., Inc. created the ASV Engagement Team in fiscal 2020 to strengthen the promotion of ASV as one’s own initiative by integrating advanced work style initiatives. Thirty-four team members including the sales and R&D departments participated in seven OE

workshops over a two-month period. The team members sought to answer the questions of “who is the customer?” and “what does the customer want?” and, based on the answers to those, “what should be the goals of the team’s actions?” The meetings clarified the purpose and importance of the main measures, such as the dialogue with management and ASV Awards, for promoting ASV as one’s own initiative. This was then used to set KPIs for each measure and guide the direction of the ASV Engagement Team’s plan-do-check-action (PDCA) cycle.

A management cycle incorporating OE methods like these was conducted for all of the Company’s organizations in fiscal 2020, and we plan to apply it to Group companies in Japan and overseas in fiscal 2021.

[▶ See pp.57–60 “Transform Management of Human Resources and Organization.”](#)

Management cycle that increases ASV engagement



DX That Promotes “Resolving Food and Health Issues”

Introduction of common management indicators across the Group

While increasing ASV engagement to improve employee motivation, we also must improve our performance as an organization. The Ajinomoto Group has therefore begun devising and adopting management indicators that will apply throughout the Group to gauge each activity’s contribution to raising ROIC and realizing ASV.

As we introduce the common Group management indicators, we are standardizing managerial accounting and creating a Group-wide data collection and analysis system for visualization of Group management. We are

also developing an ROIC tree incorporating data common to all businesses as well as data on individual businesses and daily operations, which will boost our ability to continuously enhance corporate value. We will also thoroughly enforce management with an emphasis on ROIC for allocating resources to core businesses and for downsizing or eliminating non-core businesses with the aim of establishing a highly efficient profit structure.

➤ See pp.73–77 “Financial Capital Strategy.”

DX2.0 Ecosystem transformation

We are aiming to build value co-creating ecosystems that enable us to continuously increase the value we provide to customers while leveraging smart partnerships with outside partners. To further that aim, we are also transforming the ecosystems of our management and businesses.

Ajinomoto Group’s ecosystem transformation

To date, the Group has been a vertical organization with a clear hierarchy, which is common for Japanese companies. Under this structure, employees have been essentially considered as strictly fixed to each organization. Advances in digital technology and IT systems and the increasing adoption of new work styles, such as remote work, are releasing individuals and organizations from the previously fixed organizational culture. We expect this trend to create new networks inside as well as outside the company with autonomous individuals and organizations. The Group will seek to form a seamless network untethered by the conventional organizational structure, and to establish a network-type management style with employees participating with diverse work styles and responsibilities. We are implementing various ways to create and optimize this network, including joint ventures and outsourcing corporate services as well as spinning off operations as service companies.

The transformation of the business ecosystem will also hinge on customer experience (CX). The Group’s business management has been made up of linear

connections between the marketing, R&D, procurement, production, and product sales functions. However, customer consumption and purchasing behaviors are becoming more diverse and are shifting away from being strictly based on the product to the CX of the product purchase and use. Rather than simply connecting the supply chains linearly, creating new value in this rapidly changing business environment will require the supply chain functions freely exchanging information centered on CX, the ability to leverage the supply chain strengths, and overall management that is able to effectively and agilely produce new CX. Steps in this direction have included reorganizing the Group R&D structure to better respond to the significant changes in the market environment and customer needs, and Ajinomoto Co., Inc. teaming with four other food manufacturers to establish F-LINE CORPORATION with the aim of building a sustainable logistics system.

The Ajinomoto Group will continue working with its diverse stakeholders to remake its ecosystems to promote social change and, by resolving food and health issues, contribute to people’s wellness.

DX for improving supply chain management

The Group is aiming to maintain and improve ROIC, and ensure it exceeds WACC, with a profit structure of ROE > ROIC > ROA > WACC. At this point, we view the low

ROA, which represents the ratio of business profit to total assets, as a particular issue that needs to be rectified. We have already started an effort to improve ROA in fiscal

DX That Promotes “Resolving Food and Health Issues”

2020 led by the Supply Chain Management (SCM) Subcommittee, one of several specialized subcommittees including for R&D and marketing set up as part of the DX implementation system. The SCM subcommittee launched an initiative to optimize inventory levels after finding that the Group had high inventory, which is part of the denominator for calculating ROA, and a low profit margin, which is part of the numerator and closely related to the work efficiency of SCM.

Inventory measured in terms of turnover days had grown from an average of 50 days prior to fiscal 2005 to 94 days in fiscal 2019, suggesting that there was room to reduce inventory volume. We have set KPIs for improving ROA of lowering inventory turnover days to 86.5 in fiscal 2022 and 70 in fiscal 2025 as well as reducing SCM-related costs by ¥1.5 billion during the three years of fiscal 2020-2022 and by a total of ¥6.0 billion by fiscal 2025.

Concrete measures to reduce inventories will include changing the business flow for inventory planning from monthly to weekly production cycles and reducing the number of stock points. The production systems in Japan

for the seasonings and packaged foods businesses have been revised and the consolidation of their sites from five to three is expected to be completed by the end of September 2021.

We will also be aiming for zero unplanned inventory arising from mismatched sales and production volume. On the sales side, we will use artificial intelligence (AI) for highly accurate demand forecasting using past shipment results, food price information, weather data, and other factors. On the production side, we are installing automation technology to prevent overproduction and other types of production overshoots.

We are planning to use digital technologies to monitor and analyze the results of these measures and to visualize the cost per stock keeping unit (SKU). We expect the highly precise information and refining our management down to the SKU level to produce major improvements.

The improved SCM and reduced number of inventory turnover days will raise customer value by providing fresher products and increase shareholder value through improved capital efficiency.

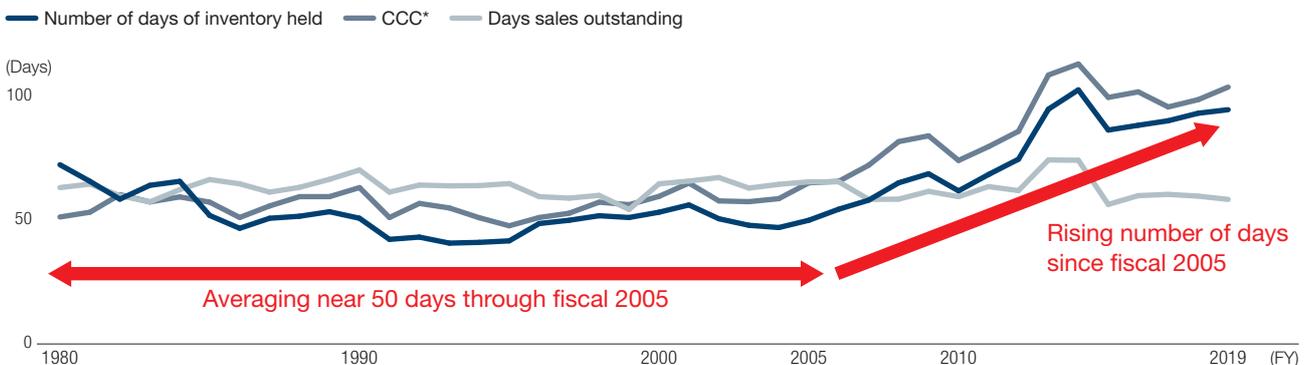
DX 2.0 initiatives in the supply chain



KPIs

	FY22 (Target)	FY25 (Goal)
Number of days of inventory held	86.5 days (equivalent value of reduction: ¥15 billion)	70 days (equivalent value of reduction: ¥50 billion)
Cost saving	¥1.5 billion (FY20-22)	¥6.0 billion (FY20-25)

Number of days of inventory held



* Cash conversion cycle

DX That Promotes “Resolving Food and Health Issues”

DX3.0 Business model transformation

We will infuse the power of digital technology to our diverse range of advanced food and health technologies so we can create a new business model to more fully meet customer needs in critical (irreplaceable) and serious (life threatening, legal compliance) areas.

Broadly supporting better lifestyles tailored to individuals

The Ajinomoto Group is building an ecosystem for providing advice, information, and tools to help people improve their lives according to their own personal lifestyles. Connecting various digital platforms will enable us to expand our services from risk assessment and software applications providing health consultation and life improvement support to solutions for healthy lives.

The first element of the ecosystem is our disease risk assessment service, *AminoIndex® Risk Screening (AIRS®)*. The *AIRS®* test evaluates disease risk based on the balance of amino acid concentration in the blood from a single blood sampling. The test screens for risk of various cancer and lifestyle-related diseases, and in October 2020 we added screening for the potential of cognitive function decline to the screening scope. We also joined with Mediplat Inc. to develop the *aminoSTEP* smartphone app offering advice for improving daily lifestyles. Launched in

April 2021, the app proposes walk rallies, provides chat-style health counseling, and stores and manages test result data. We are dedicated to providing information not only to individuals that take the *AIRS®* test but also to general consumers to help users improve their lifestyles and maintain their health with fun activities.

These platforms are also linked to the  recipe website and the new *Brain Health Diary for 100 year Life** smartphone app to further broaden our total healthcare service. In addition, we are utilizing big data accumulated by Hirosaki University’s Center of Innovation (COI) to research the relationship between diet (nutrition) and physical and mental health. (See p.62)

* An app that helps maintain and improve cognitive function by providing scores for the three lifestyle habits of diet, exercise, and sleep from the perspective of cognitive function.

➤ For details, please see the Ajinomoto Group Sustainability Data Book 2021. <https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

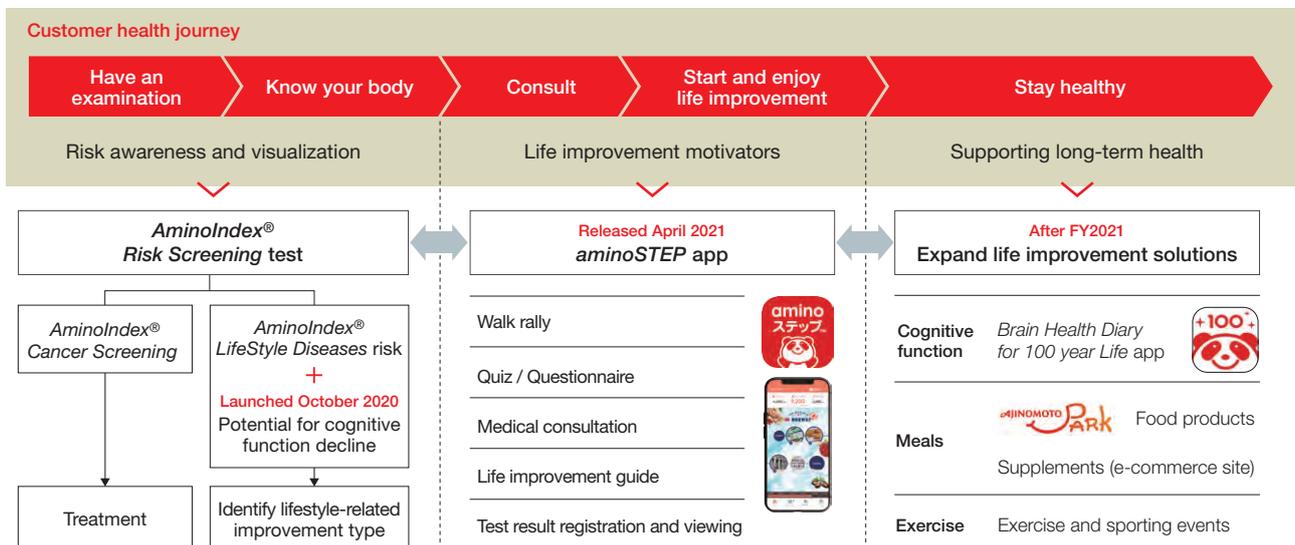


Extending healthy life expectancy requires taking steps to improve lifestyles before a person becomes sick, that is, while a person believes they are healthy. However, lifestyle improvements generally do not produce immediate effects, which can lead to frustration. Knowing this, we designed *aminoSTEP* to make the effort to improving lifestyles easy and enjoyable.

Masayuki Kuramoto
AminoIndex Dept., Ajinomoto Co., Inc.



Personalized nutrition ecosystem



DX That Promotes “Resolving Food and Health Issues”

Providing electronic materials for the next generation of computing

The widespread integration of Internet of Things (IoT) and AI is causing an explosion in the volume of information and communication data being processed. Along with this, however, is the imminent problem of exponentially increasing electric power consumption and its associated CO₂ emissions.

The Ajinomoto Group developed *Ajinomoto Build-up Film*[®] (ABF), an interlayer insulating material for semiconductor packages that is a key material used in PCs, and in creating ABF we accumulated the intangible assets of the ability to develop advanced digital technologies and strong relationships of trust with customers. We are currently combining these assets with materials informatics*¹ to improve the efficiency and speed up the lead time for developing electronic materials. By deploying new materials for servers, data centers, 5G, AI, and other technologies, we believe we can minimize the need for problem solving later in their development.

Further deepening the trust relationship with our ABF business clients, in November 2020, we became the sole

food company to participate in a consortium that is designing new social infrastructure. Led by Nippon Telegraph and Telephone Corporation (NTT) and including such major firms as Intel Corporation and Sony Corporation, the consortium is creating the Innovative Optical and Wireless Network (IOWN[®])*², a network and information processing infrastructure that will use innovative technologies centered on optics to realize high-speed, high-volume communications and large-scale computational resources surpassing the limits of current-generation technologies. The Ajinomoto Group is developing and providing materials for realizing the IOWN[®] vision, and we are doing our part to build new information processing infrastructure that will help resolve social issues. In addition to optical computing, we are also aiming to participate in quantum computing and neurocomputing for the information processing infrastructure, and thereby contribute to creating a smart, convenient, comfortable, and sustainable society.

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

*2 IOWN[®] is a trademark or registered trademark of NTT.



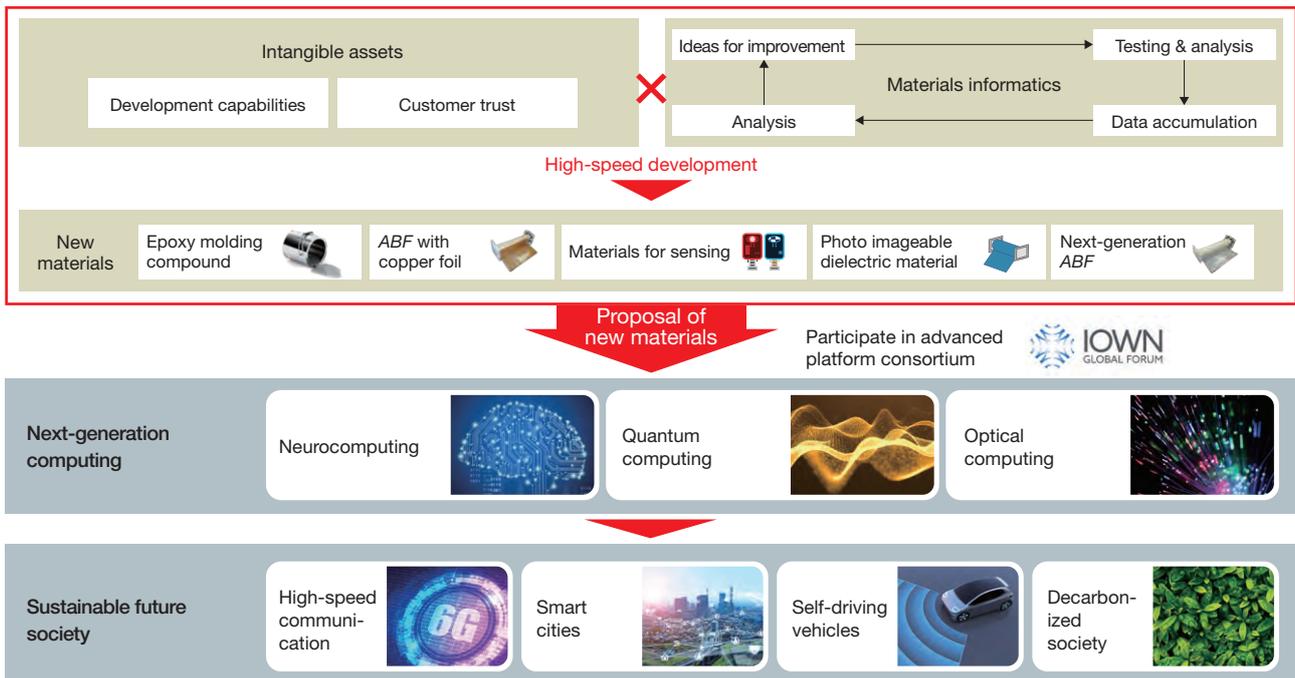
We are creating an environment that will facilitate full use of high-quality and high-volume databases, including the accumulated knowledge of the Group, to develop better products faster. We will also seek to create high-speed development structures for fields other than electronic materials and make it a part of new business models.

Chihiro Fujiwara

Research Institute for Bioscience Products & Fine Chemicals, Ajinomoto Co., Inc.



To realize the next generation of computing



Establish a Revenue Structure for Efficient Growth

Structural reform progress

We are concentrating management resources on core businesses for profit structure reform. Measures to establish an asset-light business model are ahead of schedule, and the restructuring of non-core businesses is progressing as planned.

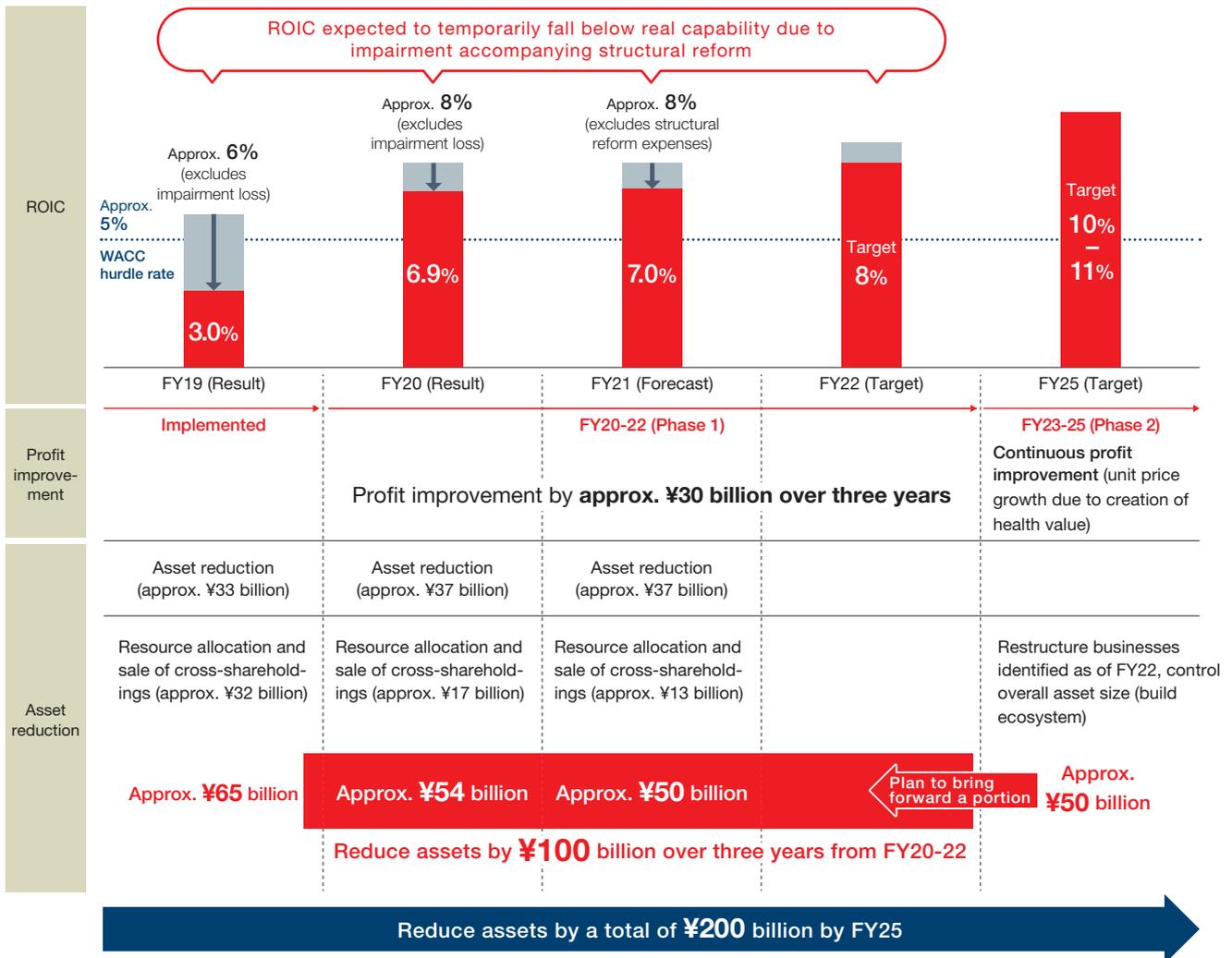
The asset-light plan and progress toward 2025

We are aiming to reduce our business asset holdings by a total of ¥200 billion by fiscal 2025, which includes a ¥100 billion reduction during Phase 1 of the Medium-Term Management Plan.

We started implementing asset-light measures one year before the plan got under way by trimming ¥65 billion in fiscal 2019 and following that with another ¥54 billion in fiscal 2020, which included the transfer of idle assets.

In fiscal 2021, we plan to reduce our asset holdings by ¥50 billion in total by reducing ¥37 billion in assets primarily in non-core businesses and ¥13 billion by redistributing management resources and selling cross-shareholdings. That would fulfill our Phase 1 plan to cut asset holdings by ¥100 billion a year ahead of schedule, and we would consider moving up the start of Phase 2 initiatives to fiscal 2022.

Progress in asset reduction and improving ROIC



Establish a Revenue Structure for Efficient Growth

Business portfolio management

Portfolio review at the Core Businesses Grand Design Committee

Successfully meeting the goals of the Medium-Term Management Plan to improve return on invested capital (ROIC) and establish organic growth, we must avoid dispersing our management resources and create conditions where we can invest for a larger purpose.

