

Third-Party Opinion on Sustainability-Linked Loan Framework of Ajinomoto Co., Inc.

Japan Credit Rating Agency, Ltd. (JCR) provided a third-party opinion on the Sustainability-Linked Loan Framework formulated by Ajinomoto Co., Inc.

<Executive Summary>

This Third-Party Opinion examines the suitability of the Sustainability-Linked Loan Framework formulated by Ajinomoto Co., Inc. ("the Framework") for the Sustainability-Linked Loan Principles (SLLP)¹ and the Sustainability-Linked Loan Guidelines ("Ministry of the Environment Guidelines")² (SLLP and Ministry of the Environment Guidelines are collectively referred to as the "SLLP, etc."). JCR, as an independent third-party organization, conducted a third-party evaluation of (1) Ajinomoto Co.'s sustainability strategy and the establishment of key performance indicator (KPI) and sustainability performance target (SPT), and (2) the loan terms and conditions and monitoring system during the term, in order to ensure transparency and objectivity of assessment recommended in the SLLP, etc.

(1) Ajinomoto Co.'s Sustainability Strategy and Establishment of KPI and SPT

Ajinomoto Co. has established the following KPI and SPT in the Framework.

| |
|---|
| KPI: GHG Emission Reduction Rate in the Ajinomoto Group's Scope 1 and Scope 2 SPT: Each year's goal for 50% reduction of GHG emission in Scope 1 and Scope 2 in FY2030 (base year: FY2018) |
|---|

Ajinomoto Co. is Japan's largest manufacturer of seasonings, with global operations in Seasonings & Foods, Frozen Foods, and Healthcare and Others. It continues the Ajinomoto Group Creating Shared Value (ASV), which aims to help resolve social issues and create value through its business, and ASV is still its fundamental management policy (ASV Management). Recognizing changes in the macro environment, it identifies materialities that affect its ability to create value in the short, medium, and long terms through ASV, and develops its business activities on the basis of relevant opportunities and risks.

In 2020, Ajinomoto Co. declared its intention to become a "solution-providing group of companies for food and health issues" as its vision for 2030 in order to make a commitment to "the evolution of ASV management" inside and outside, and set two outcomes by 2030: "Reduce our environmental impact by 50%" and "Help extend the healthy life expectancy of 1 billion people". To achieve these goals, it has set KPIs and medium-and long-term targets for materiality items that are particularly relevant, such as "Climate Change Adaptation and Mitigation", and is working to achieve them. In the same year, it established the Sustainability Advisory Council as a subordinate body of the Board of Directors and the Sustainability Committee as a subordinate body of the Executive Committee to strengthen its sustainability promotion system.

JCR assesses that the KPI in the Framework is significant in contributing to the improvement of Ajinomoto Co.'s corporate value over the medium to long term and to the Japanese government's policy. JCR also assesses the SPT in the Framework as an ambitious setting compared to Ajinomoto Co.'s past performance and benchmarks.

¹ Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA), Loan Syndication and Trading Association (LSTA). Sustainability-Linked Loan Principles 2022.

² Ministry of the Environment. Sustainability-Linked Loan Guidelines 2022.

(2) Loan terms and conditions and monitoring system during the term

JCR confirmed that the financial characteristics of loan as defined in the Framework change depending on the achievement of the SPT. JCR also confirmed that the definitions of KPI, SPT, the possibility of changes in financial characteristics, and responses to the occurrence of material events affecting the SPT would be clearly stated in the loan agreement documents.

Furthermore, in the reporting stipulated in the Framework, JCR confirmed that the latest information on the KPI performance and the sustainability strategy related to the SPT would be disclosed on Ajinomoto Co.'s website on an annual basis, and that the status of progress of the SPT would be verified annually by a third party, and that the results of such verification would also be disclosed.

From the above, JCR has confirmed that the Framework is suitable for the SLLP, etc.

*Please refer to the following pages for the details of the written opinion.



Third-Party Opinion

Subject of evaluation: Sustainability-Linked Loan Framework

Borrower: Ajinomoto Co., Inc.

December 14, 2022

Japan Credit Rating Agency, Ltd.

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Summary

This Third-Party Opinion examines the suitability of the Sustainability-Linked Loan Framework formulated by Ajinomoto Co., Inc. ("the Framework") for the Sustainability-Linked Loan Principles (SLLP)¹ and the Sustainability-Linked Loan Guidelines ("Ministry of the Environment Guidelines")² (SLLP and Ministry of the Environment Guidelines are collectively referred to as the "SLLP, etc."). JCR, as an independent third-party organization, conducted a third-party evaluation of (1) Ajinomoto Co.'s sustainability strategy and the establishment of key performance indicator (KPI) and sustainability performance target (SPT), and (2) the loan terms and conditions and monitoring system during the term, in order to ensure transparency and objectivity of assessment recommended in the SLLP, etc.

(1) Ajinomoto Co.'s Sustainability Strategy and Establishment of KPI and SPT

Ajinomoto Co. has established the following KPI and SPT in the Framework.

KPI: GHG Emission Reduction Rate in the Ajinomoto Group's Scope 1 and Scope 2

SPT: Each year's goal for 50% reduction of GHG emission in Scope 1 and Scope 2 in FY2030 (base year: FY2018)

Ajinomoto Co. is Japan's largest manufacturer of seasonings, with global operations in Seasonings & Foods, Frozen Foods, and Healthcare and Others. It continues the Ajinomoto Group Creating Shared Value (ASV), which aims to help resolve social issues and create value through its business, and ASV is still its fundamental management policy (ASV Management). Recognizing changes in the macro environment, it identifies materialities that affect its ability to create value in the short, medium, and long terms through ASV, and develops its business activities on the basis of relevant opportunities and risks.

