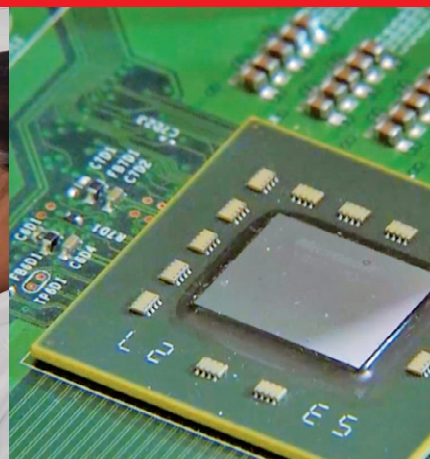




# Ajinomoto Group Strategies to Become a Global Top 10 Class Food Company

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



# Progress with the FY2017-2019 Medium-Term Management Plan

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

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

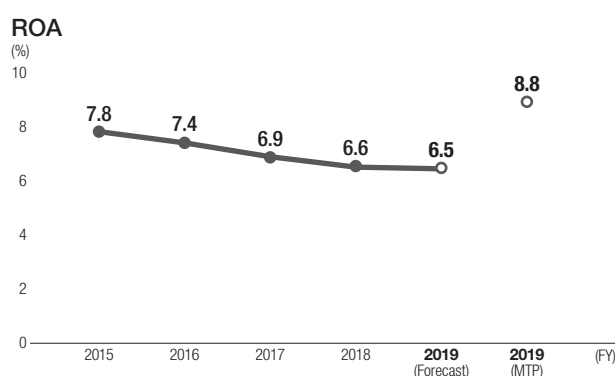
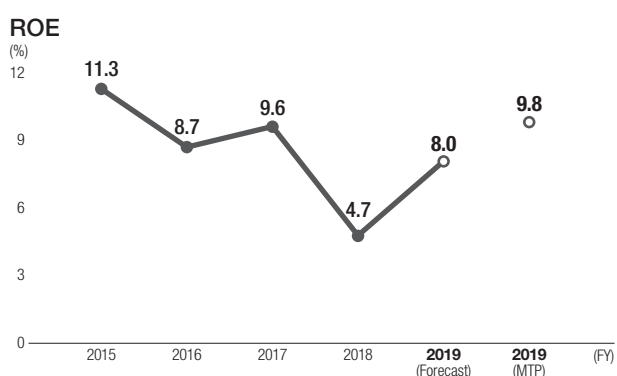
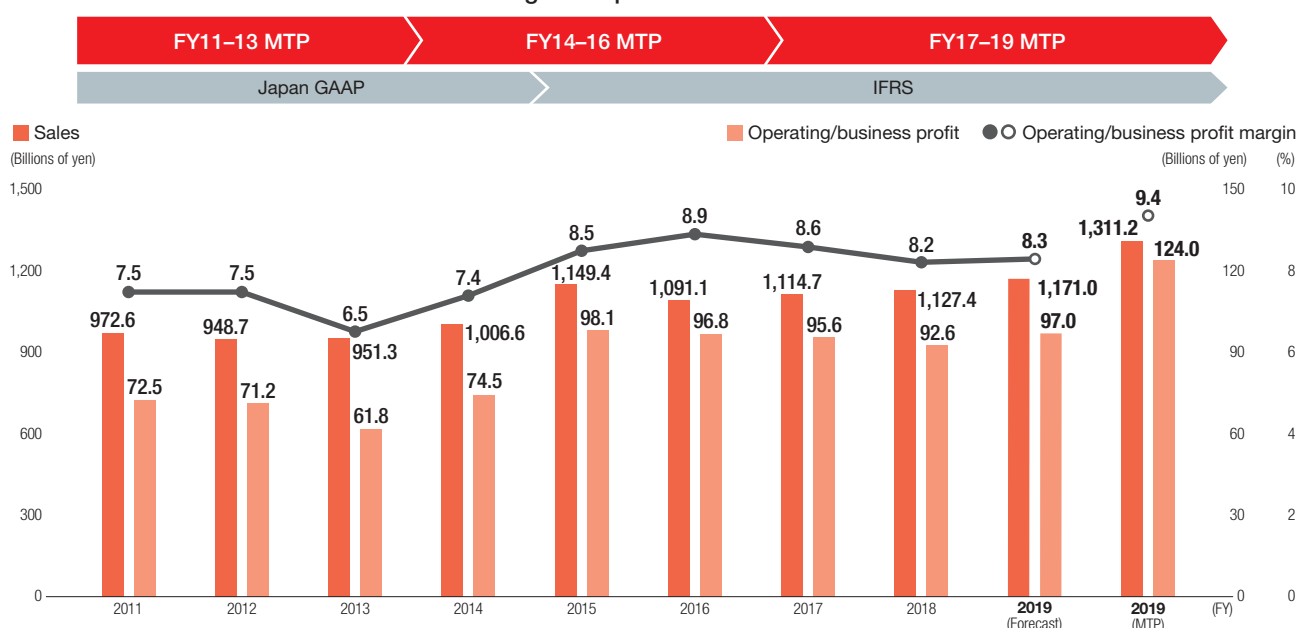
In the AminoScience businesses of Life Support and Healthcare, the Group has continued to strengthen the business structure by shifting to specialties in animal