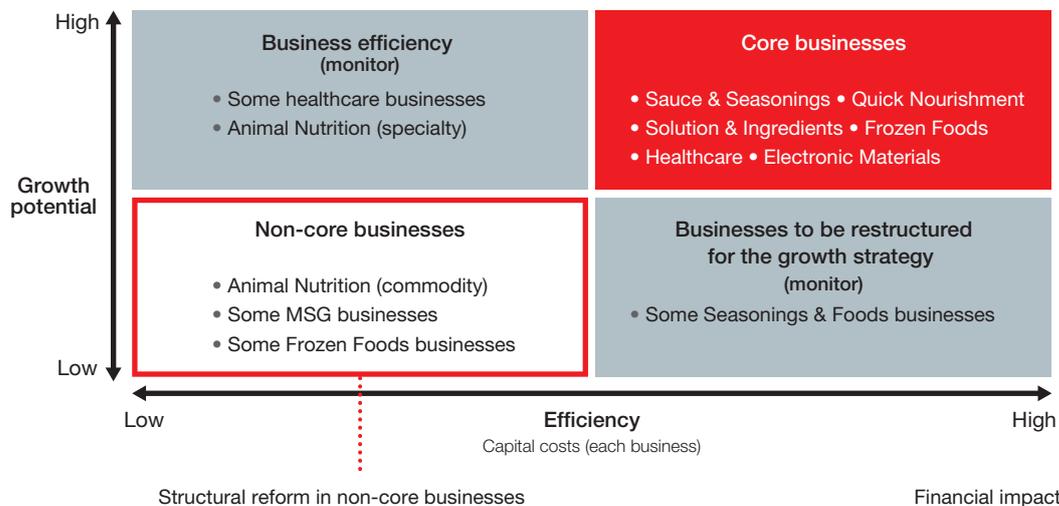
To guide these efforts, in April 2021, we began holding the semiannual Core Businesses Grand Design Committee under the Executive Committee. Members of the Executive Committee and the heads of major business departments convene to review the Group's overall business portfolio and examine the most effective allocation of management resources to realize the Group's medium- and long-term objectives. At the Committee, the members also examine management indicators to verify the progress being made in each business.

Structural reform of non-core businesses

The business portfolio restructuring includes reforming the animal nutrition business (commodity) and reforming some of the MSG and frozen foods businesses.

Reform of the animal nutrition business included downsizing the North America business and selling the European business, which reduced our asset holdings in the business by ¥15.6 billion in fiscal 2020. We plan to concentrate on specialty products, such as *AjiPro*[®]-L, a lysine formulation for dairy cows, and on strengthening our solution services for customers. We are reducing the MSG business for BtoB customers and are taking steps to streamline business assets, improve costs, and increase productivity per plant. In the frozen foods business, in North America, we are focusing on the highly profitable Asian food category. In Japan, we are eliminating unprofitable items for restaurant and industrial-use products, which increased the gross profit margin by 1.4 points in fiscal 2020.

Business portfolio reform



Structural reform in non-core businesses	Financial impact
<p>Animal Nutrition</p> <ul style="list-style-type: none"> In April 2020, integrated Ajinomoto Animal Nutrition North America, Inc. into Ajinomoto Health & Nutrition North America, Inc. (feed-use amino acids production lines to be converted to multi-purpose amino acids) In April 2021, sold all shares of AJINOMOTO ANIMAL NUTRITION EUROPE S.A.S. 	<ul style="list-style-type: none"> Amount of asset reduction: ¥15.6 billion (FY20)
<p>MSG</p> <ul style="list-style-type: none"> Reduced business for BtoB customers 	<ul style="list-style-type: none"> Project to increase gross profit margin is underway
<p>Frozen Foods</p> <ul style="list-style-type: none"> Focusing on Asian food category in North America Reduced unprofitable items for restaurant and industrial-use products in Japan 	<ul style="list-style-type: none"> Improved gross profit margin by 1.4 points (FY20) Increased production capacity for Asian food category in North America (FY20)

Raise Value for Consumers Centered on Health

Organic growth from value-added products

The Ajinomoto Group is using its unique nutrition profiling system and the new project focused on salt reduction, a key health issue in Japan, to offer products with higher nutritional value and deliciousness, and that leads to sales volume and unit price growth.

Basic strategy for realizing organic growth

In our mainstay seasoning products, we are prioritizing investment in our core brands in the umami, flavor, and menu-specific seasonings categories to respond to the increase in eat-at-home opportunities, leading to higher sales volume and unit prices.

We have also launched the Ajinomoto Group Nutrient Profiling System (ANPS), introducing it to nine corporations in seven countries in fiscal 2020. As health consciousness increases in Japan and Southeast Asia, when renewing our products, we will use ANPS to

visualize the nutrient content of each of our products to identify where we can improve the product and raise the nutritional value.

We also see growth opportunities in the evolution and development of digital communications, e-commerce channels, and social networking services, and are actively developing marketing programs geared to these new technologies to further expand our contact points with consumers.

Unit price growth by increasing added value

Example) Adding value in the Seasonings & Foods business

FY21 organic growth rate: Approx. 6%



Raise Value for Consumers Centered on Health

The new *Smart Salt* project

Accumulating knowledge to create a “Japan model”

Excess salt intake is a well-known health issue in Japan. Nevertheless, even though people are aware of the importance of reducing salt consumption, many find it difficult to do. The main reason is because the common perception is that reducing seasonings to reduce salt intake makes dishes sacrifice flavor and makes dishes taste bland. Our *Smart Salt* project seeks to provide information about how to use umami and flavor seasonings to make “delicious, healthy, easy, and new

salt reduction” dishes.

The *Smart Salt* project offers reduced-salt recipes via online videos and owned media as well as through local ecosystems engaging governments, communities, retailers, and the media. We are developing activities in Japan to increase the number of people who enjoy a low-sodium intake diet, and coupling this with customer development and marketing activities to create a “Japan model” for delicious, low-salt food consumption.



Expanding the *Smart Salt* project overseas

We have already begun using the knowledge gained from reducing salt while retaining the deliciousness in dishes in Japan to lower the sodium content of our existing products in Indonesia and introduce new products in Thailand and Brazil. In fiscal 2020 to 2021, we introduced

22 reduced-salt products across eight product brands catered to the local food cultures of five countries. We are taking our message about “delicious salt reduction” global by hosting cooking lessons and offering reduced-salt recipes on websites of our group companies.

Taking the reduced-salt initiative global



Transform Management of Human Resources and Organization

Fostering a corporate culture that produces innovation

Every employee is a key player in realizing our vision for 2030. We are fostering an innovative corporate culture by promoting ASV as one's own initiative, skills development, and advancing diversity and inclusion.

Strengthening human capital to enhance corporate value

To fulfill our vision, the Ajinomoto Group is increasing investment in its human resources to transform into a highly productive, issue-solving organization.

In Phase 1 (fiscal 2020-2022) of the Medium-Term Management Plan, we are increasing investment in human resources by around 2.5 times the amount spent during fiscal 2017-2019. We have established productivity per employee as an indicator for monitoring the success of our initiatives, and have also defined employee engagement, diversity and inclusion, and work style as the three pillars for boosting productivity.

Progress of human resource investment for higher productivity

In fiscal 2020, we increased investment in the areas of systems to improve engagement and issue-solving capability, skill development including nutrition literacy training, and career support measures for women to increase diversity and accelerate innovation. We are also investing in human resource information systems visualizing human resources and key positions with the aim of enhancing our human resources management and supporting individuals and the company to grow in a synchronized manner. These systems are being introduced to our operations worldwide, and we will continue judiciously investing to bolster human resources throughout the Group and enhance our corporate 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 creating customer value is indispensable to enhancing the Ajinomoto Group's corporate value. Using the operational excellence (OE)*¹ method, we set organizational and individual goals of

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

Transform Management of Human Resources and Organization

Management cycle that increases ASV engagement



The process for increasing employee engagement begins with dialogue with the CEO and General Managers of business or corporate divisions, and also involves setting personal goals linked with the organization's goals. During this process, we utilize OE methods to ensure employees feel a keen sense of contributing to issue solving and value creation, and quantify the results of value improvement, viewing not only consumers but also other divisions in the company's value chain as customers. 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, from 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.

In fiscal 2020, dialogue meetings were held 53 times between the CEO and employees across all Ajinomoto Co., Inc. organizations and 75 times between General Managers of business or corporate divisions and employees of the Company and major group companies in Japan. These dialogues increased communication and provided opportunities to explain the CEO's intentions for the Group's "transformation" and deepened employee understanding of the 2020-2025 Medium-Term Management Plan and management policy. The dialogues also improved employee motivation to create customer value. The personal goal presentations held at all of the Company's organizations generated much positive feedback from the presenters, such as, they could clarify the significance of their work and their customers.

The engagement survey conducted after these events recorded 64% of all Group employees actively implementing ASV as one's own initiative in their daily

work toward fulfilling the vision, marking an increase of nine percentage points from the previous year.

In fiscal 2021, we will continue to improve by raising the quality of the CEO and General Manager dialogues, broadening these to include organizations overseas, and taking steps to resolve issues raised in the dialogues during fiscal 2020. In addition, Group companies in Japan and overseas are planning to hold personal goals presentations.

Employee engagement score*2



While promoting ASV as one's own initiative, the management cycle is also actively working to increase employees' ability to work with our customers to address issues. Efforts are particularly focused on raising employee digital, nutritional, and environmental literacy, providing participatory training to encourage employees to make ASV as one's own initiative, and promote in-house entrepreneur incubator and venture company partnership programs.

We launched programs in digital and nutritional literacy in fiscal 2020, which were attended by roughly 1,000 and 460 employees, respectively. We plan to add a program about the environment in fiscal 2021. The objectives of the programs are to raise employee knowledge in each area so they can actively apply that knowledge in their business activities, which will ultimately lead to the creation of new value.

Regarding the Company's in-house entrepreneur incubator and collaboration with venture company partnership programs, in fiscal 2020, we started two programs of A-STARTERS and Ajinomoto Group Accelerator, with the aim of fostering a corporate culture and preparing an environment that encourage innovation. A-STARTERS is designed to discover and educate in-house entrepreneurs and assist in commercializing business ideas, while Ajinomoto Group Accelerator supports and promotes business development of outside venture companies. Some 133 teams participated in A-STARTERS and 148 companies joined the Ajinomoto Group Accelerator. We are continuing to identify promising ideas and supporting their development into viable businesses.

*1 Continuous improvement and reform activities based on the philosophy and methods of thoroughly refining all operations to solve problems and to add value from the customer's point of view while individuals and teams grow in a synchronized manner in order to create a competitive advantage

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

➤ See pp.48-49 "DX1.0 Companywide operational transformation."

➤ For details, please see the Ajinomoto Group Sustainability Data Book 2021. <https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

Transform Management of Human Resources and Organization



ASV Awards recognizing the best practices in realizing ASV

The ASV Awards is a program for commending particularly excellent examples of initiatives that embody ASV. The aim of the program is to promote ASV as one's own initiative by recognizing and sharing best practices for realizing ASV and applying them in employee personal goals.

External experts also participate in the selection of the award. For the fiscal 2020 awards, which marked the fifth year the awards were presented, we made the award selection and award processes more transparent by having the teams give presentations directly to the panel of judges, giving the presenters the opportunity to communicate with the external experts serving on the panel. In addition, online voting by employees was also incorporated into the selection of the award winners.



Outside judges for ASV Awards



Junko Eda
President
e's Inc.



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



Scott Davis
Professor
College of Business
Rikkyo University



Yasuo Saito
Outside Director
Ajinomoto Co., Inc.
(Retired in June 2021)



Takashi Nawa
Outside Director
Ajinomoto Co., Inc.



Kimie Iwata
Outside Director
Ajinomoto Co., Inc.

Fiscal 2020 ASV Awards Grand Prize

The fiscal 2020 ASV Awards Grand Prize was awarded to Ajinomoto Fine-Techno Co., Inc. and Ajinomoto Fine-Techno USA Corporation, who were selected from among 35 entrants for their efforts to develop new magnetic materials to save energy and reduce CO₂ emissions.

The two electronic materials companies developed new magnetic materials for semiconductors used in PCs, servers, data centers, and 5G base stations. These magnetic materials have led to the realization of innovative semiconductor package substrates, for which the companies have contributed significantly to reducing semiconductor power consumption and the CO₂ emissions. They also created economic value of significant profit increase.



Award-winning points

- The application of technological capabilities and expertise from *Ajinomoto Build-up Film*[®] (ABF), an interlayer insulating material for semiconductor packages to develop new materials that improve the performance of PCs, such as by shorting startup time and enabling smaller and thinner devices, and that lower environmental impact by reducing energy consumption and CO₂ emissions
- The achievement of a sustainable balance between reducing environmental impact and business growth amid ongoing expansion of the semiconductor market
- Customer recognition as a model case in which both companies demonstrate leadership, involve stakeholders in the entire supply chain, and move swiftly ahead with development

Comment from an award recipient

Since ABF is an insulating material, at the start we all thought that making it magnetic might be too big of a challenge. One factor in our success was the support from our end customers and equipment manufacturers for the effort to create a completely new semiconductor package substrate. I realized the importance of "SAVE activity," including working with the customer and providing the information they need. The confidence and bonding with friends that we gained from this experience is great for us.



Hideki Ooyama
Research and Development Dept., Ajinomoto Fine-Techno Co., Inc.
(Front row, left in photo)

Transform Management of Human Resources and Organization

Diversity and inclusion for corporate culture transformation

The ability to generate timely innovation requires the talents of people of diverse gender, age, nationality, and backgrounds. Promoting diversity and inclusion is an important management strategy for the Ajinomoto Group. The Group not only hires and promotes diverse human resources, we also maintain a system enabling diversity in work styles and careers. We are also working to quickly change our corporate culture to establish an organizational environment that accommodates diversity.

In fiscal 2020, Ajinomoto Co., Inc. launched the AjiPanna Academy, a special program to encourage women seeking to further their autonomous career development in Japan, a country which has a low score in the Global Gender Gap Index. The academy offers career workshops and a “college” program for women in general employee positions, and a mentor program for women in management positions in order to accelerate their career advancement. The Company aims to increase the

percentage of female directors and line managers to 30% by fiscal 2030.

> For details, please see the Ajinomoto Group Sustainability Data Book 2021. <https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

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

Percentage of female directors



Percentage of female line managers



AjiPanna Academy “college” workshop



Presentation to management by AjiPanna Academy “college” participants

Work-style innovation for increasing the ability to adopt to a changing business environment

The Ajinomoto Group has stepped up its work-style innovation to further improve its ability to respond to a changing business environment. We are also

incorporating digitalization to eliminate wasted time and standardize management across functions to ensure we have sufficient time to focus on raising customer value.



Feature 1

Using our regional alliances and big data to address food and health issues

The Ajinomoto Group is building two ecosystems centered on communities and academia. We are expanding the circles of collaboration with stakeholders from local communities to nationwide in Japan and around the world.



Addressing local food and health issues and building ecosystems

Ajinomoto Co., Inc. has collaborated with local governments and communities, the media, and retailers to increase opportunities to address food and health issues. In addition to the Iwate Prefecture Salt Reduction Project started in 2014, we are working to co-create recipes with local universities and to disseminate information through a local TV program in our *Love Vege* project, which promotes daily consumption of 350 grams or more of vegetables. The campaign was started in the Tokai region and has expanded nationwide, and in fiscal 2020 was adopted by 12 local governments across Japan. In addition, the *Kachimeshi*[®] initiative offers nutritionally balanced meal options using knowledge accumulated by supporting athletes and collaborating with local governments and retailers to propose recipes using local ingredients and matched to local eating habits.

We will continue to build ecosystems with stakeholders to address local food and health issues, and continue applying a cycle of analysis, hypothesis, application, and verification to advance knowledge about food and health issues.



A store-held event to promote vegetable consumption



Award ceremony of Mie *Kachimeshi*[®] menu contest co-sponsored with Mie Prefecture

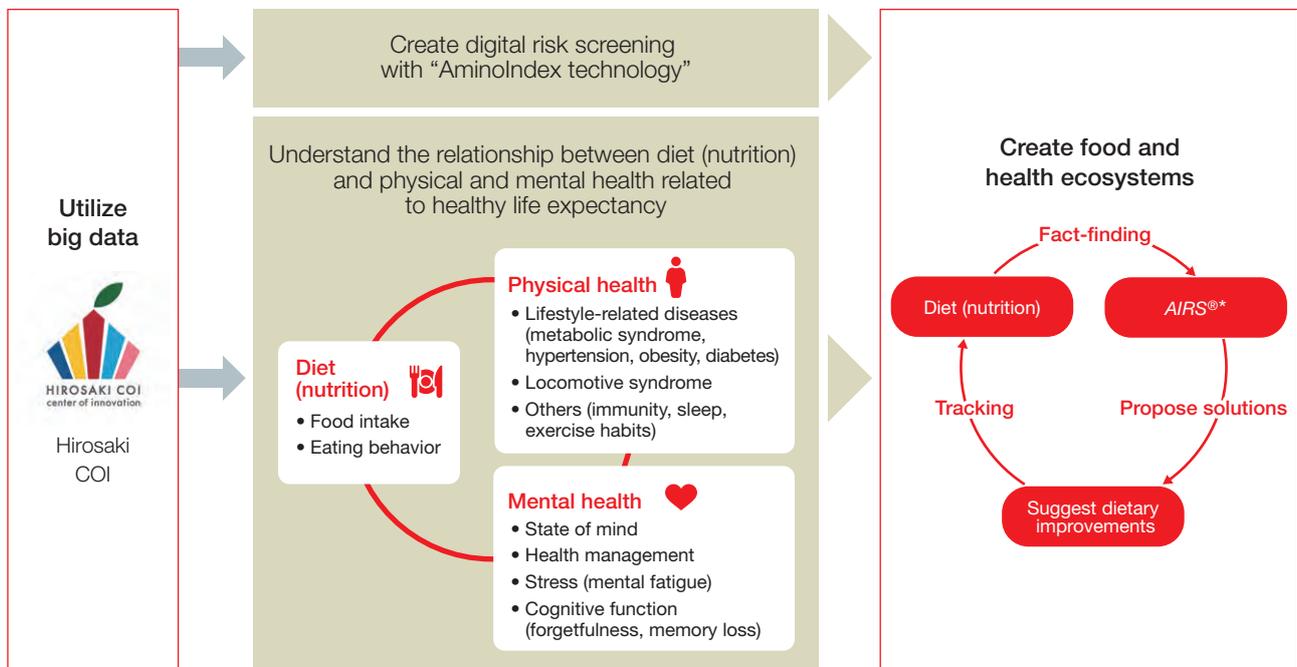
Another ecosystem for creating solutions

We are also building an ecosystem centered on academia. In April 2020, we launched a joint industry-academia research course on extending the healthy life expectancy under the Hirosaki University Graduate School of Medicine in Aomori Prefecture. The course is presented by the university's Center of Innovation (COI) with support from the Japan Science and Technology Agency (JST). Through the Iwaki Health Promotion Project operated by Hirosaki City, Hirosaki COI has accumulated health data covering some 2,000–3,000 categories since 2005, making it the world's largest collection of health big data. We will analyze and conduct

hypothesis testing based on the big data, use our "AminoIndex technology" to create new digital risk screening methods and clarify the relationship between diet (nutrition) and physical and mental health, and examine how our products and educational tools can be used to make a positive impact. We are also clarifying science-based evidence and predicting future scenarios that will help extend healthy life expectancy.

We are collaborating with Hirosaki COI and its participating local governments and companies to build a new ecosystem and develop solutions for health issues.

Using big data to find solutions



* *AminoIndex® Risk Screening*: A unique Ajinomoto Group service that can assess the risk of the three major diseases (cancer, stroke, heart disease) and other conditions from a single blood test

Expand the circle of collaboration with stakeholders and resolve food and health issues

We plan to develop practical applications from the research results in the ecosystem with academia and to apply our sales and marketing expertise to the connections made in the ecosystem with local communities to offer products for a wide range of consumers. We will use the Group's accumulated knowledge and collaborate with companies in various industries and business categories to create an expanding circle with multiple layers of collaboration

aimed at social implementation of solutions to food and health issues.

We will also expand our reach from the local to the global. Currently, some 700 million people worldwide consume umami and flavor seasonings. While increasing the number of touchpoints with consumers to one billion worldwide by 2030, we will create new solutions and business models to resolve food and health issues and contribute to extending healthy life expectancy.



Feature 2

Creating green ammonia to attain the SDGs

Ammonia is used around the world as a basic material for fertilizers and chemicals and is a vital element in the Ajinomoto Group's production of amino acids. Ammonia has also been attracting attention in recent years as a next-generation fuel that can help realize decarbonization. The Group is pursuing technological innovation toward building a production and supply structure for green ammonia, which has promise to help bring society closer to being sustainable.

Ammonia, a leading candidate as a hydrogen energy carrier

Ammonia is a widely used raw material in chemical fertilizers for agriculture, chemicals used in synthetic fibers and resins, and pharmaceuticals. Demand for ammonia has also been growing in recent years in the energy industry, which uses it in two main ways. The first is as an energy carrier for hydrogen. Hydrogen is a clean energy alternative to fossil fuels, but in gas form it cannot be transported or stored in large quantities and requires an "energy carrier" to transport and store hydrogen as a liquid or hydrogen compound. Ammonia is a promising candidate as an energy carrier for hydrogen. The rising tide of environmental measures around the world is creating growing demand for both hydrogen and ammonia.

The second way the energy industry is using ammonia is as a fuel itself. As with hydrogen, ammonia is expected to be a key next-generation energy because it does not emit CO₂ when burned. The Ministry of Economy, Trade and Industry "Green Growth Strategy" of December 2020 set the introduction of fuel ammonia as a key component in Japan's future energy sector. Testing is currently under way to reduce CO₂ emissions through co-combustion of ammonia- and coal-fired power generation, and technology is also advancing for power generation using only ammonia. Ammonia is attracting increasing attention as a solution for realizing decarbonization.

A revolutionary production and supply system for green innovation

The Ajinomoto Group uses ammonia as a sub raw material in the fermentation process for amino acids. In 2017, we established Tsubame BHB Co., Ltd. with Honorary and Institute Professor Hideo Hosono of the Tokyo Institute of Technology to develop technology for constructing production and supply systems for locally produced and locally consumed ammonia.

