

Ajinomoto Co., Inc.

Sustainability-Linked Loan Framework

December 2022

1. Introduction

① Principles and guidelines incorporated in Ajinomoto's Sustainability-Linked Loan Framework (the Framework)

The Framework represents the actions taken by the Ajinomoto Group to address key elements of sustainability recommended by the principles and guidelines below. The Framework's compliance with the five core components for sustainability-linked loans is described in section 2, The Sustainability-Linked Loan Framework.

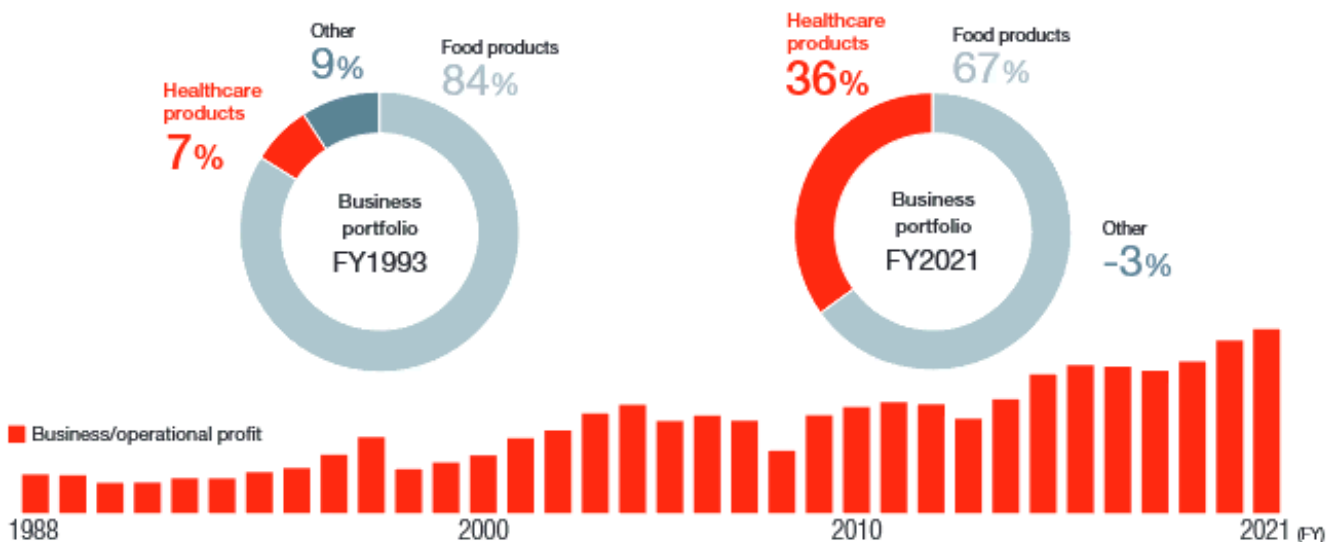
- The Japanese Ministry of the Environment's Sustainability-Linked Loan Guidelines (2022 edition).
- The Sustainability-Linked Loan Principles, issued in 2021 by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA), and the Loan Syndications & Trading Association (LSTA).

② Corporate profile

Since creating the world's first umami seasoning over a century ago, the Ajinomoto Group (the Group) has expanded its business reach globally through the development of innovative manufacturing methods and ways of using amino acids while passing down the founding aspiration of "Eat Well, Live Well." By combining the various powers of amino acids, the Group has been able to develop a multifaceted business portfolio spanning foods, seasonings, healthcare, and electronic materials.

- **The Ajinomoto Group's core businesses and changes in the business portfolio**

Changes in business/operational profit and business portfolio



➤ Core businesses

- ✓ Seasonings and foods
 - ✧ Sauce & seasoning

The Group provides a variety of products including the umami seasoning *AJI-NO-MOTO*®, flavor seasonings for home-made dishes, and menu-specific seasonings to support smart cooking in more than 130 countries and regions around the world.