In 2020, Ajinomoto Co. declared its intention to become a "solution-providing group of companies for food and health issues" as its vision for 2030 in order to make a commitment to "the evolution of ASV management" inside and outside, and set two outcomes by 2030: "Reduce our environmental impact by 50%" and "Help extend the healthy life expectancy of 1 billion people". To achieve these goals, it has set KPIs and medium-and long-term targets for materiality items that are particularly relevant, such as "Climate Change Adaptation and Mitigation", and is working to achieve them. In the same year, it established the Sustainability Advisory Council as a subordinate body of the Board of Directors and the Sustainability Committee as a subordinate body of the Executive Committee to strengthen its sustainability promotion system.

JCR assesses that the KPI in the Framework is significant in contributing to the improvement of Ajinomoto Co.'s corporate value over the medium to long term and to the Japanese government's policy. JCR also assesses the SPT in the Framework as an ambitious setting compared to Ajinomoto Co.'s past performance and benchmarks.

(2) Loan terms and conditions and monitoring system during the term

¹ Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA), Loan Syndication and Trading Association (LSTA). Sustainability-Linked Loan Principles 2022.

² Ministry of the Environment. Sustainability-Linked Loan Guidelines 2022.



JCR confirmed that the financial characteristics of loan as defined in the Framework change depending on the achievement of the SPT. JCR also confirmed that the definitions of KPI, SPT, the possibility of changes in financial characteristics, and responses to the occurrence of material events affecting the SPT would be clearly stated in the loan agreement documents.

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From the above, JCR has confirmed that the Framework is suitable for the SLLP, etc.

I. Positioning and Purpose of Third-Party Opinion

JCR conducted a third-party evaluation of the Framework in line with SLLP, etc. The sustainability-linked loan (SLL) is a loan product and a credit line including a committed line that aims to help the borrower and lender contribute to the realization of a sustainable society by incentivizing the achievement of ambitious SPTs set in advance by the borrower.

SLLP consists of five principles. Principle 1 is the selection of KPI, Principle 2 is the calibration of SPT, Principle 3 is the loan characteristics, Principle 4 is the reporting, and Principle 5 is the verification.

The purpose of this Third-Party Opinion is for JCR to confirm the suitability of the Framework for Principles 1 through 5 of the SLLP and the Ministry of the Environment Guidelines, as an independent third-party organization, in order to ensure the transparency and objectivity of the evaluation recommended in the SLLP, etc.

II. Outline of the Third-Party Opinion

The subject of this evaluation is the sustainability-linked loan framework that Ajinomoto Co. formulates in December 2022. The following are the evaluation items included in this third-party opinion.

1. Relevance of the Framework to Sustainability
2. Appropriateness of KPI selection
3. Calibration of SPT (ambition level)
4. Loan characteristics
5. Reporting and Verification
6. Conclusions on suitability for SLLP, etc.

III. Confirmation of suitability for SLLP, etc. of the Framework

1. Relevance of the Framework to Sustainability

1-1. KPI/SPT of the Framework

Ajinomoto Co. has established the following KPI/SPT in the Framework.

KPI: GHG Emission Reduction Rate in the Ajinomoto Group's Scope 1 and Scope 2

SPT: Each year's goal for 50% reduction of GHG emission in Scope 1 and Scope 2 in FY2030 (base year: FY2018)

The above KPI calculates the reduction rate compared to fiscal 2018, on the basis of the total GHG emissions of Scope 1 and Scope 2 that are calculated in accordance with the GHG Protocol, with the entire group as the scope of aggregation. The annual target for each year of the above SPT is linearly interpolated on the basis of the FY2030 target and the FY2021 actual result (27% reduction), as shown in Table 1. For loans based on the Framework, one or more of the following annual targets will be set as SPT on the basis of the loan term and other factors.

Table 1 Annual targets in SPT

| Fiscal year | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|-------------|------|------|------|------|------|------|------|------|------|
| SPT | 30% | 32% | 35% | 37% | 40% | 42% | 45% | 47% | 50% |

1-2. Ajinomoto Co.'s sustainability strategy

Since launching the world's first umami seasoning, over 100 years ago, Ajinomoto Co. has expanded its business domains globally through the development of original methods and uses for amino acids, inheriting the founding spirit of "Eat Well, Live Well". By combining the various effects of amino acids, the company is developing its business in a diverse range of areas, not only in the fields of food and seasonings, but also in the fields of healthcare and electronic materials. Ajinomoto Group's sales and business profit for each business are shown in Figure 1.

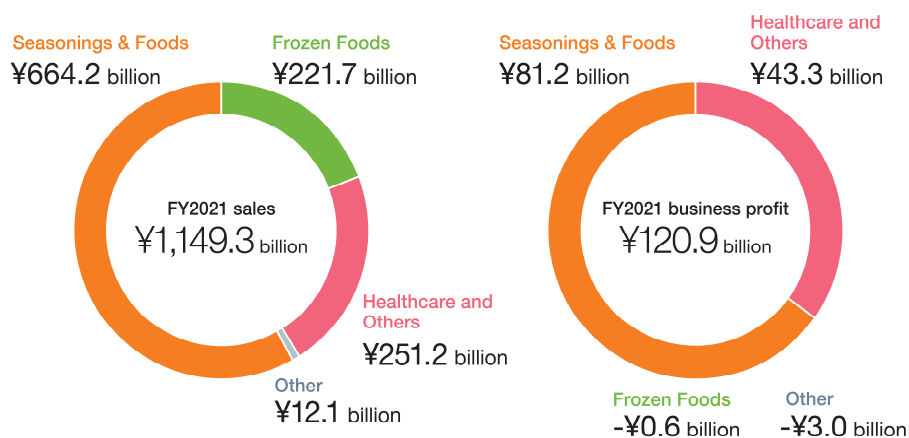


Figure 1 Sales and Business Profit by Business Segment in Fiscal 2021³

³ Source: Ajinomoto Group ASV Report 2022

An overview of the businesses that the company is focusing on is shown in Figure 2.