Ammonia is commonly produced through the Haber-

Bosch process, which uses natural gas. The chemical reaction needed for this process requires high temperature and high pressure, making it only viable to produce in large plants. This process produces significant CO₂ emissions, and the environmental footprint grows further when adding emissions from the ships and dedicated heavy-duty vehicles needed to transport the ammonia to the final destination. This system also carries

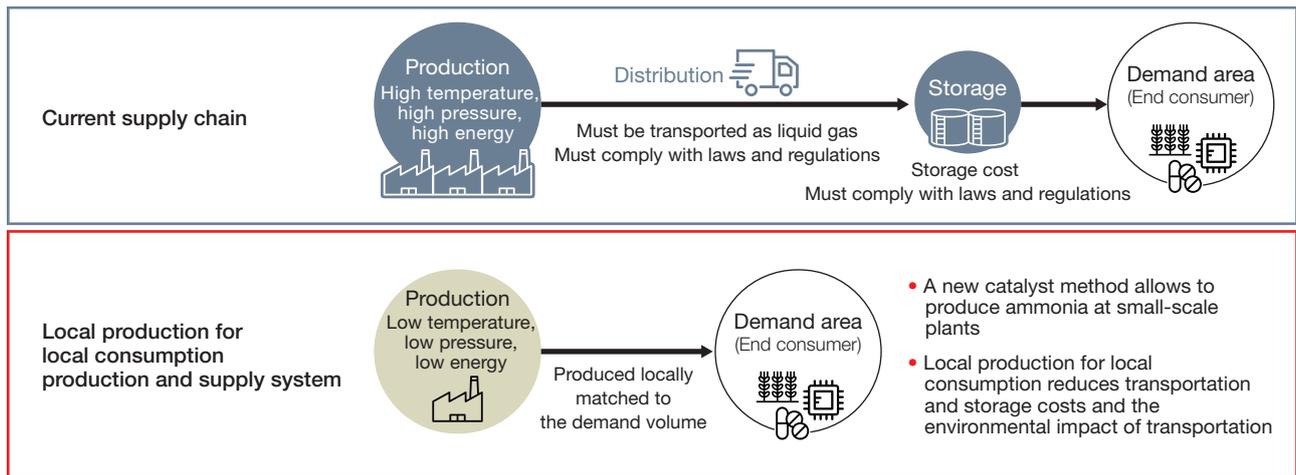
a substantial economic burden from the high amount of capital investment needed for the plants along with the transportation and storage costs.

Tsubame BHB is seeking to overcome these drawbacks by creating the world’s first commercially viable on-site ammonia synthesis system. The system uses a special electrified catalyst that produces ammonia by combining hydrogen with nitrogen from air. This method allows to synthesize ammonia even under low-temperature and low-pressure conditions. This means ammonia can be produced at small-scale plants, something considered difficult to accomplish under the Haber-Bosch process. The small-scale plants can be located in the area of consumption, which will reduce costs and the environmental impact of transportation. Tsubame BHB is operating a pilot plant where it is testing the technology for practical application.

The Ajinomoto Group has been procuring all of its ammonia from external sources, but the new system will make on-site ammonia production possible at our amino acid production facilities around the world. We are similarly advancing “green hydrogen production technology” to generate the other element in ammonia—hydrogen—from wood chips, which is a renewable resource. In combination with the ammonia synthesis system in Tsubame BHB, we anticipate that the new technology will cut CO₂ emissions in the production process to one-eighth.

We envision Tsubame BHB continuing to develop new applications for ammonia that enable on-site production and licensing the production technology to give the final users the ability to produce ammonia in-house. The Group will use its collaboration with Tsubame BHB to advance technological innovation and form various partnerships to build ecosystems that will contribute to a decarbonized society.

Innovation in ammonia production and supply



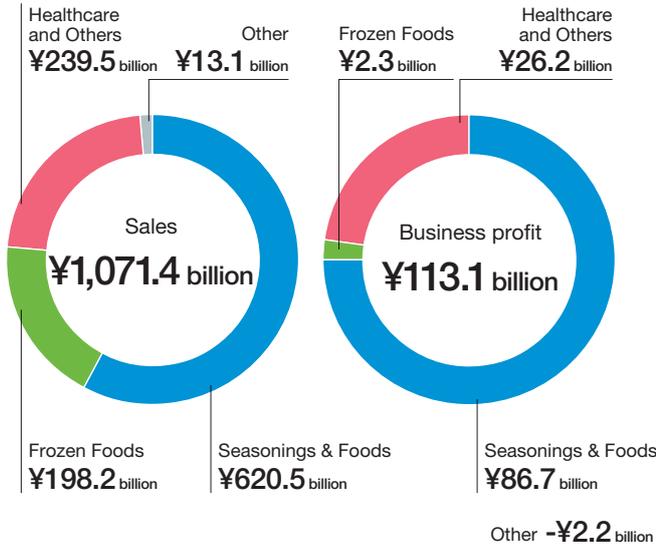
Boosting fertilizer production in Laos



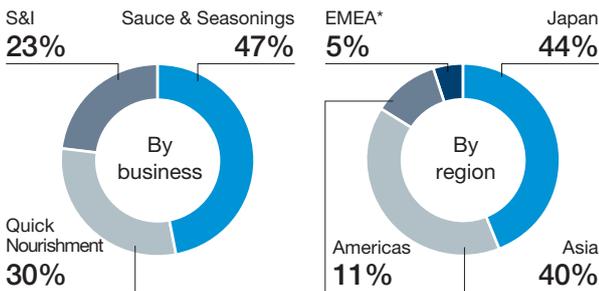
Tsubame BHB is aiming to develop the small-scale ammonia production system for the manufacture of fertilizer in Laos, where agriculture is the foundation of the economy. This initiative was adopted by the Japan International Cooperation Agency (JICA) in its First SME/SDGs Business Support Project in Fiscal 2020. By utilizing the surplus electricity from planned hydropower to produce ammonia for fertilizer, we will support local agricultural industry and a new industry of exported fertilizer. As the world’s population continues to grow, fertilizer is vital to ensuring a stable food supply. Ammonia is becoming increasingly important, and we are contributing to attaining the SDGs by advancing technologies that will facilitate its production and supply.

Review of Fiscal 2020 Financial Results by Segment

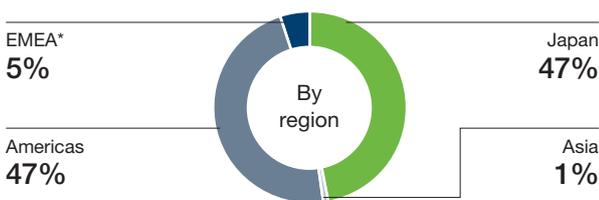
Fiscal 2020 sales and business profit



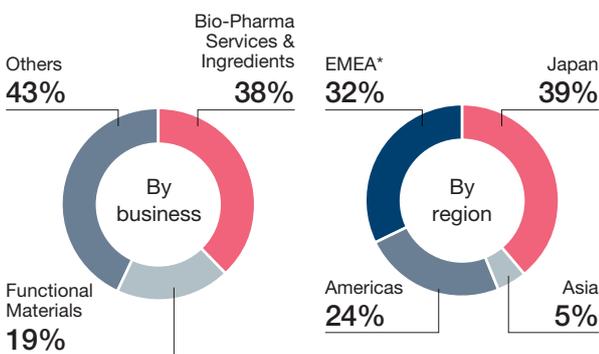
Sales composition of Seasonings & Foods



Sales composition of Frozen Foods



Sales composition of Healthcare and Others



* EMEA: Europe, the Middle East, and Africa

Seasonings & Foods

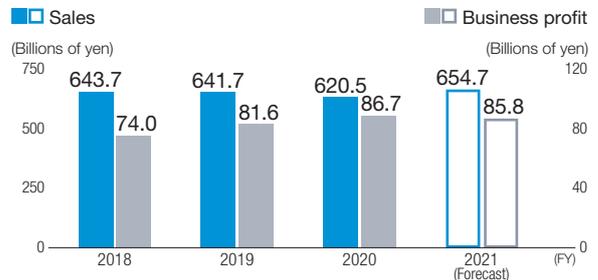
Core businesses included in this segment

- Sauce & Seasonings
- Quick Nourishment
- Solution & Ingredients (S&I)

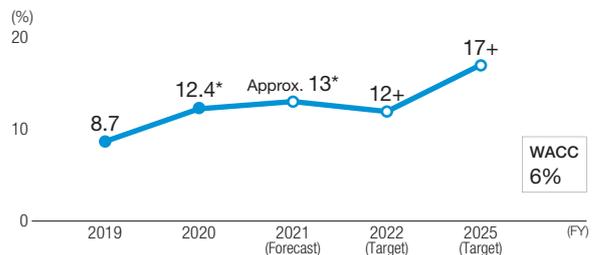
Fiscal 2020 results

Overall sales declined, but business profit increased. Sales fell year on year due to lower sales of food service products and home meal replacements on diminished demand for eating out due to COVID-19 restrictions and impacts of foreign exchange rates, which offset increased sales of home-use products from higher demand to eat at home. Business profit rose buoyed by increased sales of home-use products and improved product mix, coupled with the elimination of impairment losses recorded in the previous year related to trademark rights of Promasidor Holdings Limited, overcoming weaker sales of food service-use products.

Sales and business profit

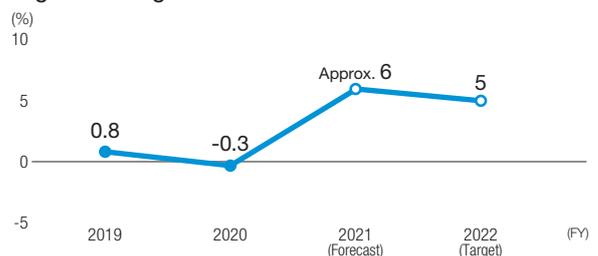


ROIC



* Excludes structural reform expenses

Organic sales growth



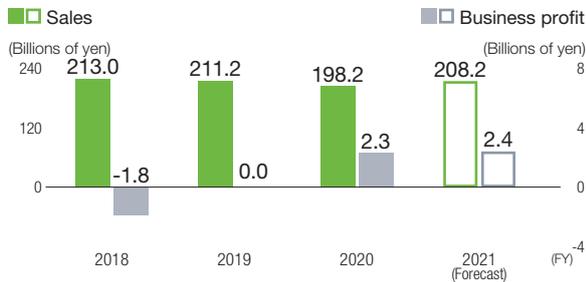
Review of Fiscal 2020 Financial Results by Segment

Frozen Foods

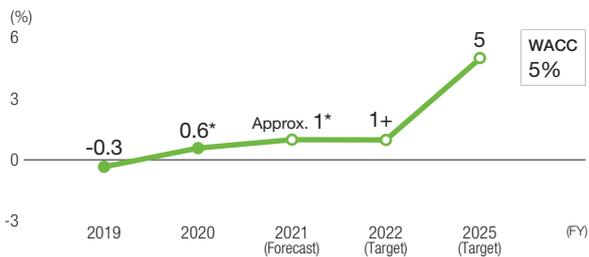
Fiscal 2020 results

Overall sales declined, but business profit rose. Sales declined year on year owing to weaker sales of restaurant-use products, despite an increase in sales of home-use products underpinned by growing demand for eating at home. Business profit increased significantly driven by increased sales of home-use products, improved product mix, and the elimination of unprofitable items.

Sales and business profit

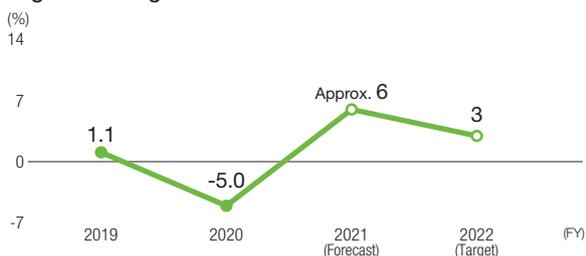


ROIC



* Excludes structural reform expenses

Organic sales growth



Healthcare and Others

Core businesses included in this segment

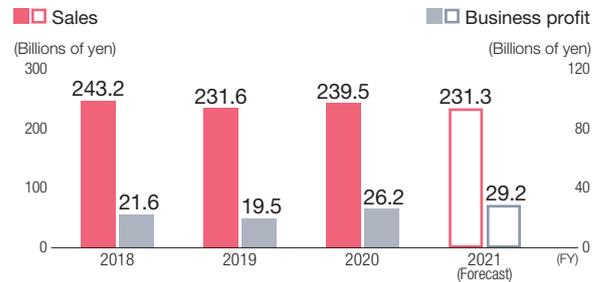
- Healthcare
- Electronic Materials

Fiscal 2020 results*

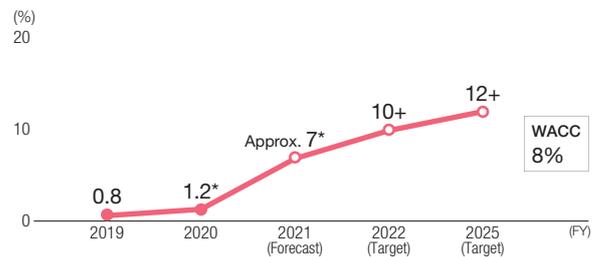
Overall sales and business profit both increased from the previous fiscal year. In the Bio-Pharma Services & Ingredients business, sales of amino acids for pharmaceuticals and foods increased, but declined largely for bio-pharma services, causing business profit to fall. In the Functional Materials business, however, both sales and business profit increased significantly mainly on strong sales of electronic materials. Others experienced a downturn in sales caused by weaker demand for sports nutrition and declining sales volume in animal nutrition, but business profit was up substantially over the previous year driven mainly by higher unit sales prices in animal nutrition.

* From fiscal 2021, the sub-segments of Healthcare and Others have been reclassified. All figures shown in pp.65–66 reflect this change.

Sales and business profit



ROIC



* Excludes structural reform expenses

Organic sales growth



Growth Strategies for the Core Businesses

Sauce & Seasonings

The Ajinomoto Group is responding to the increase in at-home dining and growing interest in various food aspects by adding premium products and developing products and providing information related to health issues.

Market trends

Demand for home-use seasonings increased in fiscal 2020 as more people prepared food at home during the COVID-19 pandemic. Conversely, demand declined sharply for seasonings for food services.

In fiscal 2021, we expect the new lifestyles to

continue under the new normal and hold demand for home-use seasonings at a high level. Restrictions on restaurants are being relaxed in some areas, but we anticipate a prolonged impact on the restaurant industry.

Risk and opportunity

The increase in opportunities to eat at home is spurring wider interest in food topics ranging from the mental health aspects of enjoying food preparation to a healthy diet, such as salt reduction and protein intake.

In the Japanese market for home-use seasonings, we expect these trends to support demand for products that meet diversifying consumer needs and for premium and high value-added products.

Excess salt intake is also a growing health issue in many of the countries where we market our products. We expect the market for reduced-salt products to continue growing and lead to increasing demand for health related information, such as for low-sodium and low-fat cooking recipes.

We also see business opportunity in e-commerce and the increasing importance of digital media content.

Growth strategies

In Japan, we will strengthen the development of original raw materials using our Deliciousness Technology, gather and apply information about umami and reduced salt to further strengthen our brand power, and raise the entry barriers to our market domains.

We will strengthen marketing of our reduced-salt products by using the *Smart Salt* project to promote our unique health value of “delicious, healthy, easy, and new salt reduction” dishes.

Overseas, we will generate organic growth through unit price growth by strengthening our brand by improving our existing products and introducing new varieties, developing high value-added products, such as

reduced-salt offerings, and raising product prices in accordance with local inflation. We will also strengthen digital communication by proposing recipes through owned media, actively using e-commerce sites in each country and region, and launching virtual factory tours.

The Ajinomoto Group is aiming to reduce environmental plastic leakage from its products to zero by 2030. In the Sauce & Seasonings business, we are promoting recycling by using mono-materials and thinner product packaging and by reducing the amount of plastic used in promotion materials. In fiscal 2021, the Company joined the Loop platform in Japan to increase usage of reusable packaging.

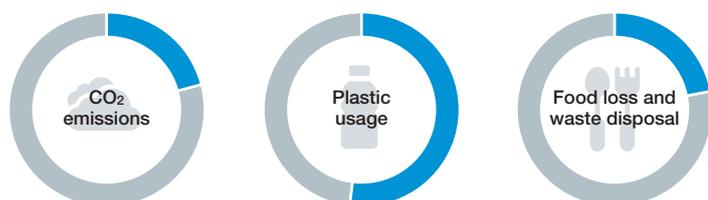


Seasoning pouch for quick non-pot steaming/pressure cooking of meats



Loop exclusive reusable containers

Sauce & Seasonings environmental footprint in relation to the core businesses (approx. ratios)



* The percentage calculations include figures representing a proportion of production volume and are meant to represent the general trend.

Growth Strategies for the Core Businesses

Quick Nourishment

The Ajinomoto Group will always respond to the significant changes in consumer purchasing behavior and health awareness by continuing to strengthen our brand power in Japan and overseas with products offering outstanding deliciousness and health value enhanced to meet needs for individual diets and ready-to-eat and easy-to-prepare foods.

Market trends

The increase in at-home dining in fiscal 2020 during the COVID-19 pandemic expanded the markets for soup and home-use coffee in Japan, but led to sluggish demand for coffee outside the home throughout the year. The overseas beverage market contracted on reduced demand for canned coffee products, and the instant

noodle market shrank due to the increased inventories at distributors as well as in personal home storage at the end of fiscal 2019.

We expect the new lifestyles under the new normal to support ongoing high demand for home-use products through fiscal 2021.

Risk and opportunity

The developments in consumer awareness and activity are leading to needs for health and well-being products while higher in-home consumption creates needs for individual, ready-to-eat, and easy-to-prepare meals. Together, we expect these to increase demand for premium products as people seek to replace the pleasures of eating out with eating in. For example, we believe these trends will create opportunity to increase sales of products catering to

health awareness, such as cup soup products that are low-salt or offer optimal protein intake. Coffee beverages are another area where we see an opportunity to offer products with coffee-shop quality and flavor.

We will also respond to other changes in consumer behavior, such as the increase in ethical consumerism and the shift from brick-and-mortar stores to online and home delivery sales.

Growth strategies

We will continue strengthening our brand power by creating products that better match individual dietary needs and demand for ready-to-eat and easy-to-prepare foods, and by offering products with outstanding deliciousness and health value in areas such as protein intake and low sodium and sugar content. We will also broaden our customer communication from the standard mass media channels to social media and develop marketing geared to the changing lifestyles and purchasing behaviors. We will also widen our sales channels from stores to online venues. Our soup marketing in Japan and overseas, for example, will communicate the traditional health value of soup

ingredients while also expanding products that allow easy intake of nutrients like protein that are often deficient in modern everyday diets. In the beverage business, we stepped up our messaging about health value in Thailand when we introduced new reduced-sugar and no-sugar products to our *Birdy*[®] brand products, which is the top-selling canned coffee brand in the country. We are also applying Japanese technology to differentiate the quality of our powdered beverages.

We will continue examining ways to use thinner product packaging and less plastic, while working to reduce product waste and food loss and waste by minimizing product returns in distribution.

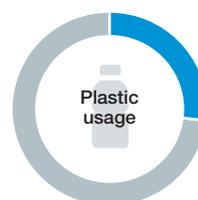
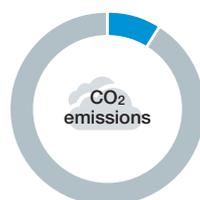


Knorr[®] potage packet providing beans and vegetables



Birdy[®] Black Zero Sugar

Quick Nourishment environmental footprint in relation to the core businesses (approx. ratios)



* The percentage calculations include figures representing a proportion of production volume and are meant to represent the general trend.

Growth Strategies for the Core Businesses

Solution & Ingredients

The Ajinomoto Group will combine our unique expertise in amino acids and our taste/texture technology to provide BtoB solutions that realize health value in tune with changing consumer trends.

Market trends

Demand from restaurants in office districts, resort areas, and shopping areas in Japan declined in fiscal 2020 during the COVID-19 pandemic. Demand gradually recovered after the issue of the state of emergency in April 2020, but remained at a low level through the year. We expect improving conditions in fiscal 2021 on continuing demand for take-out and delivery services and increasing customer activity as the COVID-19

vaccinations progress.

In the umami seasonings for processed food manufacturers, overall demand in Japan and overseas declined as demand from packaged food manufacturers remained strong but demand from the food service industry declined. We expect worldwide demand to return to the fiscal 2019 level in fiscal 2021 with global demand being driven by organic growth in China, Asia, and Africa.

Risk and opportunity

The structure of the food service industry is changing in Japan as companies scale down their businesses and consumer consciousness evolves. While the inbound tourism industry in Japan will take time to recover, we expect ongoing growing business for take-out and delivery food services to increase demand for antibacterial, moisture-retention, and flavor preservation capabilities.

At the same time, we anticipate increasing demand for bioethanol caused by rising crude oil prices, poor harvest due to climate change, labor shortages, and soaring distribution costs to lead to sharp price increases for corn, raw sugar, tapioca, and other main raw materials for umami seasonings for processed food manufacturers.

Growth strategies

In our businesses for the food service industry, we will revise our business structure by shifting to high-profit food categories and high value-added products. For fiscal 2022, we will focus on providing new solutions for salt reduction, sugar reduction, and alternative protein sources, where we anticipate growing demand. We will also work with startups to create new value that quickly responds to opportunities arising from new dining trends

and diversifying eating habits.

In the umami seasonings for processed food manufacturers, we will introduce biomass cogeneration systems* to the MSG production process as we continue working to reduce CO₂ emissions and lower costs.

* A system that produces and supplies electricity and heat (steam) from a heat source using biomass such as rice husks and wood chips



Reduced-salt savory seasoning



Rice husks used in biomass cogeneration systems

Solution & Ingredients environmental footprint in relation to core businesses (approx. ratios)



* The percentage calculations include figures representing a proportion of production volume and are meant to represent the general trend.

Growth Strategies for the Core Businesses

Frozen Foods

Demand for home-use frozen foods is growing, particularly for high value-added products that respond to the trend of increasing health awareness. We will respond to consumer needs in the product categories where we have strengths, while improving our business structure and capital efficiency.

Market trends

The market for home-use frozen foods expanded in Japan and overseas in fiscal 2020 as more people prepared meals at home during the COVID-19 pandemic. The market for restaurant-use frozen foods contracted in the food service segment and expanded in the delivery and take-out segments.

In fiscal 2021, in Japan, we expect demand for home-use products to continue strong as people seek restaurant-level quality and variety, easy-to-prepare meals, and products with balanced nutrition. In Europe and the United States, we project demand to continue to grow for the Asian food category.