Umami seasonings:
AJI-NO-MOTO®

Through these products, the Group contributes to deliciousness that suits local consumer preferences as well as improving consumers' nutrition.

- ✧ Quick nourishment

The Group provides foods that respond to the needs for ready-to-eat meals, individual meals, and healthy meals, such as soups, beverages, and instant noodles, and products that



Beverage: *Birdy*®

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

◇ Solutions & ingredients

The Group supplies products and services globally to its customers (consumer foods industry and food services) to solve their challenges from the consumers' point of view. The business provides Integrated Food Solutions through its Palatability Design Technology® leveraging aroma, taste, and texture.



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

✓ Frozen Foods

◇ Frozen food business

The Group provides products mainly in the Asian food category such as *gyoza* (Japanese-style dumplings) 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.



Gyoza

✓ Healthcare and others

◇ Healthcare business

The Group provides 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.



Fundamental foods:
GlynA®

✧ Electronic materials

The Group supplies products globally centered on Ajinomoto Build-Up Film® (ABF), an interlayer insulating material for semiconductor packages.



*Ajinomoto Build-up Film®
(ABF)*

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 along with the Group's customers.

③ **The Ajinomoto Group's sustainability policy**

➤ **The Ajinomoto Group's management philosophy and vision**

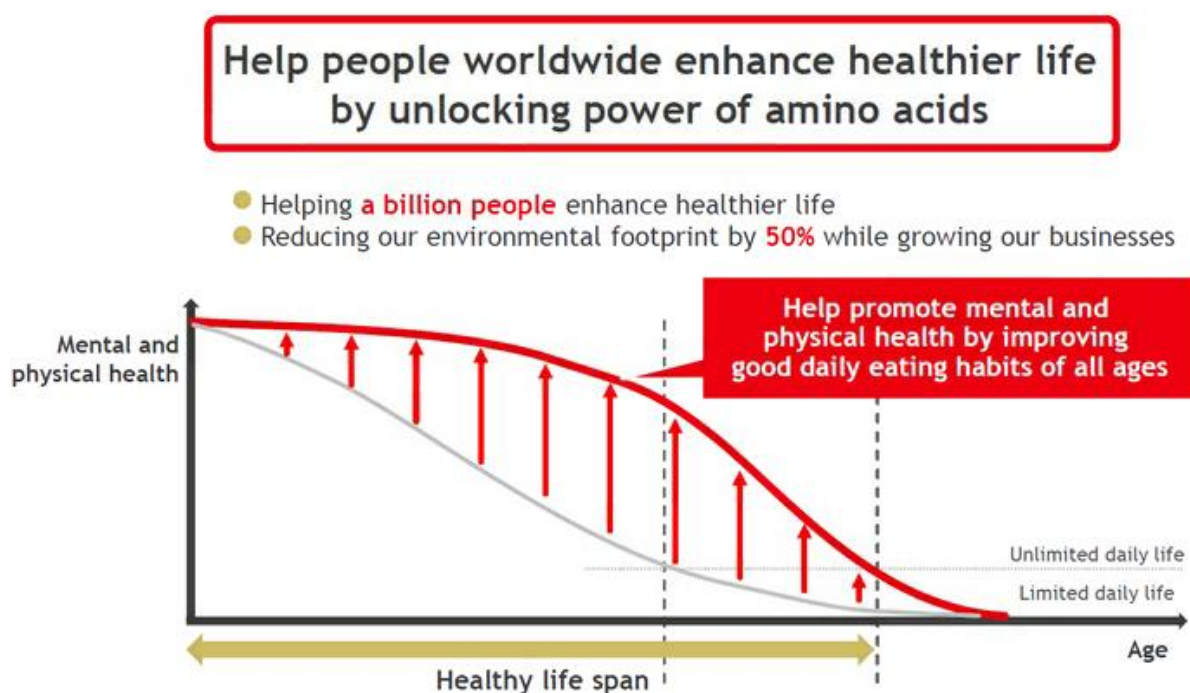
Since its founding in 1909 with the aspiration of “Eat Well, Live Well”, the Ajinomoto Group has not only pursued its own sales and profits, but has also aimed to create social value by addressing social issues and problems through its business activities, and as a result, create economic value as well. This basic policy was passed down over the years and is now articulated as ASV (the Ajinomoto Group Creating Shared Value). ASV is an effort to create both economic and social value, and the Group believes that evolving ASV will lead to the realization of the Group's vision.