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

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

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

## Performance under recent medium-term management plans



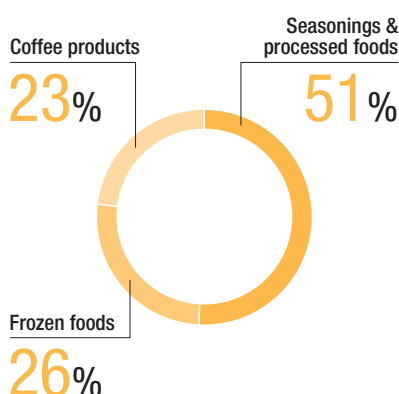
## Overview of FY2018 Financial Results by Segment

### Japan Food Products

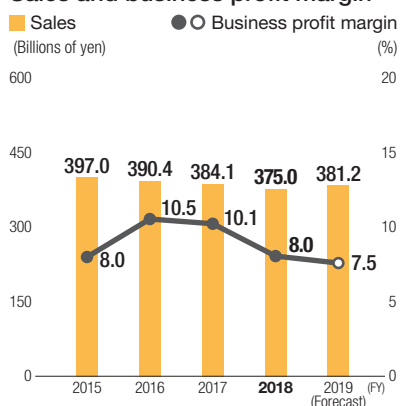
Competition in the market has intensified in recent years as consumption patterns have rapidly diversified and the structure of sales channels have changed following the evolution of digital technologies. Under those circumstances, sales of seasonings and processed foods were stable due to good sales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

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

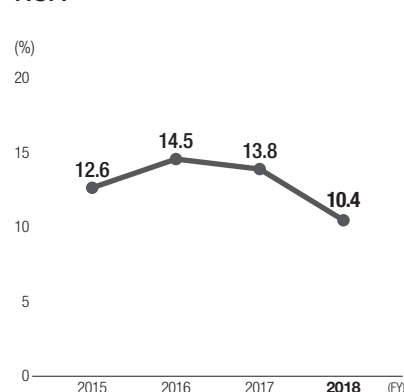
#### Breakdown of sales in FY2018



#### Sales and business profit margin



#### ROA

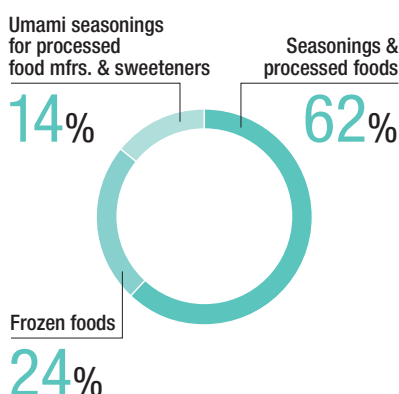


### International Food Products

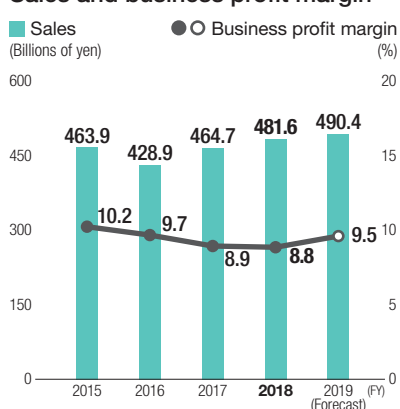
Sales of umami seasonings and flavor seasonings, the core products of this segment, grew steadily. Sales of menu-specific seasonings increased substantially in Southeast Asia and South America, reflecting urbanization and changing lifestyles of the growing middle class in these regions. Sales of frozen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