Risk and opportunity

The increase in opportunities to eat at home in Japan and overseas is putting renewed focus on frozen foods offering the value of deliciousness and convenience. At the same time, the growth of delivery and take-out demand in the restaurant-use category is increasing needs for easier on-site preparation and reduced food loss and waste. Growing awareness of the importance

of healthy eating is also increasing expectations for nutritionally balanced products.

Potential risks include rising costs from soaring raw materials and labor costs, intensifying competition as more companies from the food service industry enter the market, and tighter regulations due to heightened environmental awareness.

Growth strategies

In Japan, we will strengthen product development and sales of core product categories of *gyoza* (Japanese-style dumplings) and *shumai* (Chinese-style steamed dumplings), and desserts. We will meet the health needs of general consumers by offering reduced-salt products and products that do not use the three major allergens. For hospitals and long-term nursing care facilities, we will provide value-added low-sodium and fortified protein products.

Overseas, we will accelerate our organic business growth by applying our technology from Japan to further enhance the deliciousness and convenience of the

Group's highly competitive *gyoza*, fried rice, noodles, and other Asian food category products. At the same time, we will advance structural reform and improve capital efficiency through continuous item elimination, inventory reduction, and asset-light management.

We were the first in the frozen food industry in Japan to complete the replacement of freezer equipment using hydrofluorocarbons, and we are stepping up our replacement efforts overseas. We are also actively working to reduce the volume of plastic packaging, food loss and waste, and greenhouse gas emissions.



The ★ Shumai



Gyoza product for the U.S. market

Frozen Foods environmental footprint in relation to the core businesses (approx. ratios)



* The percentage calculations include figures representing a proportion of production volume and are meant to represent the general trend.

Growth Strategies for the Core Businesses

Healthcare

The Healthcare business primarily offers amino acids for pharmaceuticals and foods, and provides bio-pharma services (contracted pharmaceuticals manufacturing services). Demand is steadily growing in each of its business areas, and the Ajinomoto Group is leveraging our unique technologies and expertise as a producer of amino acids to fortify our market advantages and develop a wide range of products and services for the global market.

Market trends

We anticipate increasing demand and steady growth in the worldwide market for amino acids used in pharmaceuticals and foods. Demand for contracted pharmaceuticals manufacturing services continues growing at a stable pace. Small-molecule drugs, which make up over half the

market, are steadily growing. We also anticipate ongoing rapid growth for the biopharmaceuticals market of oligonucleotide therapeutics, antibody drugs, and next-generation antibody drugs, partly due to the drive to develop COVID-19 vaccinations.

Risk and opportunity

Success in the business of amino acids for pharmaceuticals and foods requires constantly responding to demand for higher quality amino acids.

In the bio-pharma services business, we see opportunity in the increasing efforts to develop medium- and large-molecule drugs for oligonucleotide

therapeutics. The COVID-19 pandemic is having a dual effect on business in that it has expanded the market for vaccines but has also caused delays in clinical development of other pharmaceuticals. We also must continue closely monitoring the situation for raw material and sub raw material procurement and distribution.

Growth strategies

We are formulating a supply structure to fully meet the expanding demand for amino acids for pharmaceuticals and foods. As an amino acid manufacturer that produces amino acids from raw materials, we provide added value through full traceability, high quality, and stable supply, as well as strict regulation compliance.

In the bio-pharma services business, we will steadily grow the existing business for small-molecule drugs by leveraging our robust quality control system and building on the strong relationships of trust with our customers. In the biopharmaceuticals segment, we will use the Group's *AJIPHASE*[®], *CORYNEX*[®], *TALAMAX*[®], and *AJICAP*[®], and other unique drug production technologies to differentiate

our services and increase our presence in the markets for oligonucleotide therapeutics, antibodies and protein, and antibody-drug conjugates.

In culture medium for regenerative medicine, we have been developing a high-quality, high-performance medium for iPS cells through joint development with the Center for iPS Cell Research and Application at Kyoto University and other leading research institutes in regenerative medicine. These efforts have put us at the forefront of basic and clinical applications in Japan. Demand for iPS-derived cell therapy products is expected to grow as demand in cell culture medium for clinical use increases. We are also planning to actively increase our activities overseas.



Culture medium for regenerative medicine

Healthcare environmental footprint in relation to the core businesses (approx. ratios)



* The percentage calculations include figures representing a proportion of production volume and are meant to represent the general trend.

Growth Strategies for the Core Businesses

Electronic Materials

Led by our core product *Ajinomoto Build-up Film® (ABF)*, an interlayer insulating material for semiconductor packages, the Ajinomoto Group will apply our industry-leading technological development capabilities and advanced digital technologies to continue providing essential materials that contribute to creating an advanced IT society.

Market trends

The semiconductor market grew 6.8% year on year in fiscal 2020*1 as the increase in people working from home and boom in e-learning spurred demand for PCs while more people staying home increased demand for game devices. Demand also grew for semiconductors used in data center servers for 5G infrastructure and for communication network applications. The market is

anticipated to grow 19.7% in 2021*1. The rolling out of 5G technologies, AI, and self-driving cars will support broad growth in semiconductor demand, which is projected to grow an average of 8.8% annually for the next 10 years*2.

*1 World Semiconductor Trade Statistics (WSTS)

*2 Market research firm, International Business Strategies, Inc. (IBS)

Risk and opportunity

Semiconductor package structures are continuously evolving, and we must be vigilant for technological advances that could lead to sudden significant changes and other developments. Although the impact on our business in fiscal 2020 was limited, we also must monitor the trade friction between the United States and China.

We will attentively respond to growing demand and will also actively participate in consortiums related to future information processing infrastructure concepts to be in an optimal position to provide key materials for realizing next-generation computing.

Growth strategies

Our growth strategies start with firmly executing our current businesses while expanding our businesses in new areas, such as products for smartphones and magnetic materials. As we advance these strategies, we will raise the barrier for competitors by maintaining our close communications with customers, promptly introducing new products catered to their needs, and strengthening our detailed technical support.

We will continue using our advanced digital technologies to provide key materials and quickly develop new products for an IT society.

Growth fields



High-speed communications/
5G



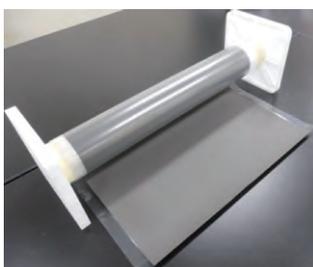
Cloud computing/
Data centers



AI

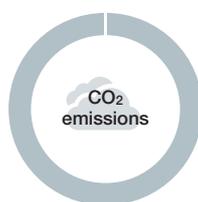


In-vehicle
technology



Magnetic material:
AFTINNOVA®

Electronic Materials environmental footprint in relation to the core businesses (approx. ratios)



* The percentage calculations include figures representing a proportion of production volume and are meant to represent the general trend.

Financial Capital Strategy



Accelerating the Medium-Term Management Plan strategies toward the vision for 2030

Tetsuya Nakano

Executive Officer & Vice President

Accelerating the Medium-Term Management Plan initiatives

The Ajinomoto Group is seeking to realize its vision for 2030 through a corporate value enhancement cycle in which providing greater customer value (social value) through higher employee engagement leads to higher economic value. In fiscal 2020, our structural reforms enabled ROIC to improve to 6.9% from the previous fiscal year even though organic sales growth remained negative owing to the impact on businesses geared to the food service industry

from the COVID-19 pandemic. Although we expect the pandemic conditions to continue impacting business performance in fiscal 2021, we made more progress reallocating management resources than previously scheduled in our Medium-Term Management Plan. To ensure this progress leads to growth, priority themes of the financial capital strategy will be to continue to emphasize ROIC and to step up measures to return to organic growth.

ROIC and organic sales growth

		FY2020-2022 Phase 1 Structural reform			FY2023-2025 Phase 2 Regrowth		FY2030 Target
		FY19 (Result)	FY20 (Result)	FY21 (Forecast)	FY22 (Target)	FY25 (Target)	
Efficiency	ROIC (> capital costs) (excluding structural reform expenses)	3.0% (Approx. 6%)	6.9% (Approx. 8%)	7.0% (Approx. 8%)	8%	10-11%	13%
Growth potential	Organic sales growth (YoY)	0.3%	-0.6%	Approx. 6%	4%	5%	5%

Fiscal 2020 performance summary

- **Sales: ¥1,071.4 billion (-2.6% YoY)**

Under the global COVID-19 pandemic conditions, sales rose for home-use products from increased in-home consumption but overall sales in the Seasonings & Foods and Frozen Foods segments fell as the stay-at-home conditions contributed to ongoing declining sales to the food service industry.

- **Business profit: ¥113.1 billion (+14.0% YoY)**

Business profit rose on a sharp rise in sales of specialty chemicals, increased sales of home-use products as well as improved product mixes in the Seasonings & Foods and Frozen Foods segments, and others.

- **Profit attributable to owners of the parent company: ¥59.4 billion (+215.4% YoY)**

The increase mainly reflected the balance of booking impairment loss associated with the reform of the animal nutrition business along with a gain on sale of fixed assets from the transfer of fixed assets (idle assets) and lower expenses for structural reforms than in fiscal 2019.

Financial Capital Strategy

Fiscal 2021 performance forecast

- **Sales: ¥1,113.0 billion**

Overall sales are projected to increase on higher sales in the Seasonings & Foods and Frozen Foods segments, while sales decline in the Healthcare and Others segment.

- **Business profit: ¥115.0 billion**

Overall business profit is expected to increase on higher sales in the Frozen Foods segment and in the core businesses of the Healthcare and Others segment.

- **Profit attributable to owners of the parent company: ¥60.0 billion**

Profit attributable to owners of the parent company is expected to increase even with about ¥10 billion in structural reform expenses in fiscal 2021.

Priority KPIs: Fiscal 2021 forecast by segment

Segment			FY20 result and FY21 forecast								
			Organic sales growth		Unit price growth		ROIC				
			FY20 (Result)	FY21 (Forecast)	FY20 (Result)	FY21 (Forecast)	FY20* (Result)	FY21* (Forecast)	FY22 (Target)	FY25 (Target)	
Food Products	Seasonings & Foods	Sauce & Seasonings	-0.3%	Approx. 6%	2.8%	Approx. 2%	12.4%	Approx. 13%	12%+	17%+	
		Quick Nourishment									
		Solution & Ingredients									
										WACC 6%	
	Frozen Foods	Frozen Foods	-5.0%	Approx. 6%	2.8%	Approx. 2%	0.6%	Approx. 1%	1%+	5%	WACC 5%
Amino-Science	Healthcare and Others	Bio-Pharma Services & Ingredients	3.5%	Approx. 7%	-	-	1.2%	Approx. 7%	10%+	12%+	WACC 8%
		Functional Materials									
		Others									

* Excluding structural reform expenses

Steps to establish ROIC-oriented management

The Ajinomoto Group management and worksites are making an ongoing concerted effort to maintain and improve ROIC, and ensure it exceeds the cost of capital (WACC). Management seeks to continuously improve capital investment efficiency by effectively allocating management resources based on growth potential and efficiency. Autonomous management at our worksites enhances ROIC from a medium- and long-term perspective.

ROIC-oriented management

ROIC > hurdle rate

Business portfolio management

Utilizing an ROIC tree to raise value

Business portfolio management

Each business is analyzed based on the two axes of “growth potential” evaluated by the attractiveness of the market and the company’s competitive advantage, and “efficiency” assessed by the balance of WACC and ROIC. Based on the analysis, resource allocation priority is established with the aims of generating organic sales growth and improving the efficiency of the invested capital. We select the business portfolio considering each business’ WACC and potential to raise ROIC above WACC.

The Core Businesses Grand Design Committee, established in fiscal 2021 under the Executive Committee, regularly examines the business portfolio and categorizes the businesses for resource allocation priority.

➤ See p.54 “Business portfolio management.”

Financial Capital Strategy

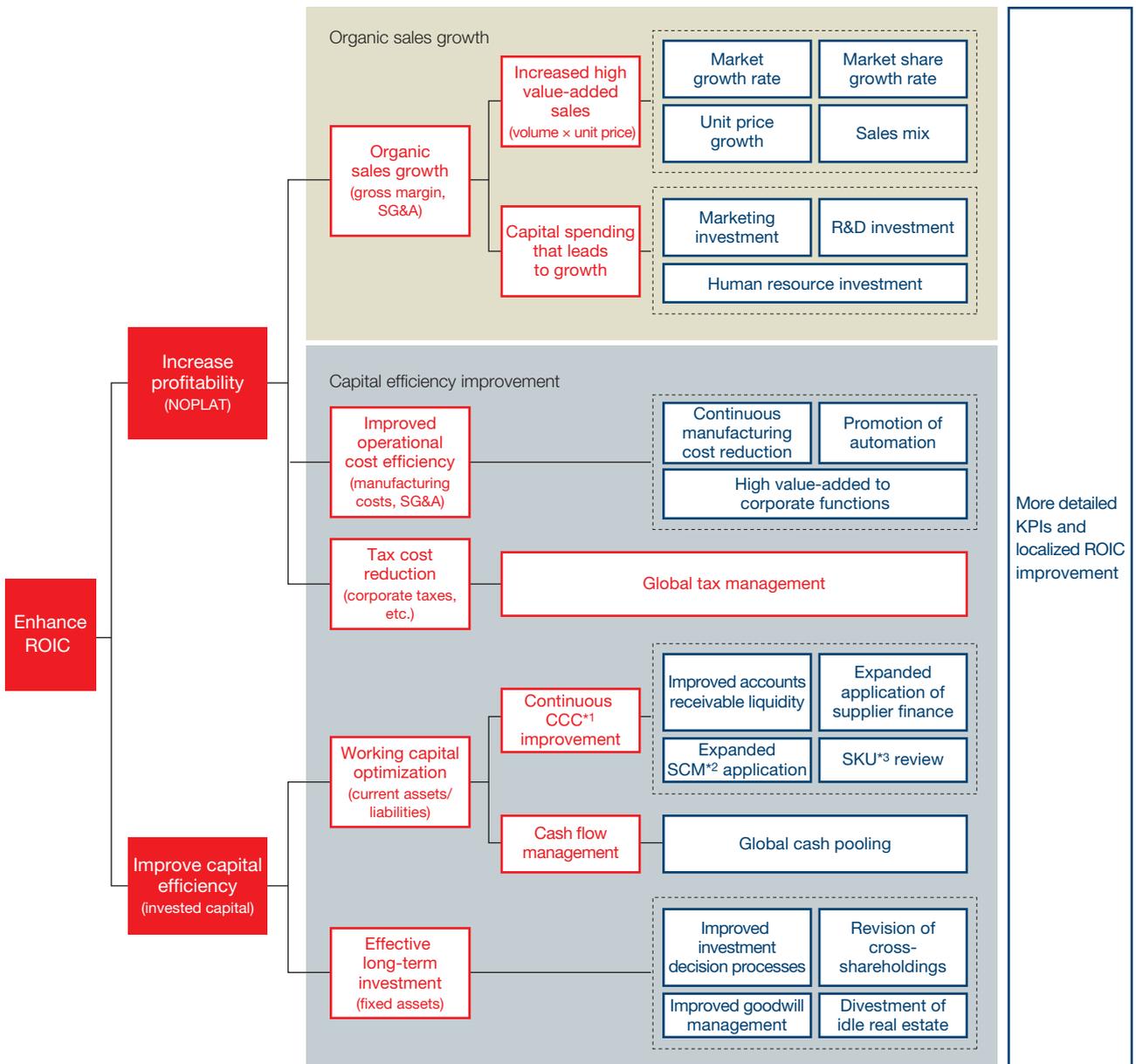
Utilizing an ROIC tree to raise value

The Ajinomoto Group uses an ROIC tree to improve ROIC in the medium to long term based on autonomous management at the worksites while enabling the management and worksites to easily visualize KPIs. The ROIC tree shows ROIC common to all businesses, thereby facilitating the tracking of KPIs, analysis of other companies in the same industry, time-series analysis, and

other factors that can be used to make decisions about the business portfolio. ROIC trees are also created for individual businesses and companies, and KPIs are set for business action plans to enhance business value. The ability of worksites to autonomously implement measures to improve ROIC will create a solid and dynamic foundation for enhancing the corporate value of the whole Group.

ROIC tree

	■ □ ROIC tree common to all businesses	□ Individual business and company ROIC tree
Objective	Understanding the overall company and business positioning	Track progress of the action plan for each business
Set by	Global Corporate Division based on overall Group and business strategy	Department level based on business characteristics Each company based on its characteristics



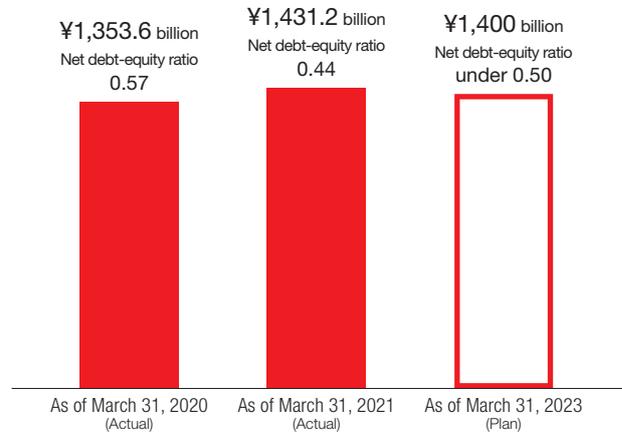
*1 Cash conversion cycle *2 Supply chain management *3 Stock keeping unit

Financial Capital Strategy

Balance sheet objectives

To promote ROIC-oriented management, we will maintain a sound balance sheet that will support highly efficient capital investment. Asset-light measures implemented in fiscal 2020 included trimming roughly ¥37 billion of our business asset holdings and reducing another ¥17 billion through resource allocation and selling cross-shareholdings, for a total asset reduction amounting to ¥54 billion. Total assets increased in fiscal 2020 from the improved profitability, which raised operating cash flow, and from the increase in cash and deposits to counter potential risk associated with the COVID-19 pandemic. However, we plan to control the rise in total assets by continuing to apply our asset-light measures to trim ¥100 billion during the three-year period of fiscal 2020-2022. The net debt-equity ratio was 0.44 at the end of fiscal 2020, and we plan to maintain it below 0.50 into the medium term.

Total assets

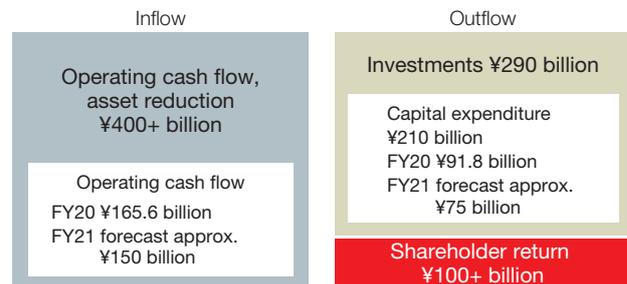


➤ See p.53 "The asset-light plan and progress toward 2025."

Cash flow strategy

Operating cash flow in fiscal 2020 amounted to ¥165.6 billion. We will continue to reduce assets through operating cash flow and business structural reforms, and use resource allocation to further enhance our cash creation capability. We plan to generate cash inflow of over ¥400 billion during fiscal 2020-2022, which will be used to invest in core business growth and enhance shareholder returns. We are budgeting over ¥100 billion for shareholder return during fiscal 2020-2022.

Cash flow strategy for fiscal 2020-2022

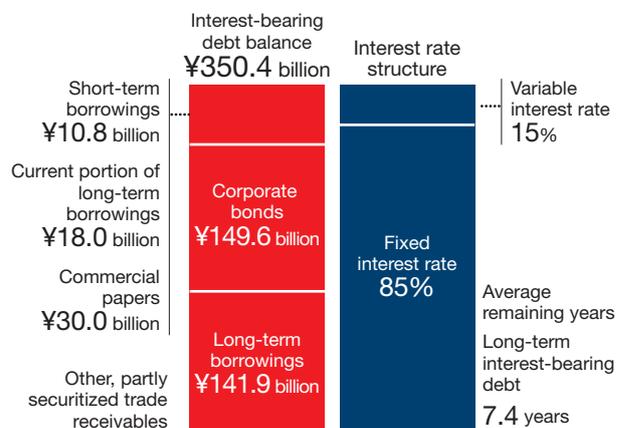


Responding to fund procurement risk and foreign exchange risk

We are effectively using funds within the Group by securing sufficient liquidity on a consolidated basis and creating an inter- and intraregional cash management structure to enable us to respond to the rapid changes in the financial markets and support the business continuity of each Group company during the COVID-19 pandemic. Fund procurement methods are diversified across corporate bonds, commercial papers, borrowing from financial institutions, and increasing the liquidity of accounts receivable while also staggering the repayment schedules. We have also set up committed yen and foreign currency credit lines with financial institutions for additional financial security.

To avoid risk from sudden fluctuations in the foreign exchange markets, in principle, we enter into currency forward contracts for fixed transactions such as trade receivables and payables and interest-bearing debt in local currencies in each country and region.

Interest-bearing debt balance by type of procurement (excluding lease liabilities) (As of March 31, 2021)



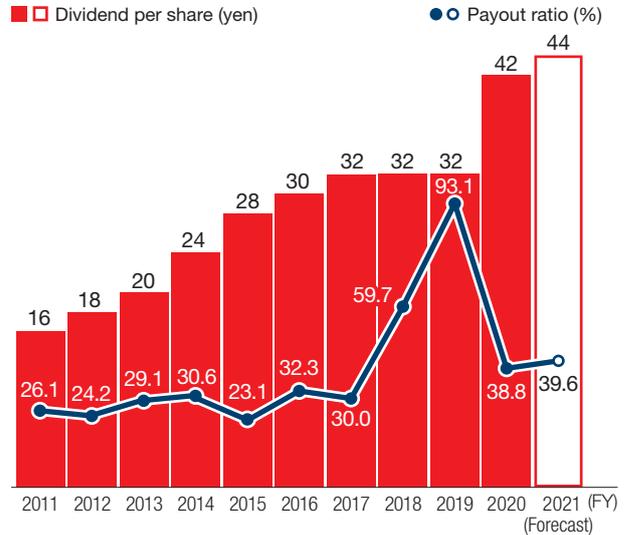
Financial Capital Strategy

Shareholder return policy

In the long term, management aims to steadily increase shareholder return while determining the best use of cash flow, such as the allocations for investment for business growth and funds for shareholder return for maximizing corporate value. Phase 1 of structural reform during fiscal 2020-2022 in the Medium-Term Management Plan calls for cash flow generated from increased sales and asset reduction to be invested in business growth with over ¥100 billion allocated for shareholder return. Under the current plan, management has increased the consolidated payout ratio target from 30% to 40% as it continues to work toward raising the consolidated total return ratio above 50%.