In order to publicly and internally commit to evolving ASV management, in 2020 the Ajinomoto Group declared its intention to transform itself into a solution-providing group of companies for food and health issues by 2030. It also set forth its two outcomes to achieve by 2030, which are helping to extend the healthy life expectancy of one billion people and reducing the Group's environmental impact by 50%.

The Ajinomoto Group believes that promoting sustainability will not only help realize a sustainable society, but will also contribute to lowering the cost of capital and accelerating the business growth of the Group itself. With climate change one of the most pressing of the many social and environmental issues that the Group

must tackle, in March 2022 the Ajinomoto Group pledged that it would achieve net-zero greenhouse gas (GHG) emissions by fiscal 2050 in addition to reducing its environmental footprint by 50%. While making progress toward carbon neutrality, the Group will practice ASV management to increase economic value by finding solutions for issues and contribute to establishing resilient and sustainable food systems.

Vision for 2030



➤ Vision for 2030

✓ 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. The Group 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 the Group's ability to create new value, and expanding empathy toward their purpose to resolve food and health issues. The Group will increase customer value and seek to realize both outcomes of helping extend the healthy life expectancy of one billion people and reducing its environmental impact by 50% by 2030.



➤ **The Ajinomoto Group's materiality**

✓ **Process of identifying material issues**

Using the ASV framework, the Ajinomoto Group identifies materiality items that have a substantial impact on its ability to create value in the short, medium, and long term, taking into account changes in the macro environment. Once the Group has identified opportunities and risks arising from materiality items, it clarifies their relative importance and priority, and then factors those matters into the Group's business activities.

| | |
|-------------|--|
| FY2015 | Select/sort materiality items |
| FY2016 | Conduct surveys of experts in the SDGs (Survey conducted to re-examine the Group's issues and approaches in light of the SDGs, which were announced in 2015) |
| FY2017 | Analyze the relationship between the SDGs and materiality Engage in dialogue with diverse stakeholders |
| FY2018-2019 | Review and revise materiality (narrowed materiality items down from 26 to 11) ·Interviews with outside experts ·Confirmation of adequacy by the Board of Directors |

| | |
|---------------|--|
| FY2020-2021 | <p>Conduct annual review of materiality (revision of the nomenclature and order of some materiality items, added and revised certain contents)</p> <ul style="list-style-type: none"> •Confirmation of adequacy by the Board of Directors |
| Going forward | <ul style="list-style-type: none"> •In response to an inquiry from the Board of Directors, the Sustainability Advisory Council will consider the identification of materiality items from a long-term perspective. •Based on a recommendation by the Sustainability Advisory Council, the Board of Directors will decide on new materiality items by the end of fiscal 2022. |

✓ **Materiality items**



➤ **Initiatives aimed at achieving the Group's outcomes**

The Ajinomoto Group's business operations are founded on sound food systems rooted in stable food resources and the vibrant natural ecosystems that support them. It has set medium- to long-term targets and KPIs for both reducing its environmental impact by 50% and helping extend the healthy life expectancy of one billion people. The Group is steadily moving forward with various initiatives while utilizing its strengths.