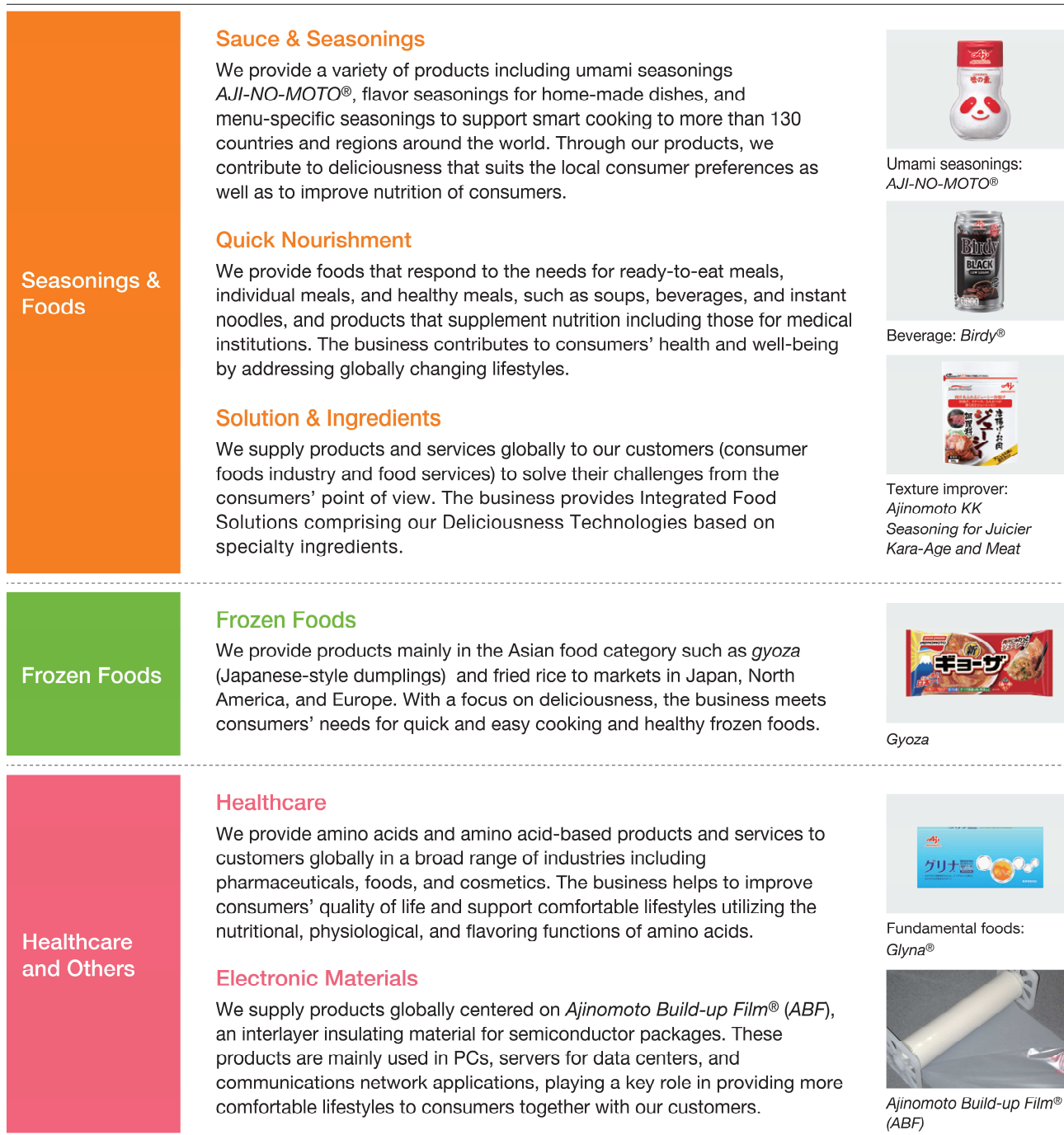


Figure 2 Six core businesses⁴

⁴ Source: Ajinomoto Group ASV Report 2022

The company continues the Ajinomoto Group Creating Shared Value (ASV), which aims to help resolve social issues and create value through its business, and ASV is still its fundamental management policy (ASV Management). Recognizing changes in the macro environment, the company identifies materialities that affect its ability to create value in the short, medium, and long terms through ASV, and develops its business activities on the basis of relevant opportunities and risks.

Macro environment surrounding the Ajinomoto Group

Growing world population^[1]

2022 2050
7.95 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

Major social changes due to the pandemic and the situation in Ukraine

- Changes in consumer behavior (in-home consumption, reluctance to go out, increased delivery, etc.)
- Increased awareness of hygiene and health management
- Growing sense of urgency regarding the stable supplies of goods and energy (resource capture, tendency toward local production for local consumption, etc.)
- Social fragmentation (polarization of rich and poor, increase in geopolitical risks)
- 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., D2C)
- Increasing opportunities for direct communication with consumers
- Increase in the influence of Generation Z

| Materiality items | Specific examples |
|---|---|
| Contribution to solve food and health issues | <ul style="list-style-type: none"> · Undernutrition and overnutrition (customer welfare) · Nutrition for infants, young women, and seniors · Well-being · Regenerative medicine · Preventive medicine |
| Rapid response to consumer lifestyle changes | <ul style="list-style-type: none"> · Fair marketing and advertising · Product access and affordability · Response to diversification of values (smart cooking, joy of eating) · Eating alone, eating personalized meals |
| Assurance of product safety | <ul style="list-style-type: none"> · Product quality and safety · Fair disclosure and labeling · New technology application · Religious standards |
| Diverse talent | <ul style="list-style-type: none"> · Employee engagement/ decent work · Diversity and inclusion · Employee health, safety, and well-being · Labor relations · Fair labor practices · Compensation and benefits · Recruitment, development, and retention |
| Climate change adaptation and mitigation | <ul style="list-style-type: none"> · Reduction of greenhouse gas emissions (Scope 1, 2, and 3) · Energy management · Fuel management · Air quality |
| Contribution to a circular economy | <ul style="list-style-type: none"> · Waste reduction and 3Rs (Reduce, Reuse, Recycle) · Product packaging · Waste and hazardous materials management · Reduction of environmental impact from containers and packaging · Lifecycle impact of products and services |
| Reduction of food loss and waste | <ul style="list-style-type: none"> · Efficient use of materials · Consumer edification (sustainable consumption, etc.) · Waste reduction in the distribution process |
| Sustainable materials sourcing | <ul style="list-style-type: none"> · Biodiversity impacts · Deforestation control · Elimination of child labor and forced labor · Supply chain management · Sustainable land use · Animal welfare · Animal and plant nutrition |
| Conservation of water resources | <ul style="list-style-type: none"> · Water and wastewater management · Agriculture and livestock water use |
| Strong corporate governance | <ul style="list-style-type: none"> · Compliance · Accident and safety management · Competitive behavior · Intellectual property protection · Political activities and contributions · Business ethics and transparency of payments · IT management · Response to natural disasters and diseases · Systemic risk management · Data security and customer privacy · Regulatory capture and political influence · Environment, social impacts on assets and operations · Succession planning · Management transparency · Human rights and community relations |
| Preparation for intense global competition | <ul style="list-style-type: none"> · Business selection and focusing · Early creation of innovation · Open innovation · Enhancement of basic infrastructure |