Management is aiming to enhance corporate value and provide total shareholder return*¹ exceeding TOPIX including dividends by increasing earnings per share and lifting ROIC above shareholders' equity cost over the medium to long term.

Dividend and payout ratio

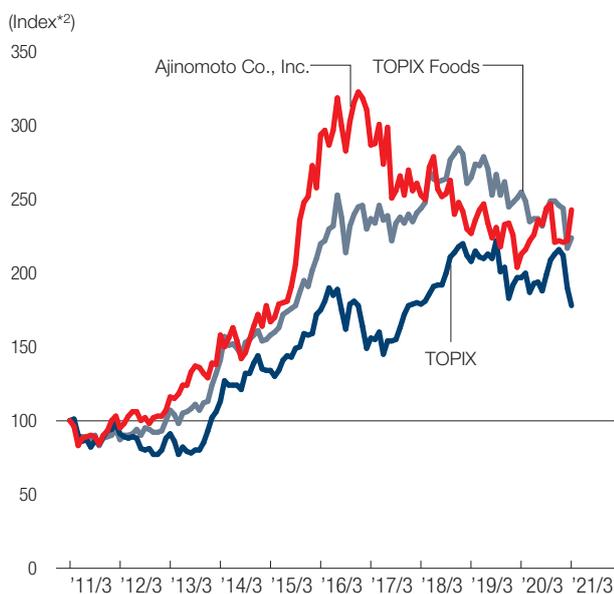


Total shareholder return

Investment period	1 year	3 years		5 years		10 years	
	Cumulative/ annual rate	Cumulative	Annual rate	Cumulative	Annual rate	Cumulative	Annual rate
Ajinomoto Co., Inc.	14.8%	23.2%	7.2%	-4.2%	-0.8%	192.9%	11.3%
TOPIX	42.1%	22.1%	6.9%	62.3%	10.2%	179.4%	10.8%
TOPIX Foods	9.8%	-7.2%	-2.4%	3.8%	0.7%	182.8%	11.0%

*1 The sum of gain on the stock price and the dividend

Stock price performance (10 years)



*2 Trend in dividend-inclusive stock indices. Closing price on March 31, 2011 = 100

Stock trend by year

Fiscal year	High (Yen)	Low (Yen)	FY-end (Yen)	Volatility* ³
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%
2020	2,527.50	1,694.00	2,265.50	28.9%

*3 Expressed in standard deviations



Part 4

Our Governance



Corporate Governance

Basic approach to corporate governance

The Ajinomoto Group positions corporate governance as one of the most important aspects of its management foundation for strengthening ASV management and achieving the Group's vision.

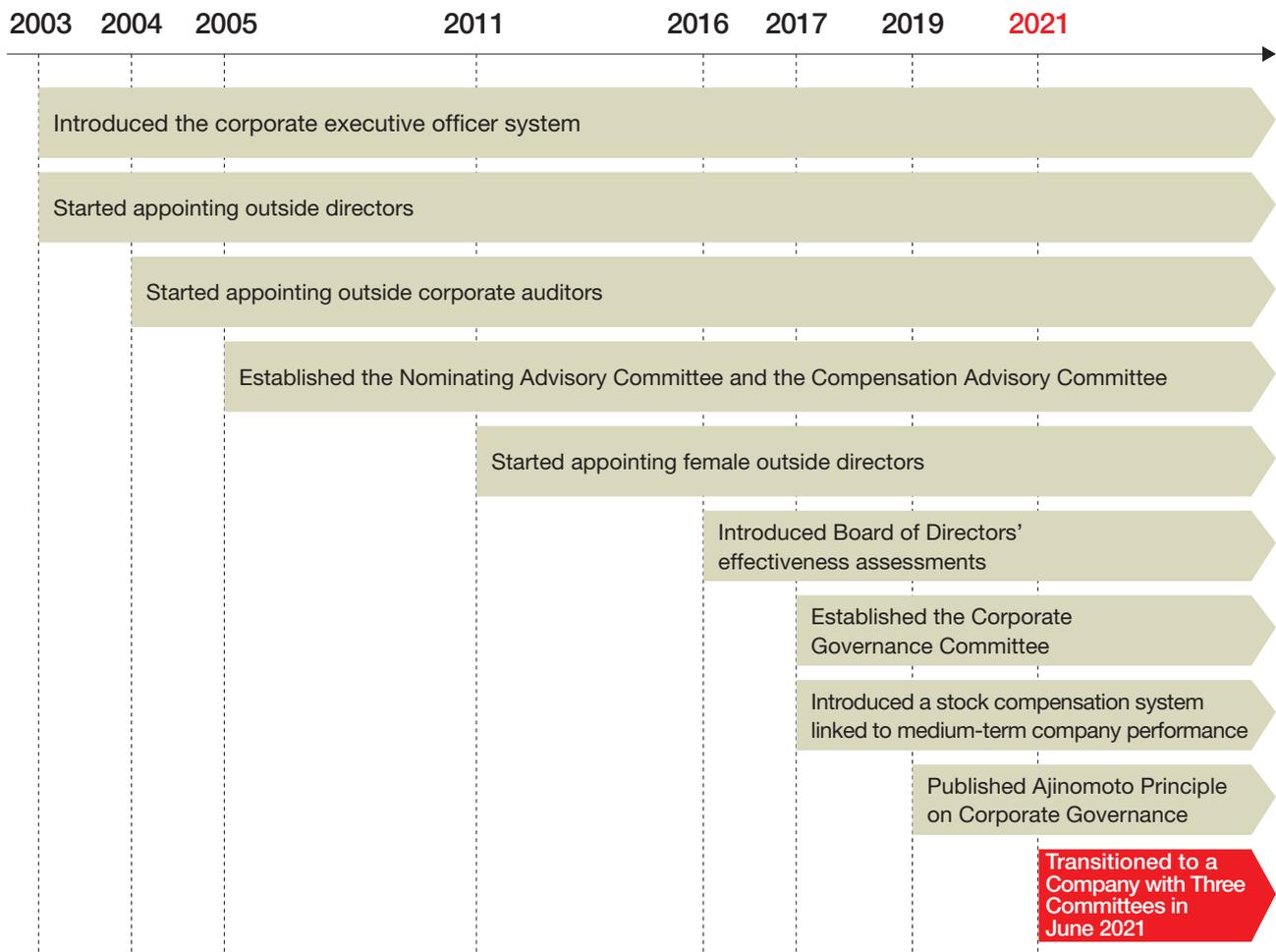
Toward 2030, through dialogue with multi-stakeholders, we have established helping to extend the healthy life expectancy of one billion people and reducing our environmental impact by 50% as outcomes. We will accelerate ASV management by unlocking latent assets such as human resources using digital transformation. Furthermore, in order to enhance the effectiveness of ASV management, in June 2021, we elected to transition to a Company with Three Committees that clearly separate supervision and execution by balancing "supervision of appropriate execution that reflects the opinions of stakeholders" and "business execution with a sense of speed." The Board of Directors consists of a variety of Directors, discusses and examines important management matters that greatly affect corporate value,

encourages risk-taking of execution by indicating a major direction, verifies the validity of execution processes and results, and appropriately supervises execution. On the other hand, the execution, the Chief Executive Officer who has been greatly delegated authority from the Board of Directors will take the lead in making decisions for important business execution at the Executive Committee, will realize sustainable enhancement of corporate value as one team. In order to closely communicate between the Board of Directors and the Executive Committee, governance rules are established based on the Company's approach to enhance corporate value, proposals and reports are made from the Executive Committee to the Board of Directors, and deliberations and resolutions are made by the Board of Directors.

➤ See pp.19–20 "Shift to a Company with Three Committees."

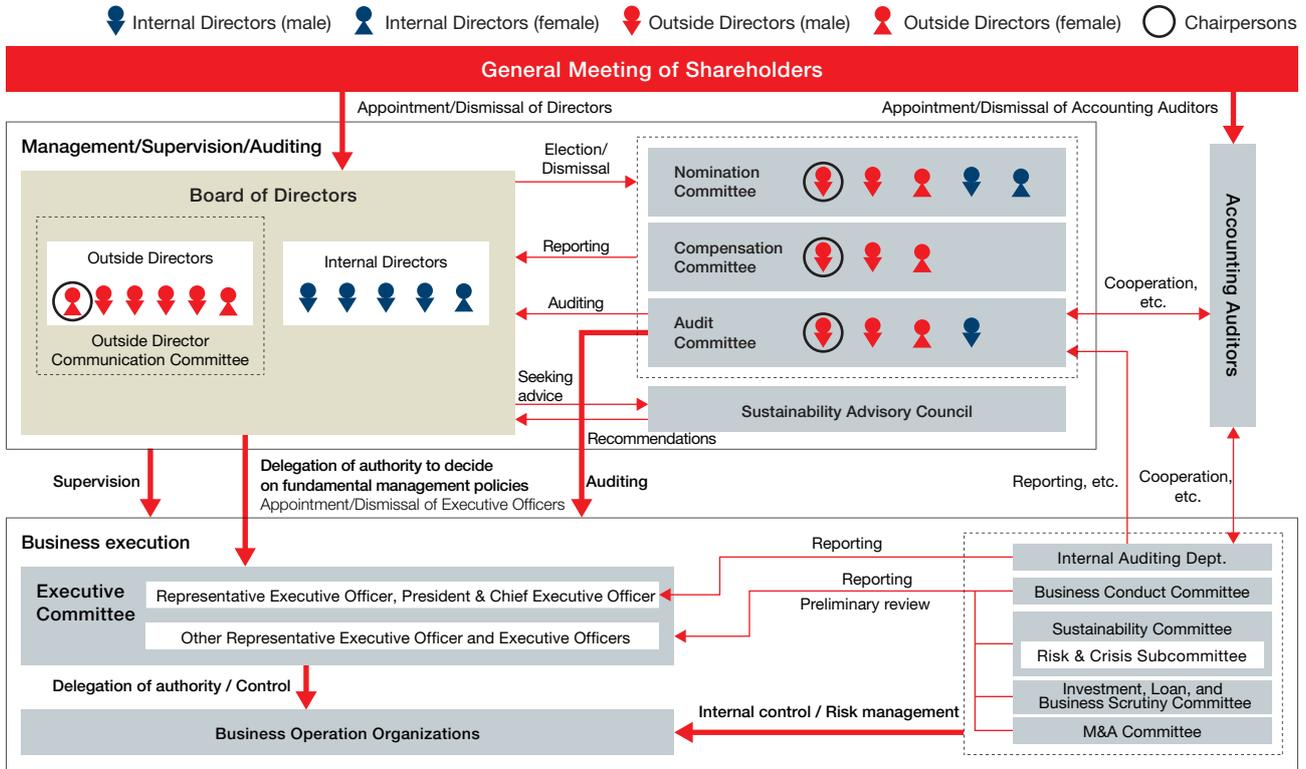
➤ For details, please see the Ajinomoto Principle on Corporate Governance and the Corporate Governance Report.
https://www.ajinomoto.co.jp/company/en/ir/strategy/corp_gov.html

Initiatives to reinforce governance



Corporate Governance

Overview of corporate governance system



Management, supervision, and audits Board of Directors

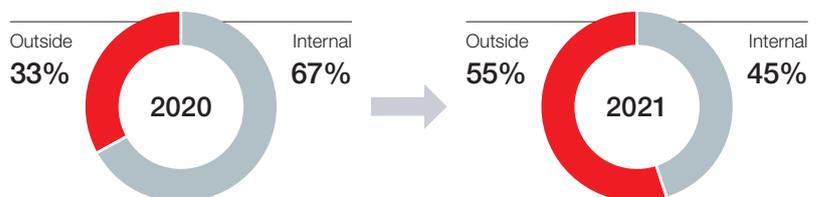
The Board of Directors, as the highest decision-making body for management, discusses and examines important management matters that greatly affect corporate value, indicates a major direction, and supervises appropriate executions that reflect the opinions of stakeholders.

The Company has the basic policy, considering the number of members, the percentage of Internal Directors and Outside Directors, the percentage of persons who concurrently serve as Directors and Executive Officers, individual experiences, abilities, insights, internationality,

gender, etc., for the Board of Directors composed of independent Outside Directors who can objectively supervise business execution from an independent standpoint, Internal Directors who concurrently serve as Executive Officers including Chief Executive Officer, and Internal Directors who are members of the Audit Committee (Standing). In order to promote the separation of supervision and execution and further enhance the effectiveness of the management oversight function by the Board of Directors, the Outside Directors shall occupy a majority, and the chairperson of the Board of Directors shall be an Outside Director.

Ratio of Outside Directors

The ratio of Outside Directors was 55% as of June 30, 2021 (six out of 11 Directors).



Ratio of female Directors

The ratio of female Directors was 27% as of June 30, 2021 (three out of 11 Directors).



Corporate Governance

Nomination Committee

The Nomination Committee deliberates on validity of the evaluation and reappointment of Directors, on validity of the evaluation and reappointment of Representative Executive Officer & Presidents, and on succession planning of the Representative Executive Officer & President, etc. The Nomination Committee decides the policy of electing and dismissing Directors, proposals for the election and dismissal of Directors, and proposals of draft for selection of the Representative Executive Officer & President, etc.

The Nomination Committee is comprised of five Directors including three Outside Directors. The chairperson is an Outside Director who has expertise in management talent outside the Company and has supported the Company by fostering next-generation management talent internally.

Compensation Committee

The Compensation Committee deliberates and decides matters related to remuneration for Directors and Executive Officers in order to determine the remuneration of Directors and Executive Officers fairly and appropriately.

The Compensation Committee is comprised of three Outside Directors only. The chairperson is an Outside Director with prior management experience at a multinational corporation.

Audit Committee

The Audit Committee plays an important role in the function of “supervision of business execution” by the

Board of Directors by auditing the legality and appropriateness of Executive Officers’ and Directors’ business execution.

The Audit Committee is comprised of three Outside Directors and one Internal Director who does not serve concurrently as an Executive Officer. The chairperson is an Outside Director who is an attorney-at-law with in-depth knowledge of the Companies Act.

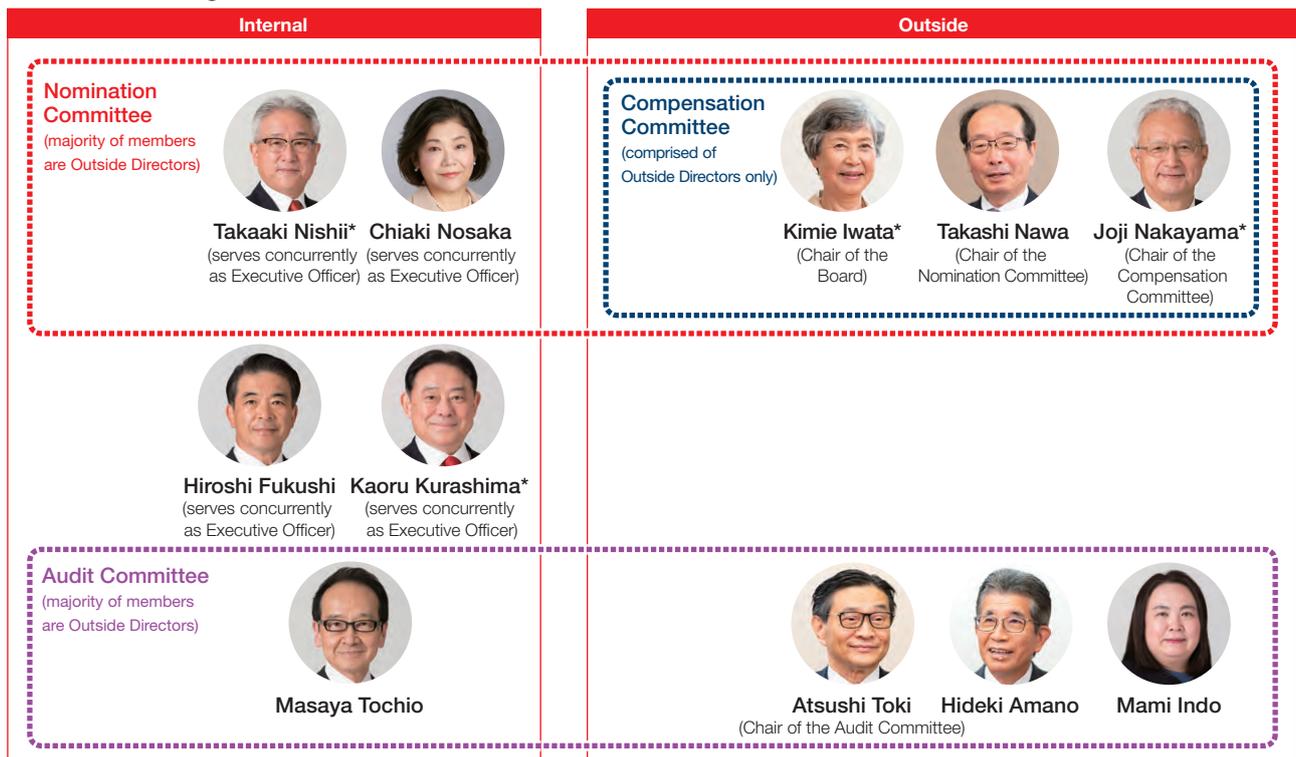
The Audit Committee’s Secretariat is assigned to the Internal Auditing Dept. The Executive Officer and staff, who have the appropriate knowledge and ability to assist the Audit Committee, are assigned. Appropriate collaboration between the Audit Committee and the Internal Auditing Dept. enhances the effectiveness of audit duties by the Audit Committee.

Sustainability Advisory Council

In order to pursue the enhancement of the corporate value of the Ajinomoto Group from the perspective of sustainability, the Company has established the Sustainability Advisory Council as a subordinate organization of the Board of Directors with the aim of proposing the Company’s approach to sustainability from the perspective of multi-stakeholders.

The Sustainability Advisory Council reviews matters related to sustainability themes and matters consulted by the Board of Directors, including consideration of materiality setting from a long-term perspective, confirmation of environmental changes (risks and opportunities) related to materiality, and examination of

Directors and serving committees



* Sustainability Advisory Council member

Corporate Governance

response policies. The details of deliberations and the results are reported to the Board of Directors promptly.

The Sustainability Advisory Council is comprised of seven outside experts, two Outside Directors, and three internal officers including the Representative Executive Officer & President, for a total of 12 members. The Council is chaired by an outside expert.

> See pp.21–23 "Enhancing the Sustainability Promotion Framework."

Business execution

The execution of business is led by the Representative Executive Officer & President who has been delegated substantial authority from the Board of Directors. Decisions regarding important business execution matters are made by the Executive Committee. Together, they work as one team to enhance the Company's sustainable corporate

value. The Representative Executive Officer & President oversees and executes the Company's business operations as Chief Executive Officer. Executive Officers execute the Company's business operations after dividing duties pursuant to resolutions of the Board of Directors.

The Executive Committee will realize prompt and appropriate business execution based on the major directions and mandates indicated by the Board of Directors. Deliberations and resolutions on basic plans, policies, and other important matters related to business execution will be described in the minutes along with the approval and disapproval of the members of the Executive Committee. In addition, proposals and reports to the Board of Directors are conducted in accordance with the Regulations on Board of Directors and the Minor Regulations on Board of Directors, and close communication

Members of the Executive Committee and serving committees

Members of the Executive Committee		Serving committees
	Takaaki Nishii (Chair) Representative Executive Officer, President & Chief Executive Officer	
	Hiroshi Fukushi Representative Executive Officer & Executive Vice President Chief Digital Officer (CDO)	Business Conduct Committee (Chair)
	Kaoru Kurashima Executive Officer & Senior Vice President General Manager, Global Corporate Division and Corporate Service Division	Sustainability Committee (Chair)
	Chiaki Nosaka Executive Officer & Senior Vice President In charge of Diversity and HR	
	Taro Fujie Executive Officer & Senior Vice President General Manager, Food Products Division	
	Hiroshi Shiragami Executive Officer & Senior Vice President Chief Innovation Officer (CIO) Management of R&D	M&A Committee (Chair)
	Gwinnett Bompas Executive Officer & Vice President General Manager, AminoScience Division	
	Takayuki Koda Executive Officer & Vice President Chief Transformation Officer (CXO) In charge of SCM Reform	Investment, Loan, and Business Scrutiny Committee (Chair)
	Tetsuya Nakano Executive Officer & Vice President In charge of Finance & Investor Relations	Business Conduct Committee (Vice-Chair)

Corporate Governance

is made so that the agenda of the Board of Directors can be set systematically and effectively. The Executive Committee is comprised of the Representative Executive Officer & President, Representative Executive Officer & Executive Vice President, four Executive Officer & Senior Vice Presidents, and three Executive Officer & Vice Presidents for a total of nine members.

The business operation organizations include the Global Corporate Division, Corporate Service Division, Food Products Division, and AminoScience Division. Each business operation organization carries out its prescribed operations according to the directions and supervision of

the Executive Officer responsible.

In order to execute business strategically in specific functions across the Business Operation Organizations, we have appointed a Chief Digital Officer, who oversees the Company's digital transformation as the head of digital technology, Chief Transformation Officer, who oversees the improvement of organizational strengths through operational innovation as the head of companywide operational transformation, and Chief Innovation Officer, who oversees new business model creation as the head of business model transformation, to head up these respective functions.

Evaluation of board effectiveness

Every year the Company asks Directors (Directors and Audit & Supervisory Board Members until fiscal 2020) to complete a self-evaluation questionnaire, which is then analyzed by an outside legal counsel, with the results examined by the Board of Directors. The self-evaluation questionnaire for fiscal 2020 indicated that board effectiveness was generally high and found that improvements were made in the following four areas compared to fiscal 2019.

- (1) Discussions on corporate strategies and medium- to long-term policies have been further enhanced.
- (2) Comments by Internal Directors have been further activated.
- (3) Diversity of candidates for Outside Directors has been further sophisticated.
- (4) Report of the results including the review process by the advisory committees has been further enhanced.

On the other hand, we are aware that the following points remain to be improved.

- (1) Diversity of members of the Board of Directors
- (2) Comments by Internal Directors
- (3) Training of Internal Directors
- (4) Development program of the Executive Officers
- (5) Further ingenuity for review process of the advisory committees
- (6) Provision of information in advance at the Nomination Committee

After discussions held by the Board of Directors on the results of this board effectiveness evaluation, the Company has decided that in fiscal 2021 it will further promote initiatives based on the above issues and promote ingenuity of effective operation of the Board of Directors based on the Company's transition to a Company with Three Committees.