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

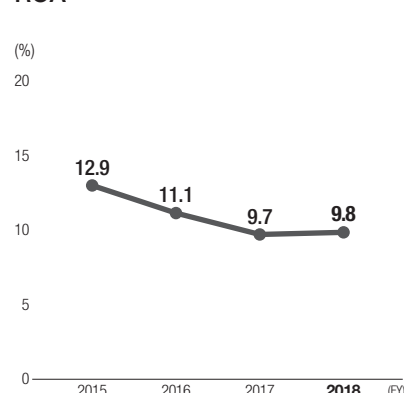
#### Breakdown of sales in FY2018



#### Sales and business profit margin



#### ROA



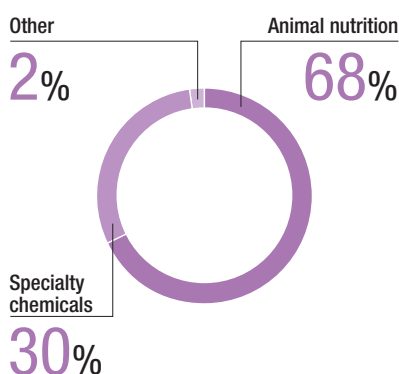
## Overview of FY2018 Financial Results by Segment

### Life Support

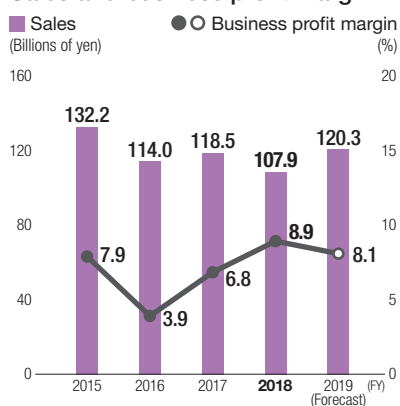
Sales of specialty chemicals increased due mainly to strong sales of electronic materials, and business profit grew substantially year on year. In the animal nutrition business, sales decreased due to declining sales volume

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

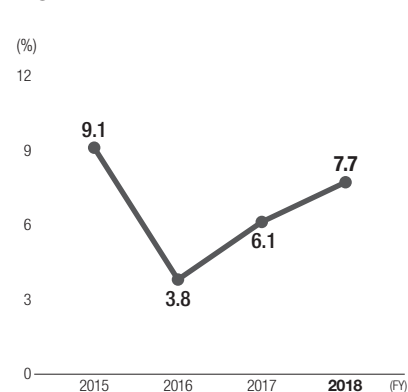
#### Breakdown of sales in FY2018



#### Sales and business profit margin



#### ROA

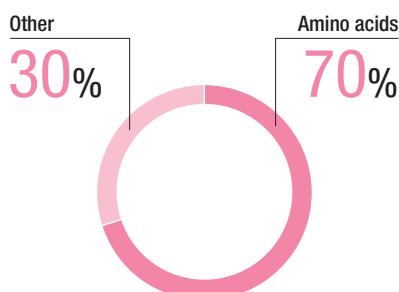


### Healthcare

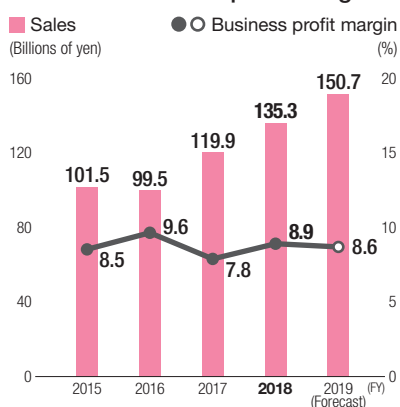
Sales and business profit of the pharmaceutical custom manufacturing business increased on the back of growth in the global market. Results were also solid for amino acids for pharmaceuticals and foods. Likewise, sales of