Figure 3 Materiality of the Ajinomoto Group⁵

⁵ Source: Ajinomoto Group Sustainability Data Book 2022

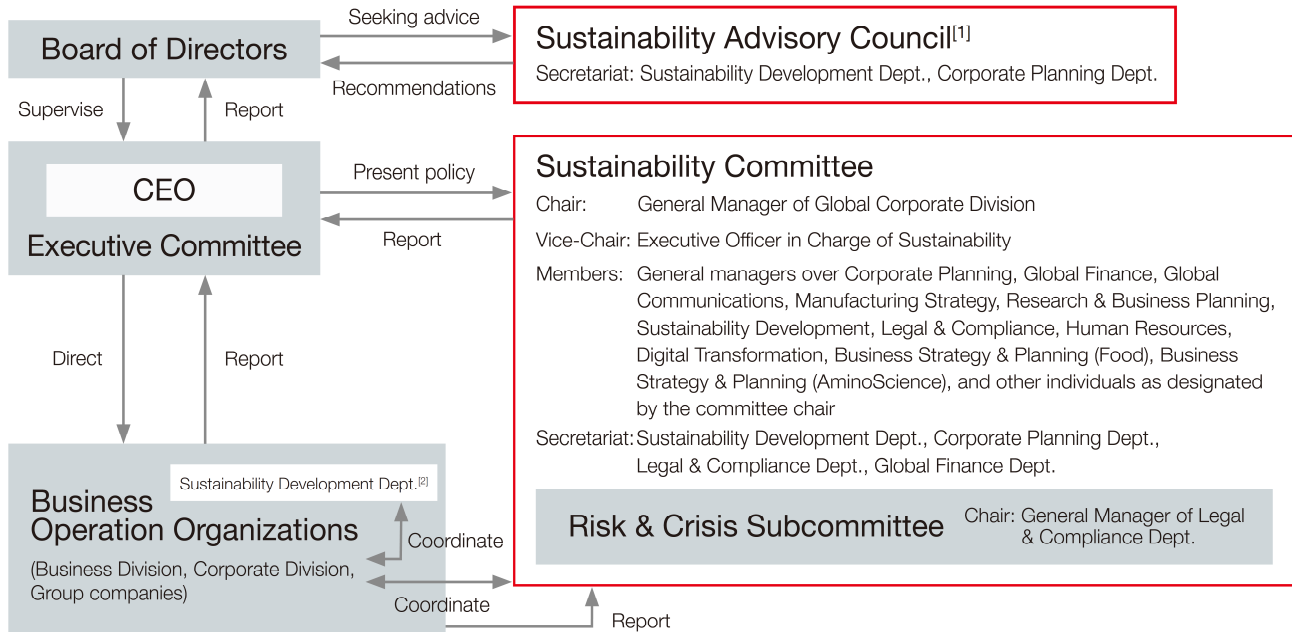
In 2020, the company declared its intention to become a "solution-providing group of companies for food and health issues" as its vision for 2030 in order to make a commitment to "the evolution of ASV management" inside and outside, and set two outcomes by 2030: "Reduce our environmental impact by 50%" and "Help extend the healthy life expectancy of 1 billion people". To achieve these goals, the company has set KPIs and medium-and long-term targets for materiality items that are particularly relevant, and is working to achieve them.

Table 2 Principal initiatives for reducing environmental impacts and for improving nutrition⁶