➤ For details, please see the Summary of the Effectiveness of the Board of Directors.
https://www.ajinomoto.co.jp/company/en/ir/strategy/corp_gov.html

Officer compensation systems

The Company has a policy in place whereby the Compensation Committee, chaired by an Outside Director, determines policy regarding the amount of compensation paid to Directors and Executive Officers and how this amount is calculated.

Basic policy regarding compensation paid to Directors and Executive Officers

- (a) In line with the Ajinomoto Group Policies (AGP), it will lead to medium- to long-term expansion of corporate value
- (b) The level of compensation is sufficiently competitive with the market level
- (c) Compensation will be determined through a transparent process that is accountable to stakeholders

Executive Officer compensation

Compensation for Executive Officers (including Executive Officers serving concurrently as Director) comprises base compensation, short-term company performance-linked compensation, and medium-term company performance-linked stock compensation, as described below.

- Base compensation
Fixed amount paid monthly
- 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.
- Medium-term company performance-linked stock compensation
Paid in the Company's shares and cash in the amount

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equivalent to the conversion value of the Company's shares after the end of the third business year beginning from April 1, 2020, based on an evaluation using pre-determined KPI.

Compensation paid to Outside Directors and Internal Directors who are members of the Audit Committee

Compensation paid to Outside Directors and Internal Directors who are members of the Audit Committee comprises base compensation only, which is paid in cash monthly according to a fixed amount.

Determination of individual compensation amounts

Setting of compensation amount

Compensation is set for each title based on the responsibilities for supervision and business execution of each officer.

Determination of compensation level

- Internal Directors and Executive Officers excluding those of foreign nationality
The 50th to 75th percentile (top 25 to 50%) of around 50 major Japanese corporations similar in size and business lines as the Company based on the survey results of an external institution.
- Officers of foreign nationality
The 50th to 75th percentile (top 25 to 50%) of a group

of corporations similar in size and business lines as the Company in the country or region with the closest ties to the officer based on the survey results of an external institution.

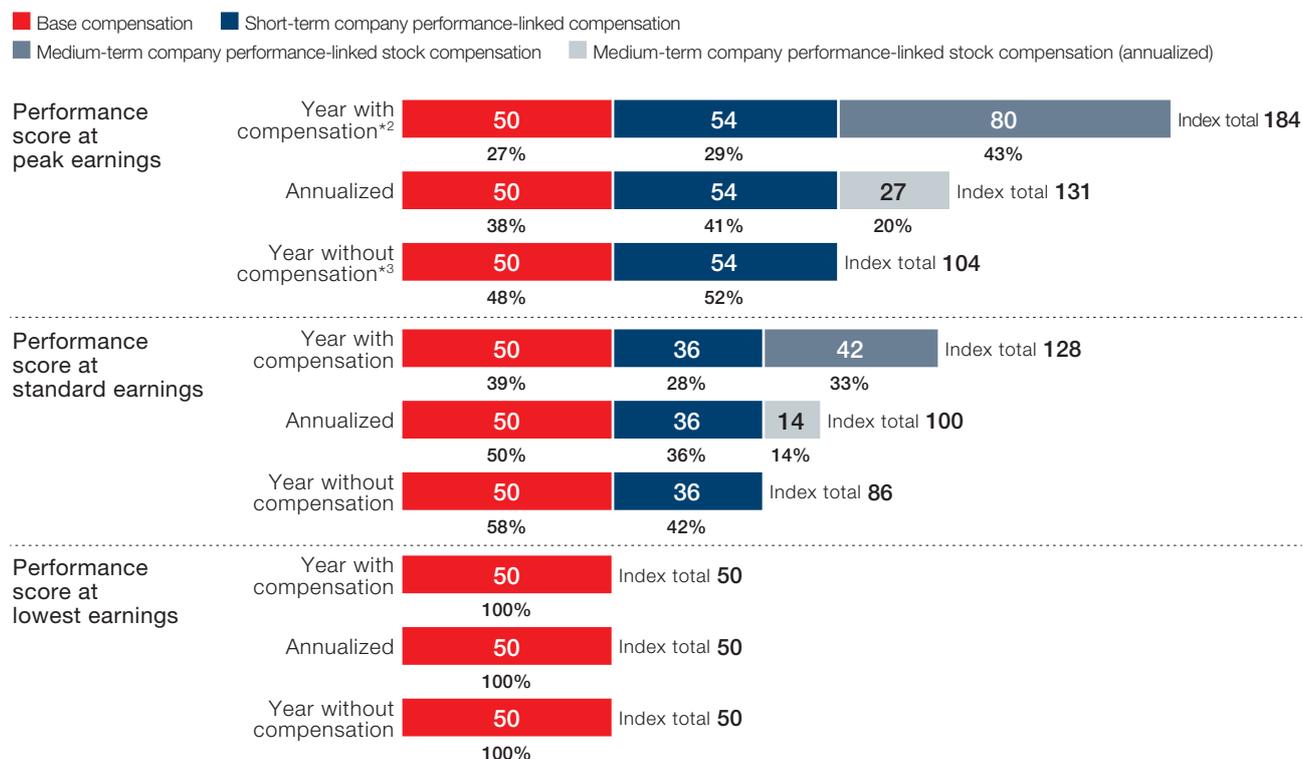
Outside Directors

The 50th to 75th percentile (top 25 to 50%) of around 50 major Japanese corporations similar in size and business lines as the Company based on the survey results of an external institution.

Ratio of compensation paid

The proportions of base compensation, short-term company performance-linked compensation, and medium-term company performance-linked stock compensation paid to Executive Officers (including Executive Officers serving concurrently as Director) is approximately 50:36:14 (47:40:13 for some positions) on an annual basis*1 when the performance targets are achieved. If the total compensation at the time of a standard evaluation (on an annual basis) when the performance targets are reached is assigned an index of 100, then the indices of total compensation under the conditions of highest possible performance and of lowest possible performance, as well as the proportions of each type of compensation in total compensation 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 Medium-Term Management Plan 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

Corporate Governance

KPI for performance-linked compensation

Short-term company performance-linked compensation

Compensation paid to Executive Officers who serve concurrently as Director and the Executive Officer & Chairman of Company is determined based on an evaluation of the company's overall earnings performance only.

The compensation paid to all other Executive Officers is determined based on an evaluation of the company's overall and each division's earnings performance using a weighting of 1:1.

- Formula used to determine the company's overall earnings performance
Short-term company performance-linked compensation = Base amount per position × KPI*1

*1 Calculated based on the total for the following three elements. The maximum achievement rate for each KPI is set at 1.25.
(Achievement rate of consolidated sales × 2 - 1) × 30%
(Achievement rate of consolidated business profit × 2 - 1) × 50%
(Achievement rate of consolidated net income × 2 - 1) × 20%

- Each division's earnings performance
Determined based on a pre-approved compensation table after a performance evaluation of the division, organization, and subsidiary each Executive Officer is responsible for.

Medium-term company performance-linked stock compensation

Assessment criteria	Performance target	Assessment weighting
ROIC achievement rate*2	8.0%	60%
Core business sales ratio achievement rate*3	70%	20%
Relative total shareholder return*4	1	10%
Employee engagement*5	–	5%
ESG targets*6	–	5%

*2 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

*3 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

*4 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

*5 Self-assessment of employee engagement survey results, the initiatives started in the Medium-Term Management Plan, and achievement of these initiatives

*6 Self-assessment of the initiatives and achievement of the ESG targets in the Medium-Term Management Plan

Total amount of consolidated compensation paid to each officer in fiscal 2020

The total amount of compensation paid to directors in the fiscal year under review is as follows.

- Directors (excluding Outside Directors)
600 million yen (292 million yen of monthly compensation, 252 million yen of short-term company performance-linked compensation and 55 million yen of medium-term company performance-linked stock compensation) was paid to six Directors.
- Outside Directors
45 million yen (monthly compensation only) was paid to three Outside Directors.
- Audit & Supervisory Board Members (Standing)
82 million yen (monthly compensation only) was paid to two Audit & Supervisory Board Members (Standing).
- Audit & Supervisory Board Members (External)
45 million yen (monthly compensation only) was paid to four Audit & Supervisory Board Members (External).

The officers who were paid 100 million yen or more in total consolidated compensation in the fiscal year under review are as follows.

Name	Takaaki Nishii	Masatoshi Ito	Hiroshi Fukushi	
Officer category	Director	Director	Director	
Company category	The Company	The Company	The Company	
Amount of compensation by type (Millions of yen)	Monthly compensation	74	60	50
	Short-term company performance-linked compensation	63	52	42
	Medium-term company performance-linked stock compensation	14	8	10
Total amount of compensation (Millions of yen)	153	121	103	

➤ For details, please see the Policy for determining individual compensation for Directors and Executive Officers.
https://www.ajinomoto.co.jp/company/en/ir/strategy/corp_gov.html

Corporate Governance

Message from the Chair of the Nomination Committee



Cultivating and appointing transformative human resources to drive ASV management

Takashi Nawa

Outside Director

Chair of the Nomination Committee

Refining the skills needed for an effective Board of Directors

My duty as Chair of the Nomination Committee is to determine how to form and foster a management group to lead the Ajinomoto Group's transformation and its execution of business based on a deep understanding of future-oriented ASV management. At this juncture of the Company's history, I believe this responsibility is more critical than ever, and I am solemnly committed to fulfilling my duty.

I believe the Board of Directors must be highly proficient at four key skills to advance ASV management: 1) the ability to take a long-term view from the perspective of multiple stakeholders, 2) the ability to take an external viewpoint to identify the essential management issues the Company faces for realizing ASV, 3) the ability to objectively assess and monitor action plans for problem solving, and 4) the ability to interactively communicate and carefully coordinate with the executives implementing initiatives related to the first three areas. The Board of Directors is fully capable in each of these areas for the current situation but must continue refining its skills to remain fully effective into the future.

The Nomination Committee is engaging in discussing training plans and the selection process for candidates to become directors with a focus on acquiring, developing, and appointing the transformative human resources needed to accelerate ASV management throughout the Group.

Progressing from heteronomous to autonomous governance

The transition to a Company with Three Committees has better clarified the responsibilities of the directors and executives. Nevertheless, in addition to knowing the division of the roles of each side, I believe the two sides must also seek to have a full understanding of each other. At the same time, I believe it will become increasingly important for the Company to redirect its tendency to focus inward and on immediate issues to become more outward-looking and future-oriented. I also believe the Company would benefit in the medium to long term by evolving away from governance that is heteronomous and regulative to governance that is autonomous and self-governing. This would essentially make the word "governance" obsolete as regulatory bodies evolve into advisory bodies. The new organizational structure is a firm step in the right direction.

Another key to enhancing the Ajinomoto Group's ability to innovate and to realize ASV is becoming more diverse, not just through a better balance of male and female representation, but also in the broader sense of diversity in age, nationality, culture, personalities, careers, and ways of thinking. At the same time, increased diversity will also make it more challenging to cultivate a sense of unity (inclusion). The new form of corporate organization introduces various changes to the business execution system, including reducing the number of executive officers by about half. This has created a tight vortex where the officers can foster an innovative culture and sense of unity throughout the organization and be a center point for unifying the Group companies as well as outside parties.

Corporate Governance

Message from the Chair of the Compensation Committee



Evaluating and continuing to improve the effectiveness of the new governance structure

Joji Nakayama

Outside Director
Chair of the Compensation Committee

Increasing the objectivity of the Compensation Committee

I have been appointed as Outside Director at a critical juncture as the Company adopts a new organizational structure and changes its business execution system. My role is to verify whether the new governance structure is functioning as intended and to determine what effects the new structure is producing. I also must ensure that this self-evaluation is used for continuing improvement. As such, my input will play a part in the Company's supervisory and decision-making functions.

I have also been appointed as the Chair of the Compensation Committee, which is comprised solely of outside directors. I understand that the change from a voluntary to statutory compensation committee is intended to improve the objectivity of the deliberative process and its outcome. I believe the change is profoundly important and highly sensible, and as the Chair, I will endeavor to ensure the committee functions with the utmost objectivity. In seeking to establish a remuneration system that is appropriate for the Company, the Compensation Committee will focus discussions on the three areas of 1) the direction the Company should take in its business development, 2) the remuneration structure for Group executives, and 3) the personnel system and remuneration of general employees.

The Company instituted progressive changes in its executive compensation system in 2020, including incorporating the non-financial indicators of employee engagement and ESG targets into the evaluation

indicators for medium-term company performance-linked stock compensation. I believe these are laudable changes as they are in accord with the new Medium-Term Management Plan and reflect the Company president's strong commitment to bringing about change. In addition to the matrix of evaluation indicators, the committee will also focus on executive performance in the areas of improving employee engagement and ESG management initiatives.

Governance responsive to consumer issues in each area

A look at the Ajinomoto Group's presence around the world reveals wide regional disparities in brand image and product acceptance. I believe this indicates a need to respond better to stakeholders in each specific location, which will entail a deeper understanding of consumer "food and health issues." To do this, we must set a clear direction for corporate governance.

My experience includes serving business and corporate management roles at Suntory Limited in the alcoholic beverage industry, where branding is essential, and at Daiichi Sankyo Company, Limited in the pharmaceuticals industry which is driven by innovation. The positions gave me a wide range of experience in areas including major changes in management policies as well as acquiring and selling business. I will use my experience to strengthen the governance of Ajinomoto Co., Inc. to help advance the Ajinomoto Group and give back to society.

Corporate Governance

Message from the Chair of the Audit Committee



Robust group governance with hybrid auditing

Atsushi Toki

Outside Director
Chair of the Audit Committee

The first step to enhance corporate value while incorporating multifaceted opinions

Corporate management is rapidly evolving. At the same time, stakeholders have diverse perspectives, and do not necessarily have the same values. Our company must have a governance system that enables us to consider various perspectives as we set a single path forward for our future. I consider the change in our organizational structure to be the first step toward establishing such a governance system. I believe that the Company with Three Committees structure provides the most suitable form of corporate governance for us to continuously enhance our corporate value and advance our ASV management. I expect this step will also be well received by overseas institutional investors.

I also think that we need to be sure to focus on developing each system under the new organizational structure in accordance with the original idea. We must address each and every issue that arises. For each one, we need to look beyond the numbers and assess the actual situation by constantly asking ourselves as an organization, is this consistent with our vision of being a “solution-providing group of companies for food and health issues,” and if not, then is our governance a cause of the inconsistency?

Hybrid audits by the Internal Auditing Dept. and the Audit Committee

The Audit Committee of a Company with Three Committees is responsible for conducting audits after

verifying and assessing if a robust internal control system is constructed and if the system is functioning properly. I expect the audits conducted by the Internal Auditing Dept., which serves as our internal control department, to play a critical role in our governance, not the least because it determines whether the Audit Committee is functioning properly. The Internal Auditing Dept. fully recognizes the importance of this and has always worked closely with the Audit & Supervisory Board, but I believe that appointing an executive officer to be in charge and having the function of assisting the Audit Committee will enable it to perform to full effect.

At the same time, I think the Company needs to take full advantage of the expertise and auditing experience of the Audit & Supervisory Board. In other words, I believe the Company will adopt a hybrid auditing structure with audits by the Internal Auditing Dept. and independent audits by the Audit Committee. We are also considering having the Audit Committee conduct direct examinations of executive officers. The committee members are accounting, financial, and business experts, and my biggest imperative as the committee chair is to take full advantage of their expertise.

The focus of the Audit Committee will be governance of the Group, including overseas subsidiaries. Some of our core subsidiaries have full-time corporate auditors, and it will be important to maintain open lines of communication. We are also examining the feasibility of conducting audits overseas through our regional headquarters as an additional level of governance.

Corporate Governance

Sustainability and risk management

Recently, the business environment has changed dramatically due to the prolonged COVID-19 crisis, and more comprehensive risk management is important than ever. We honestly comply with the Ajinomoto Group Policy (AGP) that shows the ideal way of thinking and action that Ajinomoto Group companies and their officers and employees should comply with, continue to develop and properly operate our internal control system, strengthen our system that considers sustainability as an active risk-taking system, and continuously enhance our corporate value. The Board of Directors will establish a system to recommend the company's sustainability and ESG approach from a multi-stakeholder perspective. In addition, the Executive Committee selects and extracts "risks and opportunities at the companywide management level," evaluates the degree of impact, defines responses as risk management, establishes each committee, and strengthens internal control and risk management. In promoting digital transformation (DX), we are implementing measures to prevent loss of data and information leaks as well as to strengthen cybersecurity by using a zero trust network architecture.

Sustainability Advisory Council

➤ See p.81 "Sustainability Advisory Council."

Sustainability Committee

In order to promote sustainability management, the Company has established the Sustainability Committee as a subcommittee of the Executive Committee. In accordance with materiality, the Sustainability Committee formulates measures, proposes them to the Executive Committee, and manages progress. In addition, the Sustainability Committee formulates risk countermeasures for companywide management issues, manages progress, develops and promotes risk management processes that contribute to strengthening internal control, and conducts matters related to crisis (safety and security) management based on the Ajinomoto Group Crisis Management Regulations. The Risk & Crisis Subcommittee established under the Sustainability Committee is responsible for matters related to crisis management.

Investment, Loan, and Business Scrutiny Committee

The Investment, Loan, and Business Scrutiny Committee carries out multifaceted reviews of investment and loan decisions, revitalization of unprofitable businesses, and exits from unprofitable businesses, prior to deliberations by the Executive Committee.

M&A Committee

The M&A Committee carries out multifaceted reviews of M&A deals prior to deliberations by the Executive Committee.

Internal control system

The Company's Board of Directors passed a resolution approving the Basic Policy on the Internal Control System. This policy is comprised of matters concerning the system to ensure that the execution of duties by executive officers and employees complies with laws and regulations as well as the Articles of Incorporation, matters concerning the system for the management of risk of losses of the Company, matters concerning the system to ensure the appropriate operation of Group companies, and matters concerning the system to ensure that the audit by the Audit Committee is conducted effectively. Every year, the Board of Directors confirms the operating status of the internal control system and monitors its effectiveness.

➤ For details, please see the Basic Policy on the Internal Control System. https://www.ajinomoto.co.jp/company/en/ir/strategy/corp_gov.html

Compliance

The Ajinomoto Group believes that compliance is complying with laws and AGP, as well as meeting the social demands behind laws and AGP, and works to raise compliance awareness and foster an open corporate culture.

Business Conduct Committee

The aim is to strengthen the Group's management base and enhance corporate value by fostering an open corporate culture and building a corporate structure that is resistant to crises, etc., by raising compliance awareness and instilling AGP. In addition, the Business Conduct Committee thoroughly disseminates AGP, determines and implements various measures to respond promptly and appropriately to crises, etc., disseminates information to raise compliance awareness, grasps trends and responds from the viewpoint of compliance, and implements smooth and prompt responses and appropriate resolution.

Principal risks

Every year the Group reviews materiality items that have substantial impact on its ability to create value in the short, medium, and long term through ASV. Opportunities and risks are identified for each materiality item, with business activities executed after clarifying the importance and priority level of materiality. Details of opportunities and risks related to materiality, and key initiatives by the Group can be found in the Ajinomoto Group Materiality and our Sustainability Data Book 2021, and financial opportunities and risks in our Securities Report.