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

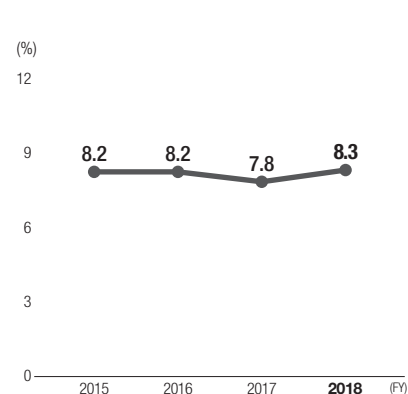
#### Breakdown of sales in FY2018



#### Sales and business profit margin



#### ROA





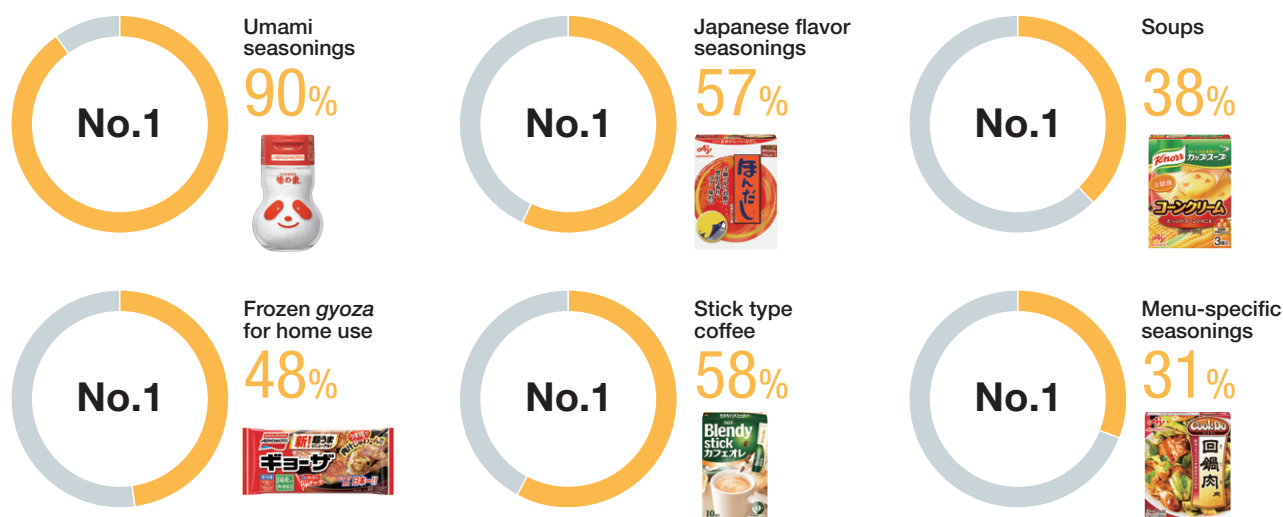
## FY2019 Growth Strategy by Segment

### Japan Food Products

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



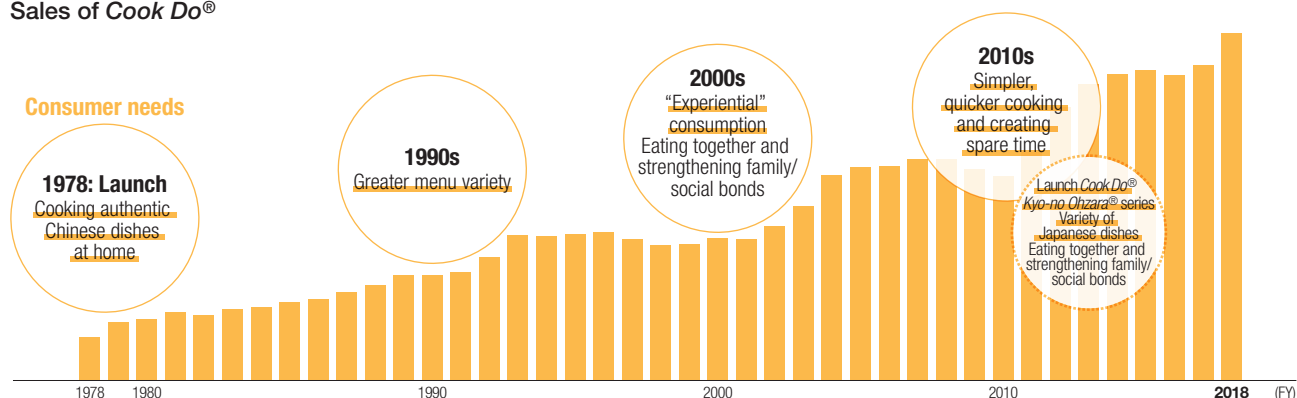
### Market Share and Ranking of Key Categories (FY2018)



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

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

#### Sales of Cook Do®



## FY2019 Growth Strategy by Segment

### Japan Food Products Business Growth Strategies

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

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

1 2

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

- Offer Knorr® brand cup soups catering to consumer dietary habits



- Develop the Gyoza series with the Group's original "feathering" ingredient enabling a crispy finish without using oil or water



- Further strengthen market position of menu-specific seasoning Cook Do®



Unique "root vegetable softener" formula significantly shortens cooking time

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

- Café au lait with unique powder formulation that melts quickly even in cold water