| Relevant materiality items | Main initiatives | Main measures | KPIs/Targets |
|--|--|---|---|
| Contribution to solve food and health issues | Pursuit of well-balanced meals | | |
| | Practical support for delicious salt reduction | Global expansion of the <i>Smart Salt</i> project | |
| | Protein intake optimization | <ul style="list-style-type: none"> Sales of protein-rich products Proposal of high-protein options | |
| | Supporting the practice of delicious sugar and fat reduction | Sales of high-intensity sweeteners and ingredients that impart a sense of fat and oil; sales of low-fat products | <ul style="list-style-type: none"> Percentage of products with improved nutritional value/Raise to 60% by fiscal 2030 |
| | Vegetables and fruits intake promotion | <ul style="list-style-type: none"> Develop the <i>Love Vege</i> project to promote vegetable intake (Japan) Introduce recipes that encourage high vegetable intake | <ul style="list-style-type: none"> Among our nutritious products, provide products that promote delicious salt reduction and protein intake optimization/400 million people a year by fiscal 2030 |
| | Protein intake promotion from a variety of sources | Developing technology for delicious plant-derived alternative proteins | <ul style="list-style-type: none"> Opportunities to use products that utilize the nutritional and physiological functions of amino acids/Double by fiscal 2030 (vs. fiscal 2020) |
| | Provide products that are beneficial to health | <ul style="list-style-type: none"> Utilize the Ajinomoto Group Nutrient Profiling System (ANPS) to visualize nutritional value Engage in product development that takes advantage of the functions of amino acids | <ul style="list-style-type: none"> Nutrition education for employees/Cumulative total of 100,000 employees by fiscal 2025 |
| Climate change adaptation and mitigation | Reducing greenhouse gas emissions | <ul style="list-style-type: none"> Convert to fuels with lower greenhouse gas emission factors Adopting electricity from renewable energy sources Pursue energy conservation | (Targets approved by SBTi) <ul style="list-style-type: none"> Reduce greenhouse gas emissions (vs. fiscal 2018)/Reduce Scope 1 and 2 by 50%, and reduce Scope 3 by 24% by fiscal 2030 Achieve net-zero GHG emissions by fiscal 2050 |
| | | Adopting electricity from renewable energy sources | (RE100 Targets) Convert electricity to renewable energy sources/Achieve 100% by fiscal 2050 |
| Contribution to a circular economy | Transition to zero plastic waste | <ul style="list-style-type: none"> Reduce plastic usage and convert to mono-material packaging materials Contribute to social implementation of recycling in countries and regions where we do business | Plastic waste/Zero plastic waste by fiscal 2030 |
| Reduction of food loss and waste | Food loss and waste reductions in the supply chain | <ul style="list-style-type: none"> Reduce losses in the production process Optimize supply-demand/supply/sales balance; extend best-before dates Pursue greater usefulness and efficiency | Food loss and waste reduction rate from the acceptance of raw materials to delivery to customers (vs. fiscal 2018)/Reduce 50% by fiscal 2025 |
| | | <ul style="list-style-type: none"> Collaborate with suppliers, retailers, and distributors Develop products useful in reducing waste Engage in activities to reduce loss among consumers | Reduce food loss and waste rate throughout the product lifecycle (vs. fiscal 2018)/Reduce 50% by fiscal 2050 |
| Sustainable materials sourcing | Responsible sourcing of raw materials | <ul style="list-style-type: none"> Visualize issues in the supply chain, conduct human rights impact assessments, and pursue animal welfare Establish traceability and promote purchasing certified products | <ul style="list-style-type: none"> Ensure human rights and environmental due diligence Sustainable procurement ratio of key raw materials*/Achieve 100% by fiscal 2030 * Palm oil, paper, soybeans, coffee beans, beef, and sugarcane |
| Conservation of water resources | Reducing water consumption in production processes | Optimizing production processes | Reduce the rate of water consumption (vs. reduction rate per unit of production volume)/Reduce 80% by fiscal 2030 (vs. fiscal 2005) |

⁶ Source: Ajinomoto Group ASV Report 2022

In the same year, the company established the Sustainability Advisory Council as a subordinate body of the Board of Directors and the Sustainability Committee as a subordinate body of the Executive Committee to strengthen its sustainability promotion system.



[1] The council is made up of outside experts from various disciplines, such as academia, emerging country perspectives, millennial and Gen Z perspectives, ESG/impact investors, as well as outside directors, and internal officers of the Company, including the president & CEO.
 [2] Works together with the Sustainability Committee to formulate policies and strategies, offers recommendations for business plans from a sustainability perspective, and conducts reviews of policies and implemented measures.

Figure 4 Framework for ESG and sustainability⁷

⁷ Source: Ajinomoto Group Sustainability Data Book 2022

2. Appropriateness of KPI selection

2-1. Evaluation perspective

In this section, JCR evaluates the significance of the KPI selected by the borrower, focusing on whether it includes the following elements as illustrated by SLLP, etc.

The KPI should be:

- 1) relevant, core and material to the borrower's overall business, and of high strategic significance to the borrower's current and/ or future operations;
- 2) measurable or quantifiable on a consistent methodological basis and externally verifiable; and
- 3) able to be benchmarked, i.e. as much as possible using an external reference or definitions to facilitate the assessment of the SPT's level of ambition.

2-2. Current status of the subject of evaluation and JCR's evaluation

(Evaluation Results)

KPI of the Framework includes all the elements required by SLLP, etc., and is significant in contributing to the improvement of Ajinomoto Co.'s medium-to long-term corporate value and SDGs.

KPI of the Framework relates to the materiality of "Climate Change Adaptation and Mitigation", which is closely related to Ajinomoto Co.'s outcome by 2030 of "Reduce our environmental impact by 50%". The company recognizes climate change as its major risk and opportunity. It is considering countermeasures and disclosing relevant information on the basis of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In fiscal 2021, scenario analyses were conducted on global umami seasonings and major domestic products (equivalent to 24% of consolidated sales) as shown in Figure 5.

The former Prime Minister Suga declared carbon neutral by 2050 in October 2020, and a 46% reduction in greenhouse gas emissions from 2013 levels as a long-term target for 2030 was announced in April 2021. In response, Japan is expected to move more strongly toward decarbonization.

From the above, JCR assesses that the KPI in the Framework is significant in contributing to the improvement of Ajinomoto Co.'s corporate value over the medium to long term and to the Japanese government's policy.