Corporate Governance

Opportunities and risks related to materiality

Materiality items	Related opportunities and risks (○ Opportunity ● Risk)
Contribution to solve food and health issues	<ul style="list-style-type: none"> ○ Revised lifestyle habits, including diet and exercise, due to increasing seriousness and diversity of health issues ○ Brand trust ○ Stronger laws and rules related to health and nutrition (sugar tax, nutrition labeling) ○ Involvement of food and nutrition in predictive prevention ○ Development of regenerative medicine technology, antibody drugs, and oligonucleotide therapeutics ● Rising competition in the health and nutrition field
Rapid response to consumer lifestyle changes	<ul style="list-style-type: none"> ○ Enhancing corporate reputation by offering the joy of eating together ○ New value creation using digital technology ● Loss of growth opportunities due to delayed response to consumer lifestyle changes or diversifying values
Assurance of product safety	<ul style="list-style-type: none"> ○ Brand trust gained by increasing customer satisfaction ○ Trust gained through fair disclosure to stakeholders ● Impact on business of growing negative rumors regarding umami and MSG ● Lower customer confidence due to product quality complaints or incidents
Diverse talent	<ul style="list-style-type: none"> ○ Company growth by improving employee engagement ○ Creation of an innovative environment ● Rising costs due to intense competition for human resources
Climate change adaptation and mitigation	<ul style="list-style-type: none"> ○ Cost competitiveness ensured through renewable energy and reduced carbon tax burden ○ Collaboration with outside organizations on decarbonization ● Failure to procure raw materials due to climate change ● Damaged corporate value due to delayed response to climate change
Contribution to a circular economy	<ul style="list-style-type: none"> ○ Gaining market share through the development of environmentally friendly materials ● Damaged corporate value due to delays in waste reduction or recycling efforts
Reduction of food loss and waste	<ul style="list-style-type: none"> ○ Cost reduction through efforts to improve yield in the manufacturing process, reduce product returns and waste ● Damage to corporate value due to delays in addressing food loss and waste
Sustainable materials sourcing	<ul style="list-style-type: none"> ● Failure to procure raw materials, product returns due to quality issues in the supply chain ● Failure to procure raw materials and damage to corporate value due to delays in addressing social and environmental issues in the supply chain ● Failure to procure raw materials due to food resource depletion
Conservation of water resources	<ul style="list-style-type: none"> ○ Stable procurement of raw materials and stable supply of products by reducing water risk ● Production stagnation due to droughts, floods, or water quality deterioration ● Damage to corporate value due to delays in addressing water resource conservation
Strong corporate governance	<ul style="list-style-type: none"> ○ Appropriate risk-taking ● Business continuity risk or other unexpected losses due to failures in corporate governance or internal controls ● Lack of appropriate information disclosure resulting in a loss of investor confidence ● Decreased competitiveness due to vulnerabilities in IT management structure ● Delay or suspension of operations due to a combination of natural disasters, diseases, and pandemics (COVID-19, avian influenza, etc.) ● Disruptions to organizational operations and decline in business profitability due to changes in macroeconomic conditions ● Impact of intellectual property risks on business ● Impact of sudden foreign exchange and interest rate fluctuations on business ● Higher tax burden due to changes in tax and tax effect
Preparation for intense global competition	<ul style="list-style-type: none"> ○ Business foundation reform through digital disruption ○ Value creation from external collaboration ○ Specialty creation through technological innovation ○ Establishment of competitive advantage by forecasting future changes ● Opportunity loss and loss of competitive ability due to neglect of IT investment ● Emergence of multiple competitors due to an inability to erect strong barriers to entry

➤ For details, please see the Ajinomoto Group Materiality.
https://www.ajinomoto.com/sustainability/pdf/2020/materiality_en_2106.pdf

➤ For details, please see the Ajinomoto Group Sustainability Data Book 2021.
<https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

Corporate Governance

Finance-related opportunities and risks

Financial risks	Related opportunities and risks (○ Opportunity ● Risk)
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"> ○ Lower future tax burden through system reform (e.g., reform of U.S. tax system) ● Increase in business operational costs due to system reform (e.g., value-added tax in Brazil)
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 2021.
<https://www.ajinomoto.co.jp/company/jp/ir/library/securities.html>
<https://www.ajinomoto.co.jp/company/en/ir/library/report.html>

Directors and Executive Officers

Directors



Takaaki Nishii

Director, Representative Executive Officer, President & Chief Executive Officer
Member of the Nomination Committee

Number of Company shares held: 57,500 shares

Meeting attendance (FY2020)

Board of Directors: 100% (16/16), Nominating Advisory Committee: 100% (9/9), Compensation Advisory Committee: 100% (6/6), Corporate Governance Committee: 100% (6/6), Management Foundation Review Committee: 100% (12/12)

Career summary

1982 Joined Company
2004 Director, Ajinomoto Frozen Foods Co., Inc.
2009 General Manager, Human Resources Dept.
2013 Member of the Board & Corporate Vice President
President, AJINOMOTO DO BRASIL INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA.
2015 Representative Director, President & Chief Executive Officer
2021 Appointed to current position in June



Hiroshi Fukushi

Director, Representative Executive Officer & Executive Vice President,
Chief Digital Officer (CDO)

Number of Company shares held: 36,700 shares

Meeting attendance (FY2020)

Board of Directors: 100% (16/16), Management Foundation Review Committee: 100% (12/12)

Career summary

1984 Joined Company
2009 General Manager, Amino Acids Dept.
2013 Member of the Board & Corporate Vice President
General Manager, Bioscience Products & Fine Chemicals Division (currently, AminoScience Division)
2017 Representative Director
2019 Member of the Board & Corporate Executive Deputy President
2021 Appointed to current position in June



Kaoru Kurashima

Director, Executive Officer & Senior Vice President
General Manager,
Global Corporate Division and
Corporate Service Division

Number of Company shares held: 16,769 shares

Meeting attendance (FY2020) --

Career summary

1984 Joined Company
2011 President, AJINOMOTO DEL PERÚ S.A.
2016 Corporate Vice President, General Manager, ASEAN Division
2019 Corporate Senior Vice President, General Manager, Food Products Division
2021 Appointed to current position in June



Chiaki Nosaka

Director, Executive Officer & Senior Vice President
In charge of Diversity and HR
Member of the
Nomination Committee

Number of Company shares held: 27,800 shares

Meeting attendance (FY2020)

Board of Directors: 100% (16/16)

Career summary

1983 Joined Company
2009 General Manager, Food Technology Development Center,
Food Products Company
2015 Corporate Vice President, General Manager, Institute of Food Sciences and Technologies
Chairman, SHANGHAI AJINOMOTO FOOD RESEARCH AND DEVELOPMENT CENTER CO., LTD.
2019 Member of the Board & Corporate Vice President
2021 Appointed to current position in June



Masaya Tochio

Director,
Member of the
Audit Committee

Number of Company shares held: 34,671 shares

Meeting attendance (FY2020)

Board of Directors: 100% (16/16), Management Foundation Review Committee: 100% (12/12)

Career summary

1983 Joined Company
2007 General Manager, Overseas Foods & Seasonings Dept.
2011 General Manager, Corporate Planning Dept.
2017 Member of the Board & Corporate Senior Vice President
2018 General Manager, Global Corporate Division and Corporate Service Division
2019 Representative Director
2021 Appointed to current position in June

Directors and Executive Officers

Directors



Kimie Iwata

Outside Director
Chair of the Board
Member of the
Nomination Committee and
the Compensation Committee

Number of Company shares held: 1,100 shares

Meeting attendance (FY2020)

Board of Directors: 100% (16/16), Nominating Advisory Committee: 100% (9/9),
Compensation Advisory Committee: 100% (6/6), Corporate Governance
Committee: 100% (6/6)

Reasons for appointment

Ms. Iwata has a high degree of insight into corporate management and corporate social responsibility, as well as a wealth of experience in supporting the active participation of women and promoting diversity. Since her appointment as Outside Director in June 2019, in addition to holding lively discussions on the Board of Directors and at other meetings, she has demonstrated great leadership as the Chair of the Nominating Advisory Committee.



Takashi Nawa

Outside Director
Chair of the
Nomination Committee
Member of the
Compensation Committee

Number of Company shares held: 0 shares

Meeting attendance (FY2020)

Board of Directors: 100% (16/16), Nominating Advisory Committee: 100% (9/9),
Compensation Advisory Committee: 100% (6/6), Corporate Governance
Committee: 100% (6/6)

Reasons for appointment

Using his great insight into international corporate management that he has developed both through being a professor at a graduate school in the field of international corporate strategy and the wealth of work experience that he has gained at non-Japanese consulting companies, Mr. Nawa has been active as an Outside Director since June 2015. He has offered proposals in the formulation of the current Medium-Term Management Plan from a new perspective and novel way of thinking and has also supported our in-house training of managers.



Joji Nakayama

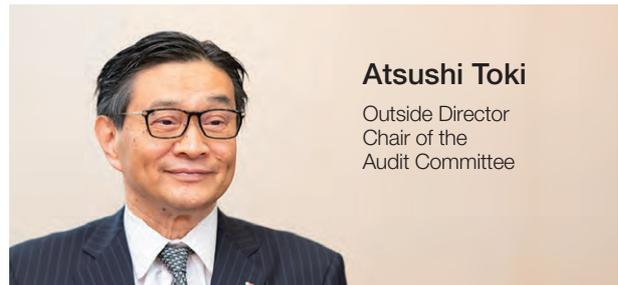
Outside Director
Chair of the
Compensation Committee
Member of the
Nomination Committee

Number of Company shares held: 0 shares

Meeting attendance (FY2020) --

Reasons for appointment

Mr. Nakayama has served as president and chairman of a global healthcare company. He has extensive experience in corporate management and governance, and deep insights into healthcare businesses. We envision that he will utilize this knowledge to participate in the decision-making of important management matters at the Board of Directors of the new structure.



Atsushi Toki

Outside Director
Chair of the
Audit Committee

Number of Company shares held: 5,400 shares

Meeting attendance (FY2020)

Board of Directors: 100% (16/16, as Audit & Supervisory Board Member), Audit &
Supervisory Board: 100% (14/14), Corporate Governance Committee: 100% (6/6)

Reasons for appointment

Mr. Toki has specialized knowledge as a lawyer and has a wealth of experience. Since his appointment in June 2016 as an Audit & Supervisory Board Member (External), he has utilized his extensive knowledge relating to corporate law to actively participate from his legal perspective in meetings of the Board of Directors. He makes a significant contribution to the strengthening of our Company in auditing functions and structures of corporate governance.



Hideki Amano

Outside Director
Member of the
Audit Committee

Number of Company shares held: 3,500 shares

Meeting attendance (FY2020)

Board of Directors: 100% (16/16, as Audit & Supervisory Board Member), Audit &
Supervisory Board: 100% (14/14)

Reasons for appointment

Mr. Amano has specialized knowledge as a certified public accountant and has a wealth of experience both in Japan and overseas. In June 2018 he was appointed as an Audit & Supervisory Board Member (External). Since taking office, he has been very active, especially in the fields of finance and accounting.



Mami Indo

Outside Director
Member of the
Audit Committee

Number of Company shares held: 400 shares

Meeting attendance (FY2020)

Board of Directors: 100% (11/11, as Audit & Supervisory Board Member), Audit &
Supervisory Board: 100% (10/10)

Reasons for appointment

Ms. Indo, in addition to many years of experience working for securities companies and think tanks, has worked in the Securities and Exchange Surveillance Commission, gaining broad insight and a wealth of experience. Her achievements and insights are highly regarded both inside and outside of our Company. Since being appointed as an Audit & Supervisory Board Member (External) in June 2020, she has been active in her field and has made a great contribution, especially in the areas of governance and risk management.

Directors and Executive Officers

Executive Officers



Takaaki Nishii

Representative Executive Officer,
President & Chief Executive Officer



Hiroshi Fukushi

Representative Executive
Officer &
Executive Vice President
Chief Digital Officer (CDO)



Kaoru Kurashima

Executive Officer &
Senior Vice President
General Manager,
Global Corporate Division and
Corporate Service Division



Chiaki Nosaka

Executive Officer &
Senior Vice President
In charge of Diversity and HR



Taro Fujie

Executive Officer &
Senior Vice President
General Manager,
Food Products Division



Hiroshi Shiragami

Executive Officer &
Senior Vice President
Chief Innovation Officer (CIO)
Management of R&D



Gwinnett Bompas

Executive Officer &
Vice President
General Manager,
AminoScience Division



Takayuki Koda

Executive Officer &
Vice President
Chief Transformation
Officer (CXO)
In charge of SCM Reform



Tetsuya Nakano

Executive Officer &
Vice President
In charge of Finance &
Investor Relations

Directors and Executive Officers

Executive Officers



Masatoshi Ito

Executive Officer and
Chairman of Company



Jiro Sakamoto

Executive Officer &
Vice President
General Manager,
North America Division



Narutoshi Fukase

Executive Officer &
Vice President
Management of
Food Products Sales



Yoshiteru Masai

Executive Officer &
Vice President
General Manager,
Europe & Africa Division



Tatsuya Sasaki

Executive Officer &
Vice President
General Manager,
Latin America Division



Junichiro Kojima

Executive Officer &
Vice President
General Manager,
Institute of Food Sciences
and Technologies



Ichiro Sakakura

Executive Officer &
Vice President
General Manager,
ASEAN Division



Ikuo Kira

Executive Officer &
Vice President
General Manager,
Research Institute for
Bioscience Products &
Fine Chemicals



Chika Morishima

Executive Officer
In charge of Sustainability and
Communications



Takumi Matsuzawa

Executive Officer
In charge of Internal
Control and Audit Committee

Performance and Information

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Ten-Year Summary of Financial Data

(Millions of yen)

Japanese GAAP	FY2011	FY2012	FY2013	FY2014	FY2015
For the year:					
Net sales	972,648	948,705	951,359	1,006,630	1,184,100
Cost of sales	(603,420)	(600,630)	(635,594)	(659,509)	(769,230)
Gross profit	369,228	348,076	315,765	347,121	414,870
Selling, general and administrative expenses	(296,644)	(276,844)	(253,957)	(272,601)	(323,989)
Operating income	72,584	71,232	61,807	74,519	90,880
Non-operating income (expenses), Extraordinary gains (losses)	(493)	29,595	10,754	4,529	9,272
Net income before taxes	72,091	100,828	72,561	79,049	100,153
Profit attributable to owners of parent	41,754	48,373	42,159	46,495	63,427
Capital expenditures	56,778	61,590	50,602	50,927	58,867
Depreciation and amortization	43,717	42,463	45,746	43,376	50,920
At year-end:					
Total assets	1,097,057	1,091,741	1,093,165	1,255,090	1,262,113
Shareholders' equity	605,349	635,287	594,950	669,576	619,872
Interest-bearing debt (net)	(19,873)	(67,187)	10,538	43,299	43,462
Per share (Yen):					
Earnings (EPS)	¥61.30	¥74.40	¥68.70	¥78.50	¥107.90
Book value (BPS)	894.6	1,004.4	1,002.3	1,131.4	1,066.8
Dividends	16.0	18.0	20.0	24.0	28.0
Liquidity ratios:					
Debt-equity ratio*1	0.03	(0.03)	0.07	0.13	0.16
Interest coverage ratio (Times)	42.7	45.0	31.0	50.4	57.1
Investment indicators:					
Price/earnings ratio (PER) (Times)	16.9	19.0	21.2	33.5	23.5
Price/book value ratio (PBR) (Times)	1.2	1.4	1.5	2.3	2.4
Profitability indicators:					
Return on assets (ROA) (%)*2	3.8	4.4	3.9	4.0	5.0
Return on equity (ROE) (%)*3	6.9	7.8	7.1	7.4	9.8
Efficiency indicators:					
Asset turnover (Times)*4	0.94	0.89	0.87	0.87	0.86

*1 Debt (Net debt)-equity ratio = Interest-bearing debt ÷ Shareholders' equity (Net debt is interest-bearing debt – Cash and cash equivalents × 75%)

*2 ROA = Net income (or loss) ÷ Average total assets

*3 ROE = Net income (or loss) ÷ Average total shareholders' equity

*4 Asset turnover = Net sales ÷ Average total assets

Ten-Year Summary of Financial Data

(Millions of yen)

IFRS	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
For the year:						
Sales	1,149,427	1,091,195	1,114,784	1,114,308	1,100,039	1,071,453
Cost of sales	(757,135)	(704,177)	(720,118)	(719,299)	(696,166)	(665,234)
Gross profit	392,291	387,018	394,666	395,008	403,873	406,219
Selling, R&D, G&A expenses	(295,315)	(292,701)	(302,959)	(301,253)	(302,191)	(294,399)
Business profit* ¹	98,144	96,852	95,672	93,237	99,236	113,136
Operating profit	99,678	83,617	78,706	53,642	48,773	101,121
Profit before income taxes	98,778	86,684	80,819	54,698	48,795	98,320
Profit attributable to owners of the parent company	71,292	53,065	60,124	29,698	18,837	59,416
Capital expenditures	58,459	89,677	79,417	79,632	83,666	91,834
Depreciation and amortization	50,852	46,273	51,783	52,485	61,986	63,045
At year-end:						
Total assets	1,273,893	1,350,105	1,426,230	1,393,869	1,353,616	1,431,289
Equity attributable to owners of the parent company	609,486	616,315	640,833	610,543	538,975	620,257
Interest-bearing debt (net)	64,089	149,980	156,337	183,297	272,031	225,213
Per share (Yen):						
Earnings (EPS)	¥121.23	¥92.81	¥105.76	¥53.62	¥34.37	¥108.36
Book value (BPS)	1,048.96	1,082.90	1,128.44	1,113.93	983.19	1,130.82
Dividends	28.0	30.0	32.0	32.0	32.0	42.0
Liquidity ratios:						
Net debt-equity ratio* ²	0.19	0.31	0.32	0.36	0.57	0.44
Interest coverage ratio (Times)	58.8	44.0	43.3	38.1	32.6	49.2
Investment indicators:						
Price/earnings ratio (PER) (Times)	20.9	23.7	18.0	33.0	58.5	20.9
Price/book value ratio (PBR) (Times)	2.4	2.0	1.7	1.6	2.0	2.0
Profitability indicators:						
Ratio of business profit to total assets (ROA) (%) ^{*3}	7.8	7.4	6.9	6.6	7.2	8.1
Return on equity (ROE) (%) ^{*4}	11.3	8.7	9.6	4.7	3.3	10.3
ROIC	–	–	–	3.8	3.0	6.9
Efficiency indicators:						
Asset turnover (Times) ^{*5}	0.91	0.83	0.80	0.80	0.80	0.77

*1 Business profit = Sales – Cost of sales – Selling expenses, Research & development expenses, and General & administrative expenses + Share of profit of associates and joint ventures

*2 Net debt-equity ratio = Interest-bearing debt ÷ Equity attributable to owners of the parent company
(Net debt is interest-bearing debt – Cash and cash equivalents × 75%)

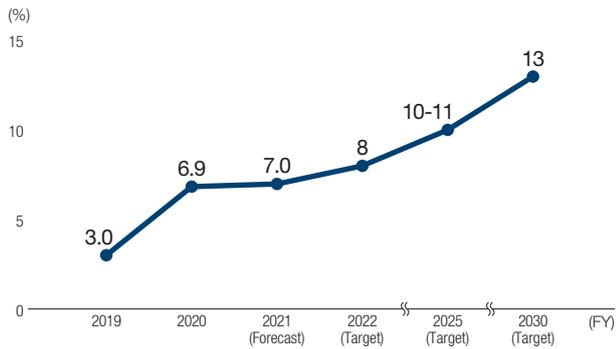
*3 ROA = Business profit ÷ Average total assets

*4 ROE = Profit attributable to owners of the parent company ÷ Average equity attributable to owners of the parent company

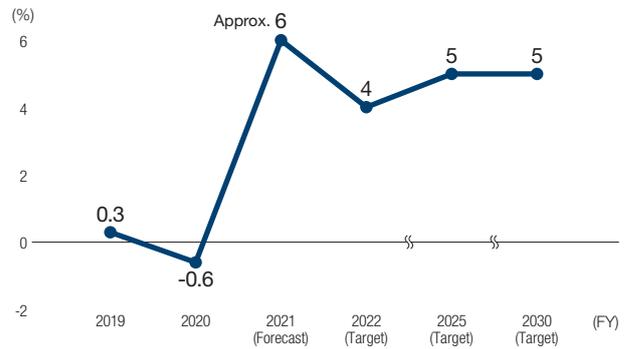
*5 Asset turnover = Sales ÷ Average total assets

Performance Data

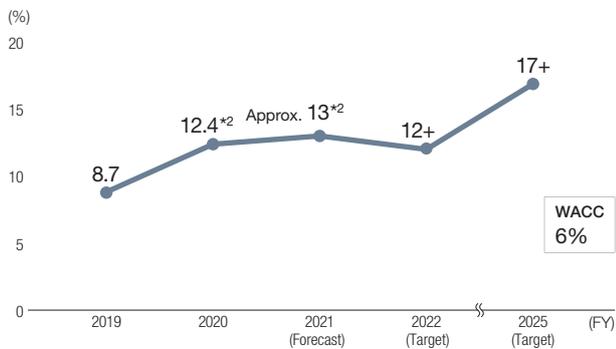
ROIC*1



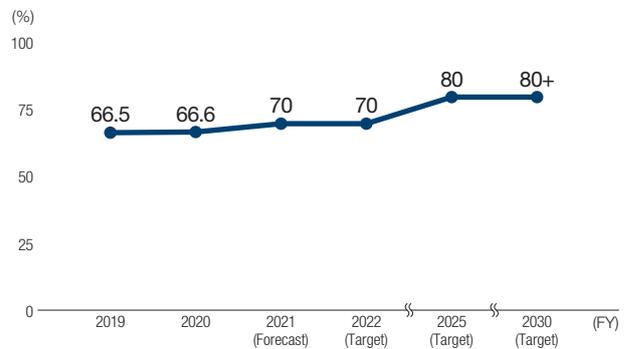
Organic sales growth*1 (vs. previous fiscal year)



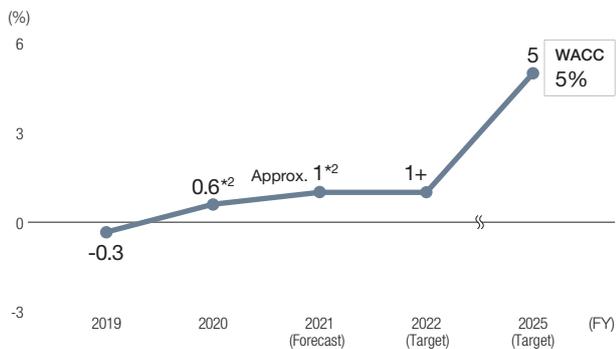
ROIC and WACC: Seasonings & Foods segment



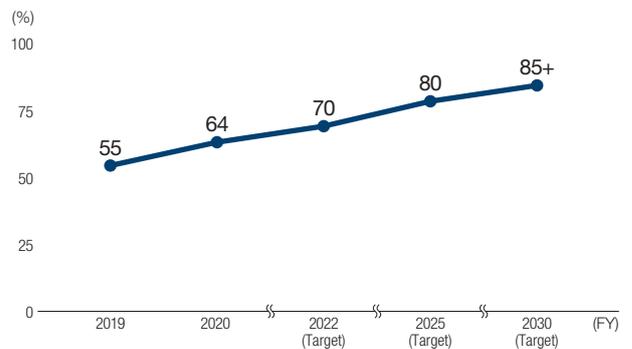
Core business sales ratio*1



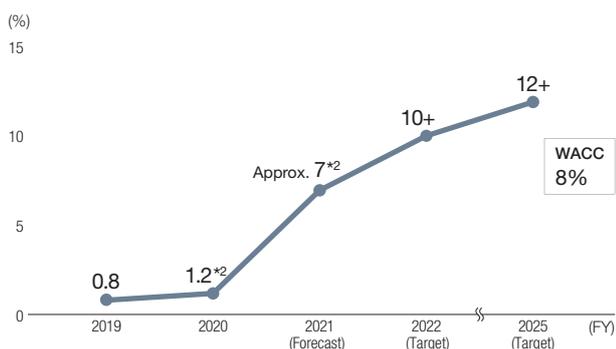
ROIC and WACC: Frozen Foods segment



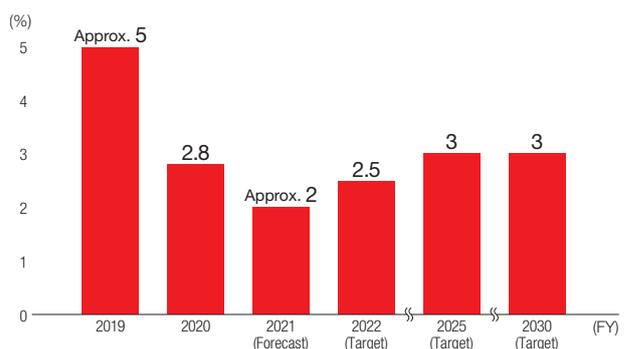
Employee engagement score*1



ROIC and WACC: Healthcare and Others segment



Unit price growth*1 (vs. previous fiscal year)