- Decaffeinated coffee



- 50% less sugar



#### Contribute to resolve health issues

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



Menu example



Low-salt products

#### Expand touch points with consumers

3

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



Products available online



## Japan Food Products

### Focus

#### Restructuring the Value Chain

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

Hiroshi Tsujita

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



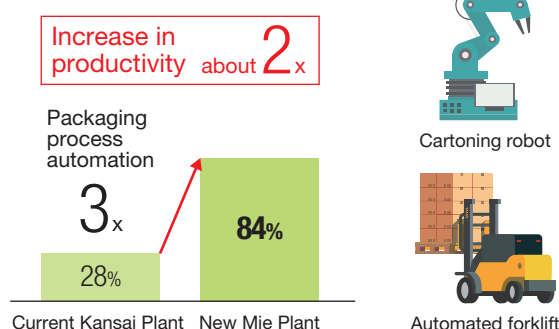
#### Restructuring the Japan Food Products value chain to create a world-class production system

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

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

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

#### Achieve unprecedented productivity with digital and automation technology



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

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

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

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

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



## Japan Food Products

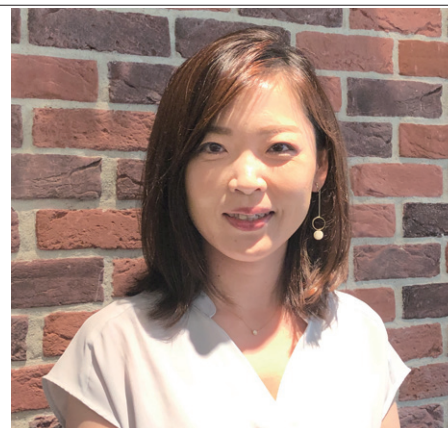
### Focus

#### The Development of *Knorr® Soup Grande*

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

Tomoko Kurauchi

Soup Group, Consumer Foods & Seasonings Dept.