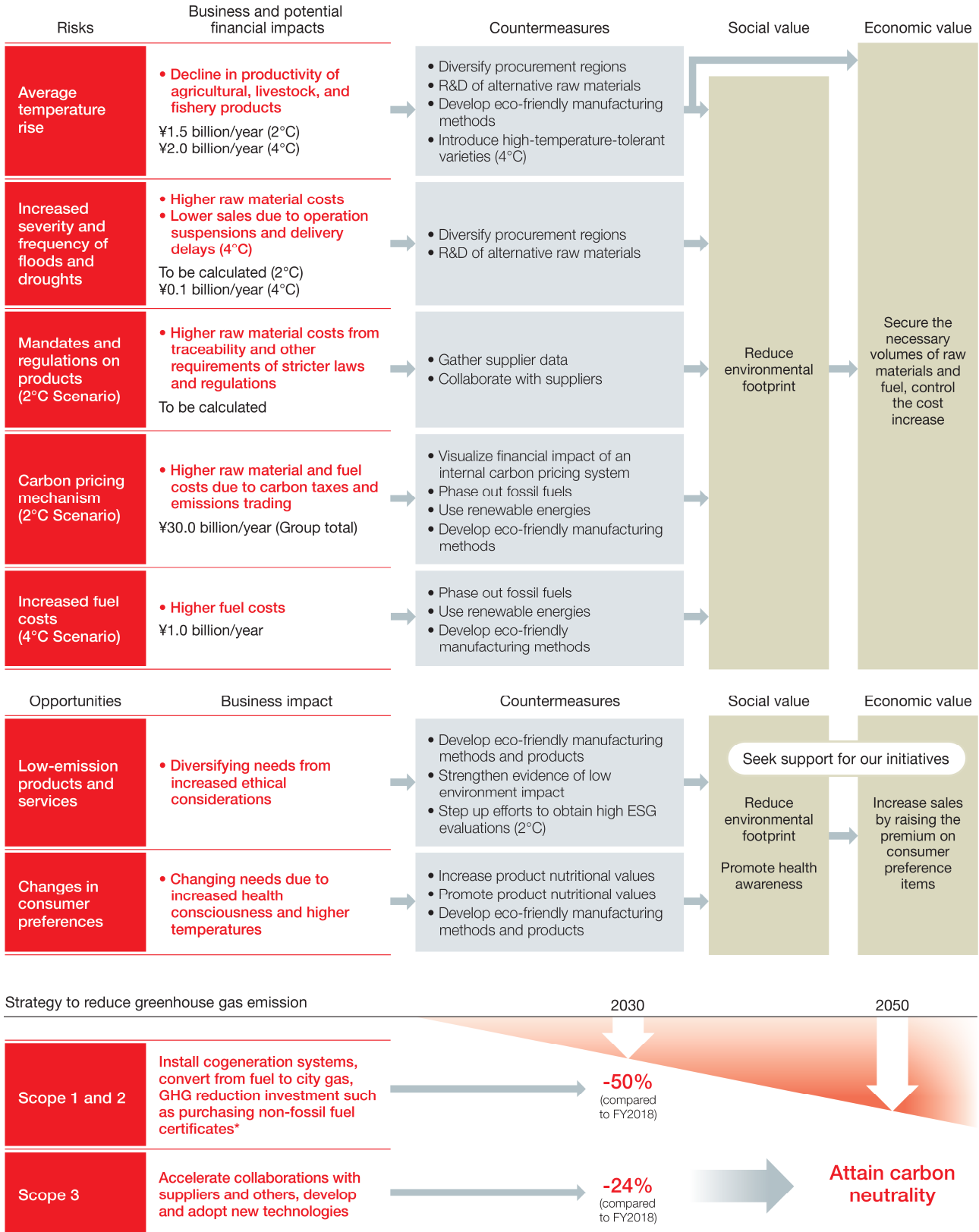


Figure 5 Summary of Scenario Analysis⁸

⁸ Source: Ajinomoto Group ASV Report 2022

3. Calibration of SPT

3-1. Evaluation perspective

In this section, JCR evaluates the ambition level and significance of SPT set by the borrower, focusing on whether it includes the following elements as illustrated by SLLP, etc.

The SPT should be ambitious, i.e.:

- 1) represent a material improvement in the respective KPI and be beyond a “Business as Usual” trajectory;
- 2) where possible be compared to a benchmark or an external reference;
- 3) be consistent with the borrower’s overall strategic sustainability / ESG strategy; and
- 4) be determined on a predefined timeline, set before (or concurrently with) the loan disbursement.

Next, the benchmarks taken into account when establishing the borrower's SPT is checked. The following elements are illustrated in SLLP.

- ✓ the borrower’s own performance over time for which a minimum of 3 years, where feasible, of measurement track record on the selected KPI is recommended and when possible forward-looking guidance on the KPI, and
- ✓ the borrower’s peers, i.e. the SPT’s relative positioning versus its peers’ where available (average performance, best-in class performance) and comparable, or versus current industry or sector standards, and/or
- ✓ reference to the science, i.e., systematic reference to science-based scenarios, or absolute levels (e.g. carbon budgets), or to official country/regional/international targets (Paris Agreement on Climate Change and net zero goals, Sustainable Development Goals (SDGs), etc.) or to recognized Best-Available-Technologies or other proxies to determine relevant targets across environmental and social themes.

3-2. Current status of the subject of evaluation and JCR's evaluation

(Evaluation Results)

SPT of the Framework is ambitious relative to Ajinomoto Co.'s historical performance and benchmarks, and is consistent with the company's sustainability strategy.

i. Comparison with the company's past track records

Regarding KPI of the Framework, the results for the past fiscal years are shown in Table 3.

Table 3 Prior years' results for KPI⁹

| Fiscal year | 2018 | 2019 | 2020 | 2021 |
|--|-------|-------|-------|-------|
| KPI performance | — | 11% | 14% | 27% |
| [Reference] Total Scope 1 and Scope 2 GHG emissions (1,000 t-CO ₂ e) | 2,213 | 1,974 | 1,911 | 1,612 |

⁹ Compiled from the Ajinomoto Group Sustainability Data Book 2022.

In fiscal 2021, the GHG emissions were significantly reduced particularly in Scope 2. This was due to not only the impact of declining output associated with the COVID-19 pandemic in recent years, but also the signing of a direct contract with a renewable electricity plant in Brazil, the purchasing of a renewable power bond in Thailand, and the signing of a contract with an electric power company with a lower CO₂ emission factor in Japan. Ajinomoto Co., whose output is expected to recover in the future, needs continuous endeavors beyond the usual response to achieve the SPT of the Framework. JCR evaluates the SPT is ambitious.

ii. Ambition level relative to the benchmark

Regarding SPT of the Framework, Ajinomoto Co. obtained certification in April 2020 from Science Based Targets initiative (SBTi) on the grounds that the 2030 target of reducing GHG emissions by 50% was a scientific target for keeping the temperature rise to 1.5°C from the pre-industrial revolution. The targets for each fiscal year are linearly interpolated on the basis of the 2030 target and the 2021 results. In addition, JCR evaluates the SPT is ambitious, given that it is at a higher level than the various targets set by other companies in the seasoning industry.

iii. Ajinomoto Co.'s specific initiatives to achieve the SPT

As measures to achieve SPT of the Framework, Ajinomoto Co. intends to promote energy conservation activities, the conversion to fuels with low GHG generation (such as the conversion from coal to biomass in Asia), the use of renewable energy such as biomass and solar power, and the introduction of processes to reduce energy consumption. Currently, fuel conversion from heavy oil to natural gas is being carried out at the Kyushu Plant, and cogeneration facility is being introduced at the Kamphaeng Phet Plant in Thailand.