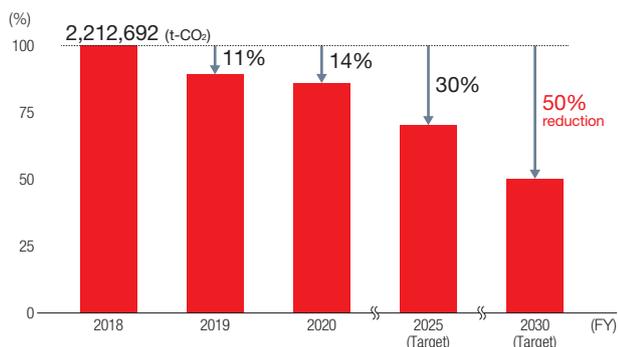
*1 See p.104 "Glossary" *2 Excluding structural reform expenses

Performance Data

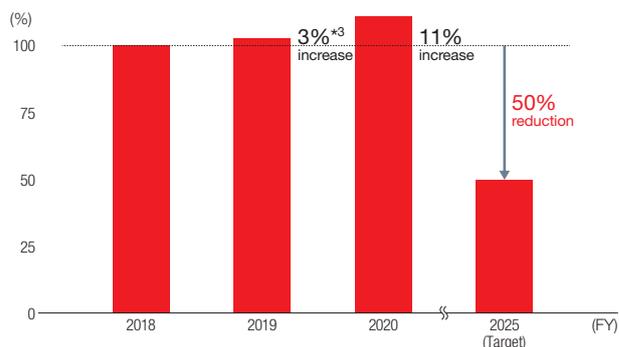
KPIs of our nutrition commitment

	FY20	FY25 (Target)	FY30 (Target)
Percentage of products with high nutritional value*1	31%	–	60%
Provision of products from among those with high nutritional value that are beneficial to “delicious salt reduction” and “protein intake”	280 million people annually	–	400 million people annually
Availability of products utilizing the physiological and nutritional functions of amino acids	(Base year)	–	2 times
Nutrition education for employees (Persons)	460	Cumulatively 100,000	–

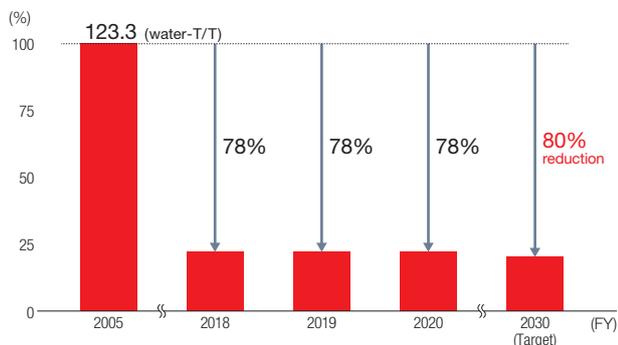
Greenhouse gas emission reduction rate (vs. FY2018)



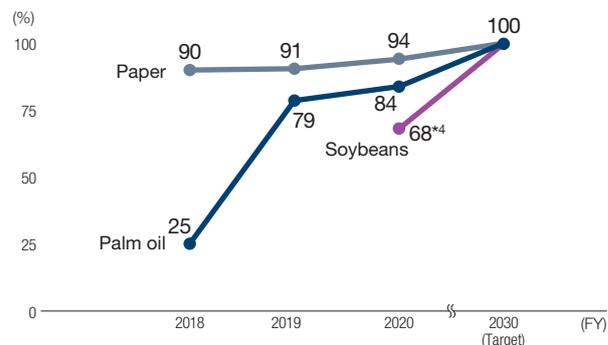
Food loss and waste reduction rate per production volume unit*2 (vs. FY2018)



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

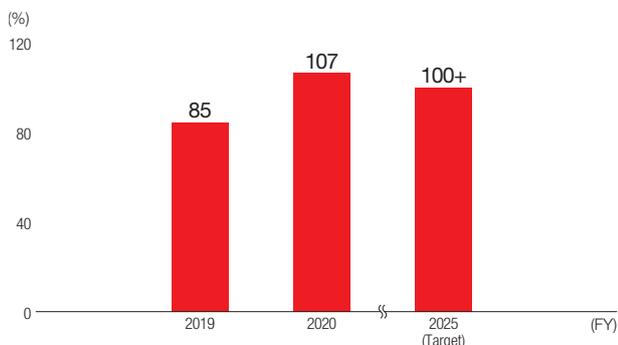


Sustainable procurement ratio

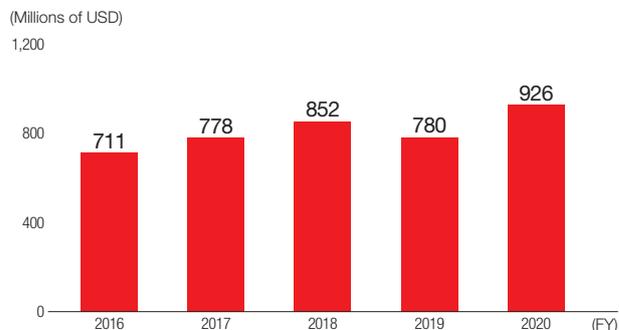


• FY2030 target of coffee beans and beef: 100%

Recharge rate of drinking water into forest



Corporate brand value*5



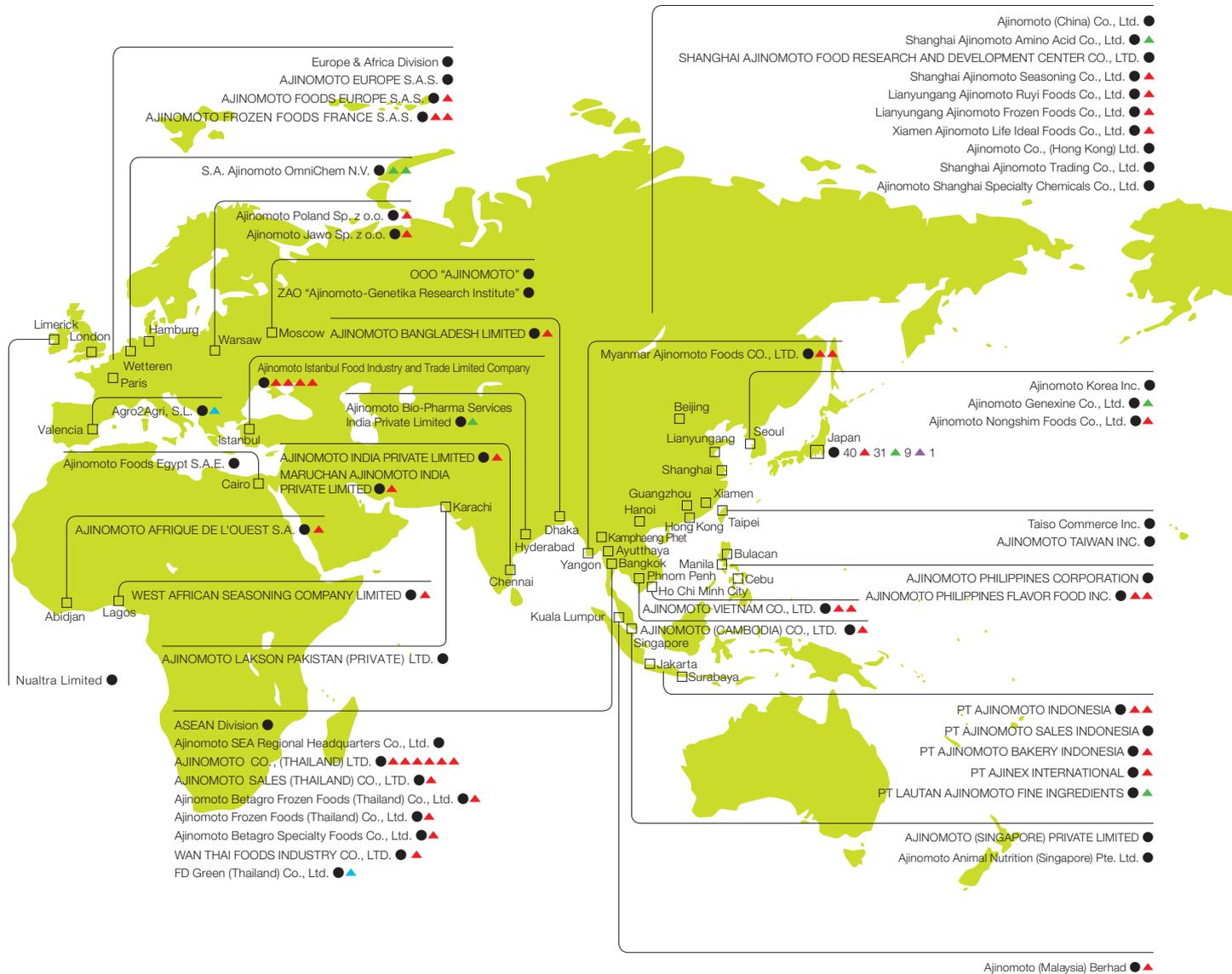
Plastic waste

FY2030 target: **Achieve “Zero”**

*1 Products that meet the standards the Ajinomoto Group set based on global standards for nutrients used in major nutrient profiling systems
 *2 From the acceptance of raw materials to delivery to customers
 *3 Correction has been made as a result of a review of totals.
 *4 Procured for businesses in Japan
 *5 Evaluated by Interbrand, “Best Japan Brands”

Global Network

The Ajinomoto Group is globally expanding in a wide range of business fields, with operations spanning 36 countries and regions as of April 1, 2021.

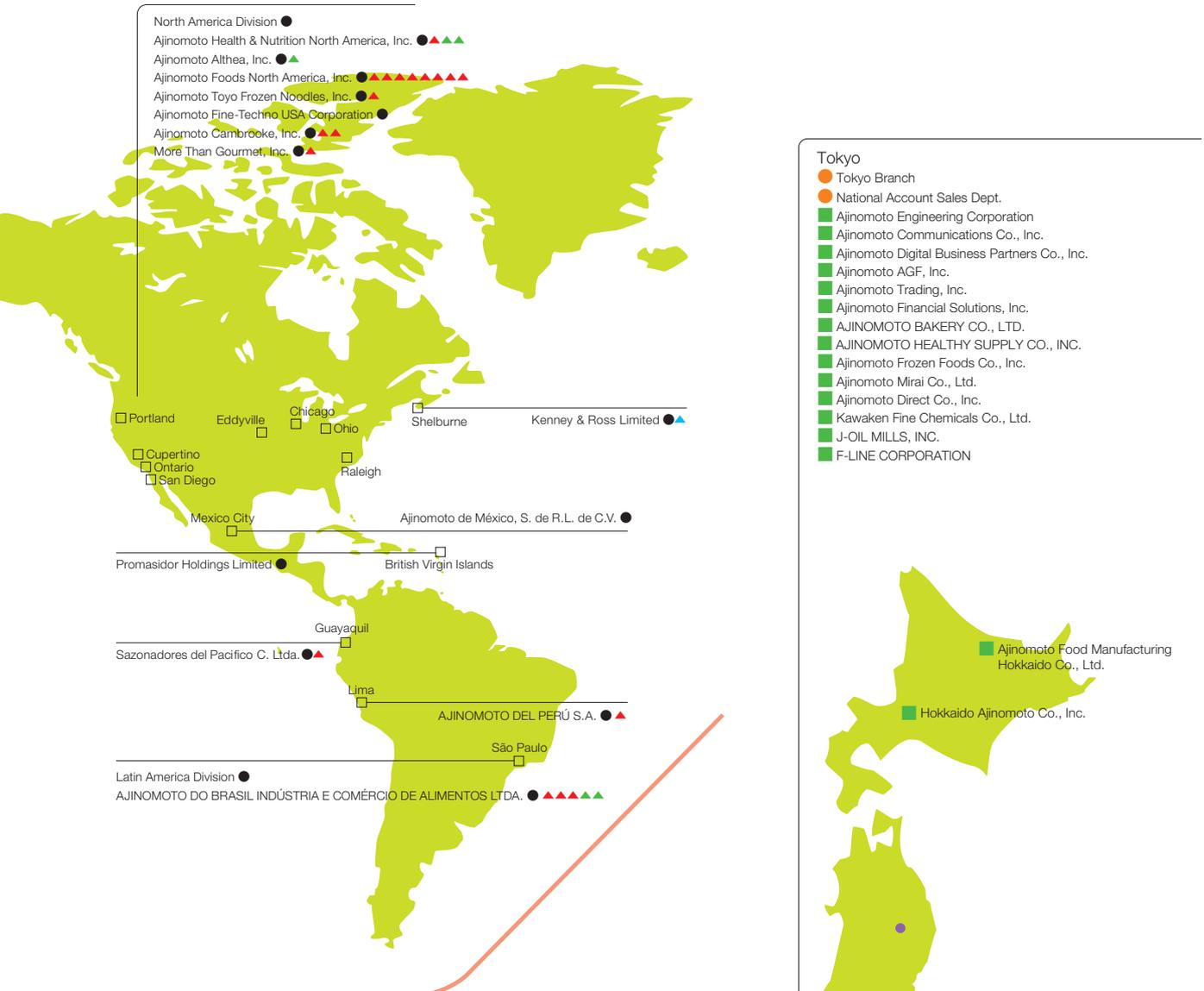


Global network: 36 countries and regions
(including 120 plants in 25 countries and regions)
(Japan: 41; Other countries: 79)

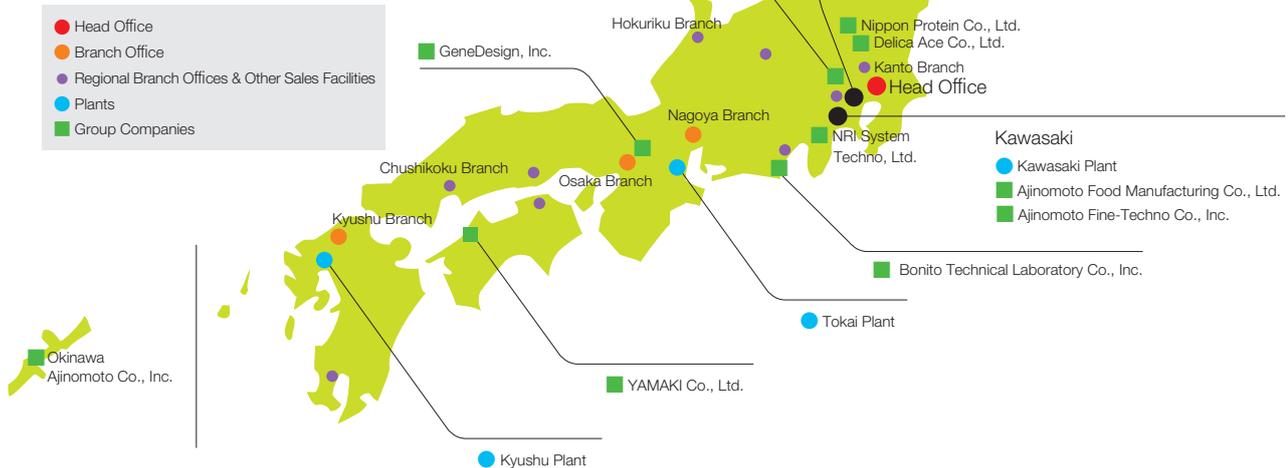
- Subsidiaries, Affiliates, and Offices of Ajinomoto Co., Inc.
- ▲ Foods Plants 94
- ▲ Amino Acids and Specialty Chemicals Plants 21
- ▲ Pharmaceuticals Plants 1
- ▲ Other Plants 4

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

Global Network



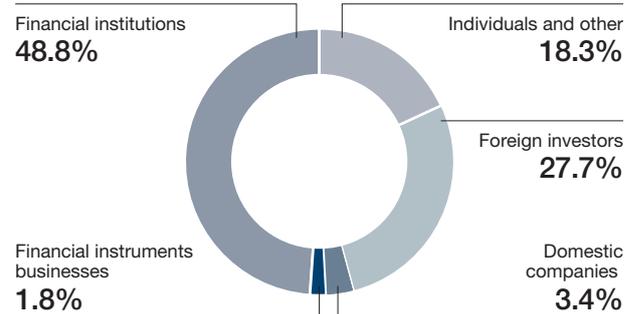
Network in Japan



Corporate Data / Stock Information / External Evaluations As of March 31, 2021

Company name:	Ajinomoto Co., Inc.
Founding:	May 20, 1909
Paid-in capital:	79,863 million yen
Number of employees:	33,461 (consolidated) 3,184 (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
Shares issued:	549,163,354 shares
Shares with voting rights:	(Treasury shares, etc.) 103,800 shares (Other) 548,531,100 shares
Shares less than one unit:	528,454 shares
Number of shareholders:	138,221 (YoY decrease of 6,432)
Listed stock exchange:	Tokyo Stock Exchange (Stock code: 2802)
Shareholder registrar:	Mitsubishi UFJ Trust and Banking Corporation
Accounting auditor:	KPMG AZSA LLC

Distribution of shareholders



Major shareholders

Shareholder	Shares held (Thousands)	Ownership interest (%)
The Master Trust Bank of Japan, Ltd. (trust account)	69,071	12.58
Custody Bank of Japan, Ltd. (trust account)	34,244	6.24
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	11,362	2.07
Custody Bank of Japan, Ltd. (trust account 7)	9,155	1.67
STATE STREET BANK WEST CLIENT – TREATY 505234	8,495	1.55
Mitsubishi UFJ Trust and Banking Corporation	8,083	1.47
Custody Bank of Japan, Ltd. (trust account 5)	7,319	1.33

Inclusion in SRI indices

> Inclusion in SRI indexes <https://www.ajinomoto.co.jp/company/en/ir/esg/evaluation.html>

Dow Jones Sustainability World Index
Consecutive inclusion since 2014

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

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

> Public awards and feedback <https://www.ajinomoto.co.jp/company/en/ir/esg/sri/2020.html>

CDP "A List (highest evaluation) for tackling Climate Change"



The 2nd ESG Finance Awards Japan "Bronze Award"



"Excellent Integrated Reports" and "Improved Integrated Reports" as selected by GPIF asset managers entrusted with domestic equity investment

WICI Japan Integrated Report Award 2020 "Silver Award"



The Consumer-Oriented Business Excellence Awards "The Consumer Affairs Agency Commissioner's Award"



Semi-Nadeshiko Brand



2021 Health & Productivity Stock Selection



2021 Certified Health & Productivity Management Organizations Recognition (White 500)



Ranked 14th in 2021 Access to Nutrition Index (ATNI)



Glossary

Asset-light measures	The reduction of business assets intended to increase capital efficiency being promoted under 2020-2025 Medium-Term Management Plan. Through this process, investment will be concentrated on core businesses to shrink the ratio of non-core businesses and allocate management resources in an optimal manner.
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 and friends is measured using the engagement survey for the Group employees.
Bio-pharma services	A service that undertakes contracts to manufacture pharmaceuticals. The Group has a coherent global drug development and manufacturing contract system for pharmaceuticals from small-molecule 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."
CCC	Cash conversion cycle (CCC) is an index showing the number of days from purchasing debt to collecting accounts receivables. The smaller the value, the better the cash flow. CCC = Number of days of accounts receivable turnover + Number of days of inventory asset turnover – Number of days of purchase liability turnover
Company with Audit & Supervisory Board	A form of corporate organization used by Japanese corporations in which there is an Audit & Supervisory Board comprised of at least three members
Company with Three Committees	A form of corporate organization used by Japanese corporations in which there are three committees; namely, a Nomination Committee, Compensation Committee, and Audit Committee
Core businesses	Six businesses of Sauce & Seasonings, Quick Nourishment, Solution & Ingredients, Frozen Foods, Healthcare, and Electronic Materials
DX	Digital transformation (DX) involves the transformation of products, services and business models based on the needs of customers and society using data and digital technologies in response to intense changes occurring in the business environment. DX also involves establishing competitive advantages by transforming operations, organizations, processes, and corporate culture.
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 over the short, medium, and long term
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 <i>kombu</i> (kelp) and other sources. The Group produces MSG by fermenting starch and molasses found in natural ingredients such as sugar cane.
OE	Operational excellence (OE) is continuous improvement and reform activities based on the philosophy and methods of thoroughly refining all operations to solve problems and to add value from the customer's point of view while individuals and teams grow in a synchronized manner in order to create a competitive advantage
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
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
Planetary boundaries	The planetary boundaries concept presents nine boundaries, including climate change, within which humanity can continue to develop and thrive for generations. When these boundaries are exceeded, irreparable damages will be caused to the natural resources supporting humanity.
ROIC	Return on invested capital* An indicator of how much profit a company has made from investment in its business activities. ROIC = 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
Unit price growth	Growth in the unit price by weight
WACC	Weighted average cost of capital WACC = {Interest-bearing debt ÷ (Interest-bearing debt + Shareholders' equity) × Debt capital cost × (1 – Effective tax rate)} + {Shareholders' equity ÷ (Interest-bearing debt + Shareholders' equity) × Shareholders' equity cost}

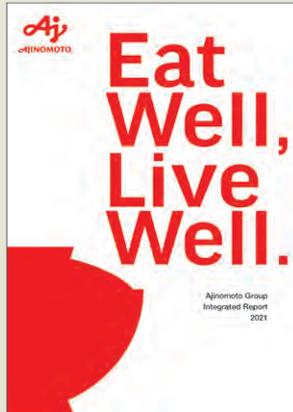
Key Communication Materials

Primary communication materials

Integrated Report

<https://www.ajinomoto.com/sustainability/ir/>

Date of publication: End of August 2021



Secondary communication materials

Sustainability Data Book

<https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

Date of publication: End of September 2021

IR Data Book

<https://www.ajinomoto.co.jp/company/en/ir/library/guide.html>

Date of publication: End of June 2021

Financial Report

<https://www.ajinomoto.co.jp/company/en/ir/library/report.html>

Date of publication: End of July 2021

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: End of June 2021

Corporate Governance Report

https://www.ajinomoto.co.jp/company/en/ir/strategy/corp_gov/main/0/teaserItems1/03/linkList/00/link/Governance2021_E.pdf

Date of publication: End of June 2021

Medium-Term Management Plan

https://www.ajinomoto.co.jp/company/en/ir/event/medium_term.html

Date of release: February 19, 2020

Ajinomoto Group Integrated Report 2021

Eat Well, Live Well.



Cover Story

Umami seasoning *AJI-NO-MOTO*[®] is available worldwide. The bowl image on the cover of this report comes from the well-known package design of *AJI-NO-MOTO*[®] marketed in Southeast Asia and South America.

* The bowl image is based on the Japanese bowls commonly used for the staple foods of rice and soups.

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URL: <https://www.ajinomoto.co.jp/company/en/ir/>



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