#### We targeted working women seeking healthy light meals.

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

#### Test sales convinced us of the potential of this product.

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

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

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

*Knorr® Soup Grande:*  
Minestrone  
Onion Gratin





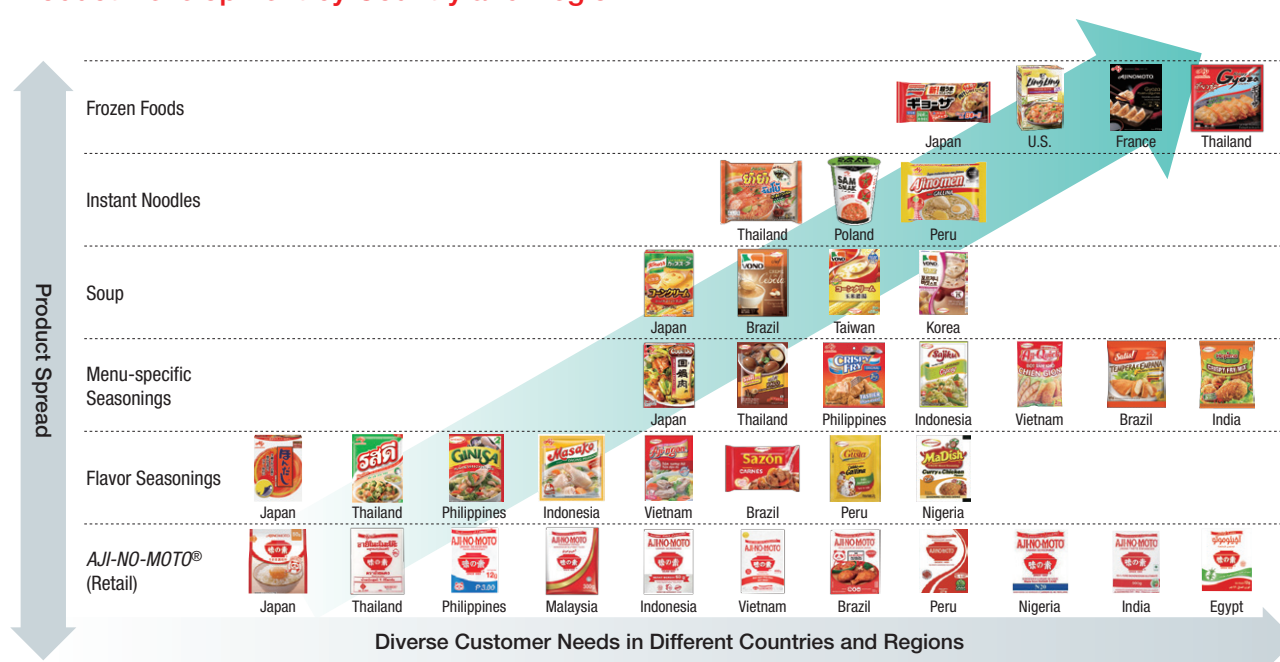
## FY2019 Growth Strategy by Segment

### International Food Products

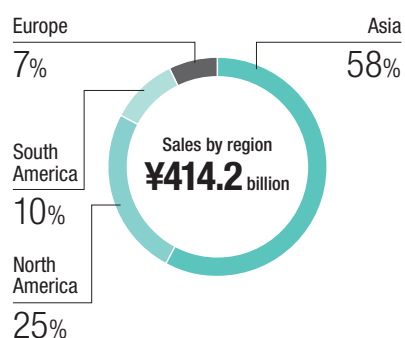
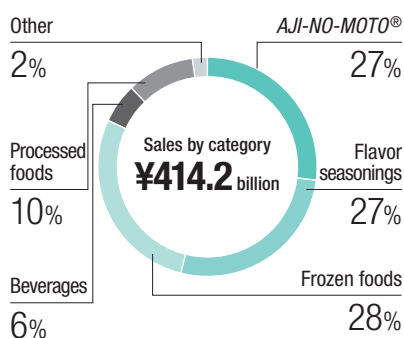
Centering on the stable growth of seasonings, the Ajinomoto Group is strengthening product development in line with changing lifestyles in each country and region. The Group is also developing its international frozen foods business globally with focus on the Asian food category.



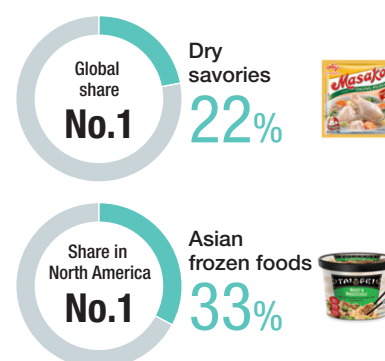
### Product Development by Country and Region



### Sales Composition of Consumer Foods by Category (FY2018)



### Market Share and Ranking of Key Categories (FY2018)



## FY2019 Growth Strategy by Segment

### International Food Products Business Growth Strategy

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

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

1 2

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

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



#### Dramatically grow menu-specific seasonings where demand is expanding

1 2

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

- Seasoning for deep-fried menus

- Powdered type

- Liquid type



#### Respond to individual diets, convenient meals, and health trends

1 2

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



#### Focus on Asian food category in frozen foods business

3

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



## International Food Products

### Focus

#### Simple and Effective Business Management

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

Hideaki Kawana

General Manager, Global Frozen Foods Strategy Department



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

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

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

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

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

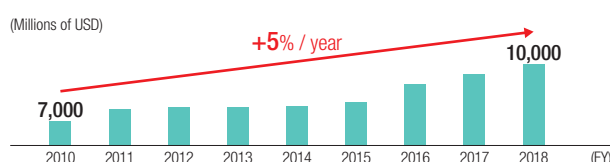
also setting up new business bases for frozen foods in key areas, primarily regions where we already have an established business foundation.

#### Fully applying our specialties to the Asian food and dessert categories

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

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

#### Global sales trend for frozen Asian foods (Company estimate)



Examples in the Asian food category and the dessert category



## International Food Products

### Focus

#### The Creation of Sarsaya® Oyster Sauce

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

Roann Co

Department Head of Marketing  
AJINOMOTO PHILIPPINES CORPORATION

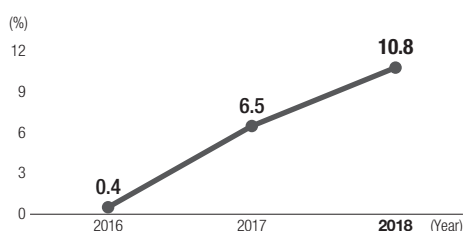


#### Sarsaya®'s rich taste and flavor have captured the third-largest market share.

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

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

#### Sarsaya® market share in the Philippine oyster sauce market



Source: Kantar Home Panel Data



Sarsaya®

#### Aggressive campaigns to promote use in a wider variety of dishes

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

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

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





## FY2019 Growth Strategy by Segment

### Life Support

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



### Life Support Business Growth Strategies

- 1 Accelerate the growth of the electronic materials business
- 2 Promote the shift to specialty in the animal nutrition business