As previously explained, SPT of the Framework is significant in contributing to the improvement of Ajinomoto Co.'s corporate value over the medium to long term and to the Japanese government's policy.

3-3. Impact assessment by JCR

JCR examined the degree of SPT’s impact in line with the five elements (variety, magnitude, efficiency, leverage, and additionality) of the criteria illustrated in Principle 4 of the Principles for Positive Impact Finance (PIF) established by the United Nations Environment Programme in order to confirm that SPT of the Framework is ambitious and significant and that it contributes to the realization of Ajinomoto Co.'s sustainability strategy and long-term goals, as well as the degrees of maximization of positive impact and avoidance/management/reduction of negative impact.

1) Variety: Variety of positive impacts delivered

(Impact on the entire value chain, impact by business segment, impact by region, etc.)

Achievement of the SPT for "GHG Emission Reduction Rate in the Ajinomoto Group's Scope 1 and Scope 2" is limited to "Climate" and "Resources efficiency/security" as impact areas, and the percentage of Scope 1 and 2 in the total Scope 1-3 is also limited, but the impact is expected to be extended across Ajinomoto Co.'s entire global business domain.

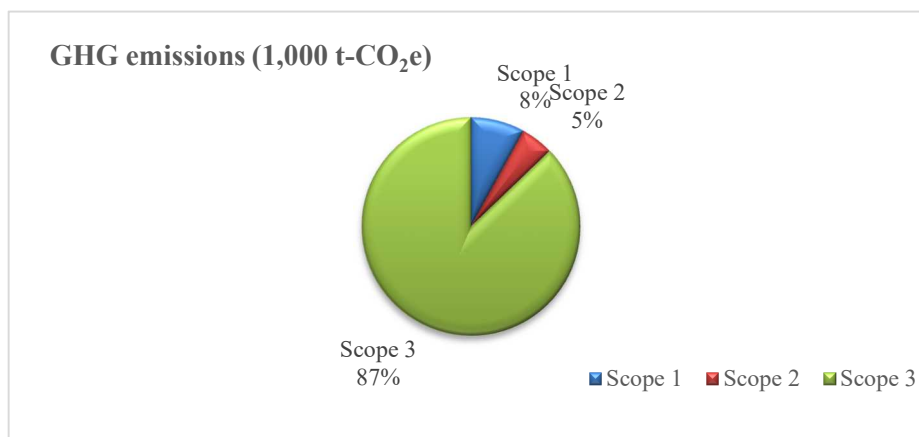


Figure 6 GHG Emissions by Scope of Ajinomoto Group (Fiscal 2021)¹⁰

2) Magnitude: Magnitude of the impacts delivered

(Sales, business activities, and geographic areas covered by the SPT / market share in Japan and abroad of the business activities for which the SPT is measured)

Ajinomoto Co. is Japan's largest manufacturer of seasonings, with global operations in Seasonings & Foods, Frozen Foods, and Healthcare and Others. In fiscal 2021, it posted consolidated sales of approximately ¥1.1 trillion. Under these circumstances, its achievement of the ambitious SPT across its entire business domain is expected to have significant impacts, including spillover to this industry.

3) Efficiency: Scale of impacts delivered relative to amount of funds spent

Ajinomoto Co.'s fundamental management policy is ASV that aims to help resolve social issues and create value through its business. KPI of the Framework relates to the materiality of "Climate Change Adaptation and Mitigation", which is closely related to the company's outcome by 2030 of "Reduce our environmental impact by 50%". Achievement of the SPT is expected to contribute to the company's medium-to long-term improvement in corporate value and generate impacts efficiently.

¹⁰ Compiled from the Ajinomoto Group Sustainability Data Book 2022.

4) Leverage: Degree of leverage of private funds relative to public funds and/or donations

This item is not subject to evaluation because public funds are not utilized in the Framework.

5) Additionality: Level of additionality

(help address unmet or underserved areas of SDGs and hence constitute a significant step forward for the attainment of SDGs)

Achieving SPT of the Framework is expected to have additional impacts on several of SDGs' 17 goals and 169 targets, as follows:



Goal 7: Affordable and Clean Energy

Target 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

Target 7.3 By 2030, double the global rate of improvement in energy efficiency



Goal 13: Climate Action

Target 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

4. Loan characteristics

4-1. Evaluation perspective

In this section, JCR checks the following.

- 1) The loan's financial and/or structural characteristics can vary depending on whether the selected KPI(s) reach (or not) the predefined SPT(s).
- 2) The KPI(s) definition and SPT(s) (including calculation methodologies) and the potential variation of the SLL's financial and/or structural characteristics are a necessary element of the loan documentation.
- 3) Borrowers may also consider including, where needed, language in the loan documentation to take into consideration potential exceptional events (such as significant change in perimeters through material M&A activities) or extreme events, including drastic changes in the regulatory environment that could substantially impact the calculation of the KPI, the restatement of the SPT, and/or pro-forma adjustments of baselines or KPI scope.

4-2. Current status of the subject of evaluation and JCR's evaluation

(Evaluation Results)

As loan characteristics defined in the Framework, financial characteristics can vary depending on whether or not the pre-established SPT for the selected KPI are achieved. The KPI definition, the SPT, the variability of the financial characteristics, and the response in the event of unexpected events will be explicitly stated in the loan documentation.

JCR confirmed that the interest rate applied from the first interest payment date following the assessment date until the next assessment date will be increased (or decreased) if a particular SPT is not achieved (or achieved) in the loan contract documents for loans under the Framework. JCR also confirmed that the KPI definition, the SPT, and the actions to be taken in the event of a significant event affecting them will be clearly stated in the same contract documents. If the KPI cannot be calculated and disclosed by the predetermined assessment date, the interest will be paid at an increased rate or a non-preferential rate on the subsequent interest payment date.