#### Accelerate the growth of the electronic materials business

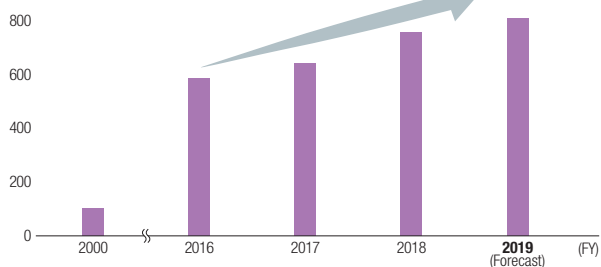
1

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



#### Sales trend

\*Indexed to 100 = sales in FY2000



#### Growth areas expected by expansion of IoT



## FY2019 Growth Strategy by Segment

### Promote the shift to specialty in the animal nutrition business

2

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

#### ● *AjiPro*®-L lysine for dairy cows

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



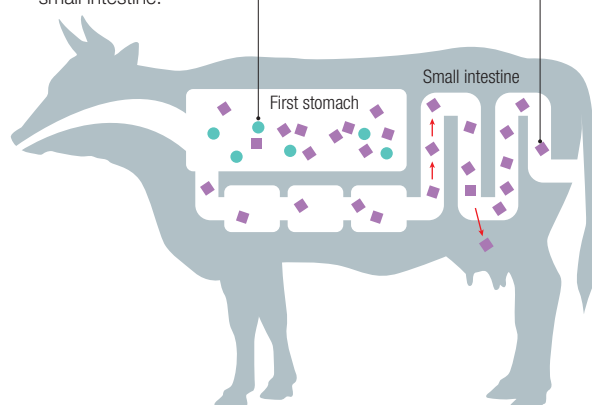
#### Mechanism for improved lysine utilization efficiency

##### ● Standard lysine

Standard lysine is broken down by microorganisms in the cow's first stomach before it can reach the small intestine.

##### ■ *AjiPro*®-L

*AjiPro*®-L remains intact through the first stomach and is absorbed in the small intestine.



## Focus

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

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

Yoshimasa Fujiwara

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



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

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

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

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

#### Growth in servers and other recently expanding domains



## FY2019 Growth Strategy by Segment

# Healthcare

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



## Healthcare Business Growth Strategies

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

**2** Strengthen the pharmaceutical custom manufacturing business

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

**1**

● Environmentally-friendly and mild-to-skin products

Personal care ingredients



Pharmaceutical custom manufacturing

● High-value-added contract manufacturing services based on proprietary technologies

Active pharmaceutical ingredients including proteins and oligonucleotides



**AJIPHASE**

Personal care

Leading-edge bioscience and fine chemical technologies

Regenerative medicine

● Culture medium for iPS/ES cells

Culture medium for regenerative medicine



Health and nutrition

Diagnostics and solutions

● Protein materials for iPS/ES cells

Protein materials for regenerative medicine



● Health value products based on amino acid benefits



Fundamental foods



Amino acid supplements

● Diagnosis support

Disease risk assessment based on balance of amino acid concentrations in blood

**aminoindex**

● Healthcare ingredients

Original formulation of amino acids

**Amino L40**

## FY2019 Growth Strategy by Segment

### Strengthen the pharmaceutical custom manufacturing business

2

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

#### Network of the "Ajinomoto Bio-Pharma Services"



### Focus

#### Expanding Our Pharmaceutical Custom Manufacturing Business

A leading, trusted,  
and innovative partner

#### David Enloe

General Manager, Pharmaceutical Custom Manufacturing Dept.