5. Reporting and Verification

5-1. Evaluation perspective

In this section, JCR confirms whether the following items are expected to be included as reporting content after loan disbursement, disclosure methods, and whether third-party verification is planned.

i. Items to be disclosed

The following items are planned to be disclosed at least once a year.

- ✓ up-to-date information on the performance of the selected KPI(s), including baselines where relevant;
- ✓ any information enabling lenders to monitor the level of ambition of the SPTs (e.g., any update in the borrowers sustainability strategy or on the related KPI/ESG governance, and more generally any information relevant to the analysis of the KPIs and SPTs).

The following information will be disclosed to the extent possible.

- ✓ Qualitatively or quantitatively explanation of the contribution of the main factors, including M&A activities, behind the evolution of the performance/KPI on an annual basis
- ✓ Illustration of the positive sustainability impacts of the performance improvement
- ✓ Any re-assessments of KPIs and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope

ii. Verification

Reporting relating to the verified SPTs should be made publicly available, outlining the performance against the SPTs and the related impact, and timing of such impact, on the loan financial and/or structural characteristics.

5-2. Current status of the subject of evaluation and JCR's evaluation

(Evaluation Results)

Reporting as set out in the Framework will be made in the appropriate disclosure content, frequency, and manner after disbursement of loans. The progress of SPT will be verified by a third party, and the results of the verification will be disclosed.

JCR confirmed that the following items will be published on the Ajinomoto Co.'s website once a year until loan repayment in the reporting stipulated in the Framework.

- KPI figures as of the end of each fiscal year
- Actual KPI figures from the base year (fiscal 2018)
- Provision of information that may impact SPT achievement (e.g., formulation or update of sustainability strategies, formulation or status of implementation of action plans)

In addition, loans under the Framework will be verified annually by an independent third party for KPI figures until the assessment date arrives, and the results of the verification will be disclosed on the Ajinomoto Co.'s website.

When SPT of the Framework changes, JCR will review and confirm whether the compliance with SLLP, etc. and the originally anticipated ambition level and significance will be maintained. Ajinomoto Co. will decide the policy for applying the change to each loan in consultation with each lender.



6. Conclusions on suitability for SLLP, etc.

From the above, JCR has confirmed that the Framework is suitability for SLLP, etc.

(Responsible Analysts for this Third-Party Opinion) Atsuko Kajiwara and Hiroshi Maruyasu

Important discussion of this third-party opinion

1. Assumptions, Significance, and Limitations of JCR Third-Party Opinions

Third-party opinions granted and provided by the Japan Credit Rating Agency, Ltd. (JCR) represent JCR's overall opinion at this time as to the appraisal subject, the Sustainability Linked Loan Principles formulated by the Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA), and Loan Syndication and Trading Association (LSTA) and the suitability for the Sustainability Linked Loan Guidelines formulated by the Ministry of the Environment in March 2020 and revised in July 2022 (SLLP, etc.), and do not represent a complete representation of the degree of positive impact that such appraisal subject may have.

This Third Party Opinion evaluates current plans or circumstances based on information provided by the Client and information collected independently by JCR and does not guarantee an evaluation of future conditions. In addition, this third-party opinion does not quantitatively prove the positive effects of the Sustainability Linked Loan and is not responsible for its effect. JCR confirms that the achievement of the established impact indicators is measured quantitatively and qualitatively by the borrower or a third party requested by the borrower, but in principle this is not measured directly.

2. International initiatives, principles, etc. referred to conduct this evaluation

In conducting this evaluation, JCR refers to the following principles and principles formulated by LMA, APLMA, LSTA, UNEP FI and the Ministry of the Environment.

- Sustainability-Linked Loan Principles
- Sustainability-Linked Loan Guidelines
- The Principles for Positive Impact Finance
- The Model Framework for Financial Products for Corporates with unspecified use of funds

3. Relationship with activities related to credit rating business

The provision of this Third-Party Opinion is conducted by JCR as a related business and differs from the conduct related to the credit rating business.

4. Relationship with Credit Ratings

This evaluation differs from credit ratings and does not constitute a commitment to provide or inspection a predetermined credit rating.

5. Third-party Character of JCR

There are no equity relationships, personal relationships, or other relationships between the parties subject to this evaluation and JCR that may give rise to conflicts of interest.

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■ Glossary

Third-Party Opinion: This report expresses, at the request of the client, a third-party opinion on the Sustainability Linked Loan Framework prepared by the borrower from an independent, neutral and equitable standpoint and on the conformity of the borrower with the Sustainability Linked Loan Principles prepared by Loan Market Association, Asia Pacific Loan Market Association, Loan Syndication & Trading Association and the Sustainability Linked Loan Guidelines prepared by the Ministry of the Environment.

■ Registration status as an external evaluator of sustainable finance, etc.

- Members of the Working Group on the Impact Financial Initiative for the United Nations Environment Programme
- Registered as External Reviewer of Green Bonds, Ministry of the Environment
- Climate Bonds Initiative Approved Verifier (Accreditation Verification Agency for Climate Change Initiative)
- ICMA (registration with the International Capital Markets Association as an observer) Principles for Social Bonds, Members of Climate Transition Finance Working Group

■ In addition, the status of registration as a credit rating agency, etc.

- Director-General of the Financial Services Agency (Credit Rating) No. 1
- EU Certified Credit Rating Agency
- NRSRO: JCR is registered in the following four classes of the five credit rating classes of NRSRO (Nationally Recognized Statistical Rating Organization as defined by the U.S. Securities and Exchange Commission. (1) Financial institutions, broker-dealers, (2) insurance companies, (3) general business corporations, and (4) government and local governments. When subject to disclosure under Section 17g-7(a) of the Securities and Exchange Commission Regulations, such disclosure is attached to the news release appearing on JCR's website (<https://www.jcr.co.jp/en/>).

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