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

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

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

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



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

### World Umami Forum

# Promoting the benefits of umami to the world

#### Details of the forum

Dates: September 20 – 21, 2018

Venue: Conrad Hotel, New York City

Attendees: About 200



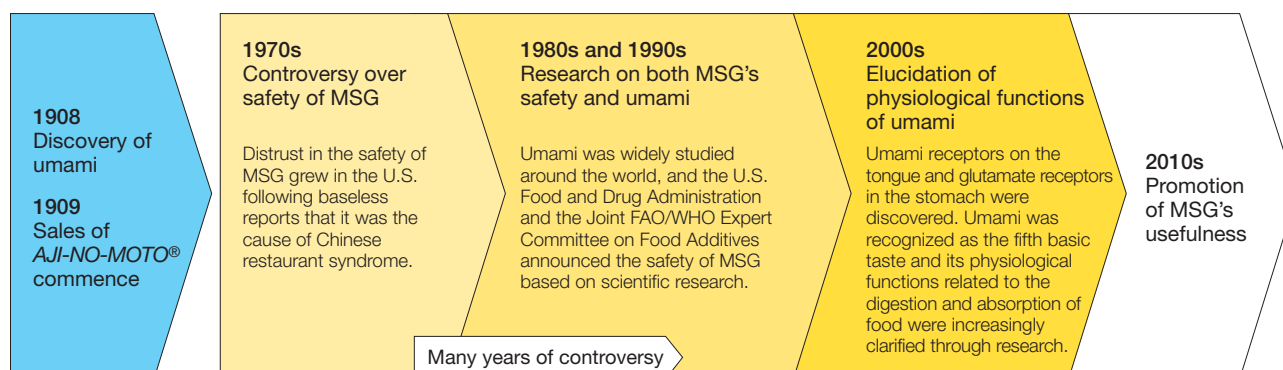
A panel discussion at the event

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

#### Combatting baseless rumors about MSG

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

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



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

### Shedding light on umami from various viewpoints



#### Sarah Lohman

American Gastronomy Historian and Author

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



#### Dr. Gary Beauchamp

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

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

### Discussions by experts in a wide range of fields

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

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

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

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

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

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

### Fostering an understanding of umami and MSG globally

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

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

### Umami cooking competition

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



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

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

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

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

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

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

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

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



**Masaya Tochio**

Representative Director,  
Corporate Senior Vice  
President

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

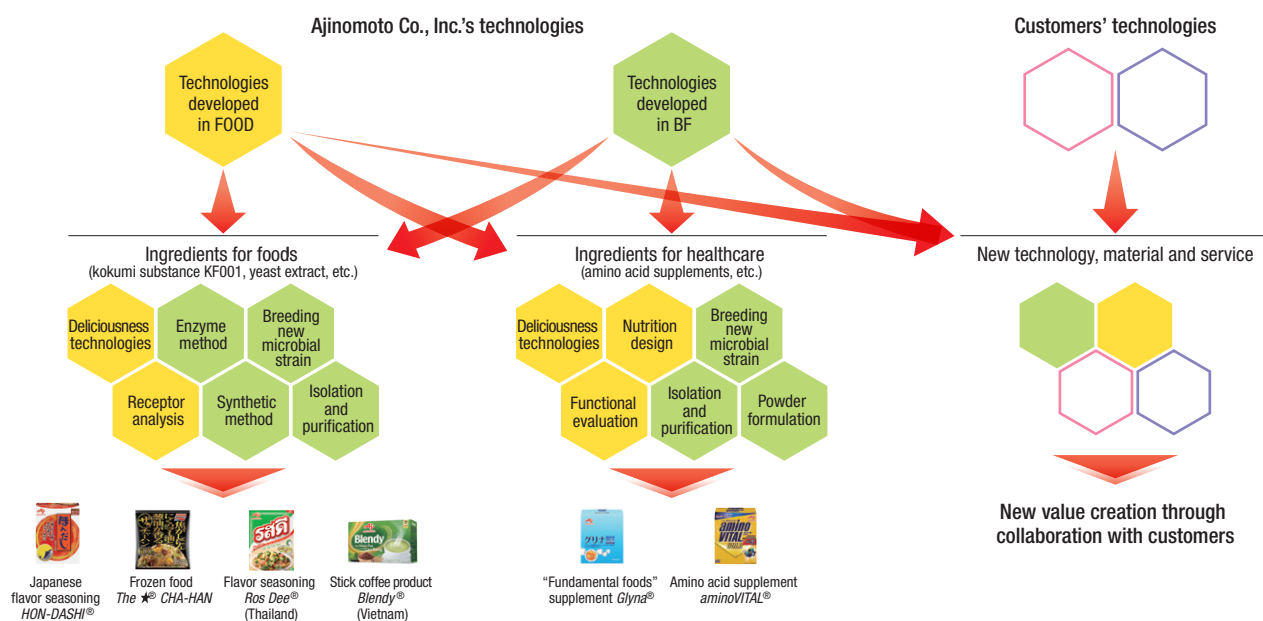
# Accelerating research and development to provide value to customers more rapidly

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

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

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

### Accelerate the creation of synergies through technological integration



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

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



**Hiroyuki Kojima**  
Corporate Senior Vice President



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

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

## Changing to Stay Ahead of the Market

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



Hiroshi Fukushi

Representative Director,  
Corporate Executive Deputy President & Chief Digital Officer

## Chief Digital Officer — Function of the CDO

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

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

## Two Platforms for Transformation — Business and Operations

Separate platforms support business transformation and operations transformation.

### 1) Business transformation platform

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

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



### 2) Operations transformation platform

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

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

region.

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

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

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

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

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

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