✓ **Approach to reducing the Group's environmental impact by 50%**

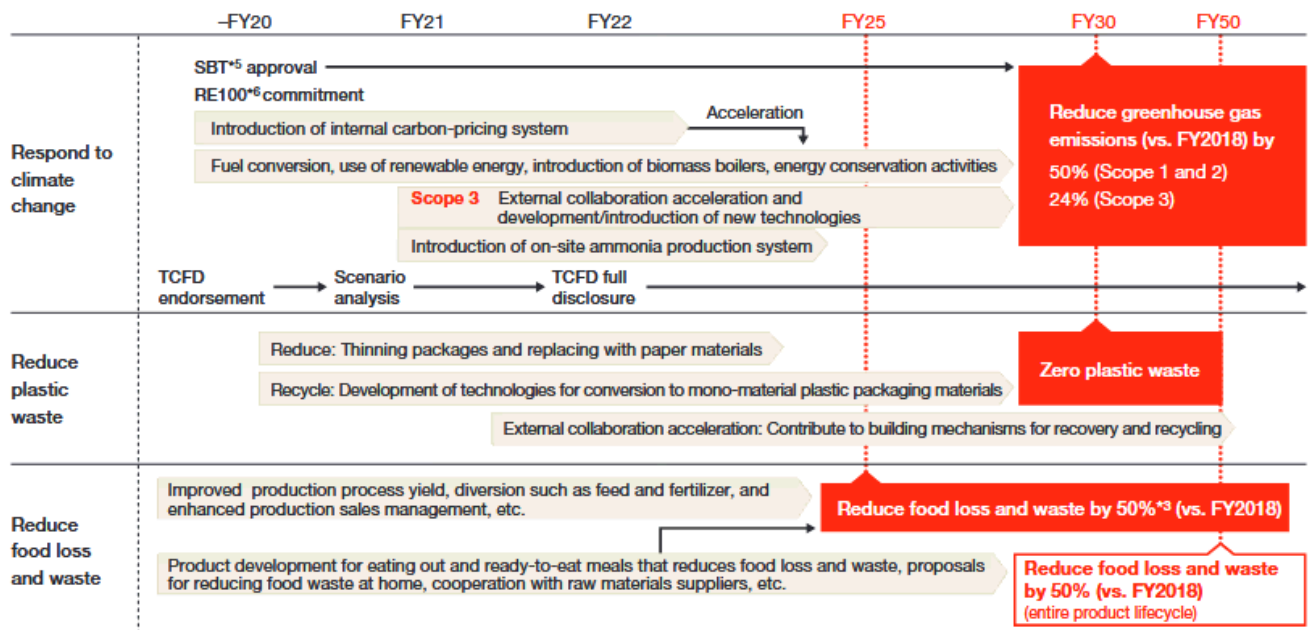
Today, when we are reaching the planetary boundaries, implementing countermeasures to regenerate the natural environment is an urgent task for the Group's businesses. The Group believes that it can only implement initiatives aimed at extending healthy life expectancy in a sustainable manner by reducing its environmental impact through measures 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, the Group is focusing its efforts on responding to climate change, reducing plastic waste, and reducing food loss and waste. For each of these, it has set targets not just for the Group's own activities but also encompassing the entire lifecycle, and aims to achieve the targets through increased collaboration with outside partners.

2020-2025 Medium-Term Management Plan Targets

| Challenges | | KPIs | | Targets |
|-------------------------------------|---|---|--------------------|--|
| 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) |
| | Water risk | Water use reduction rate*1 | | FY2030: Reduce by 80% (vs. FY2018) |
| | | Recharge rate of drinking water into forest | | FY2025: 100%+ |
| 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) |
| Realize sustainable procurement | Deforestation Biodiversity Human rights Animal welfare | Sustainable procurement ratio | Paper | FY2030: 100% of important materials |
| | | | Palm oil | |
| | | | Soybeans | |
| | | | Coffee beans, beef | |
| | | | | |

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 nutrition

Health problems attributed to diet and lifestyle are increasing around the world. These include a growing risk of high blood pressure and heart disease due to excess salt intake, along with frailty in the elderly caused by malnutrition. To resolve these issues, it is necessary to improve the nutritional balance in our everyday diet.

As a food company closely involved in how and what people eat every day, the Ajinomoto Group is promoting initiatives following the basic policy of Nutrition Without Compromise, which is based on the following three pillars.

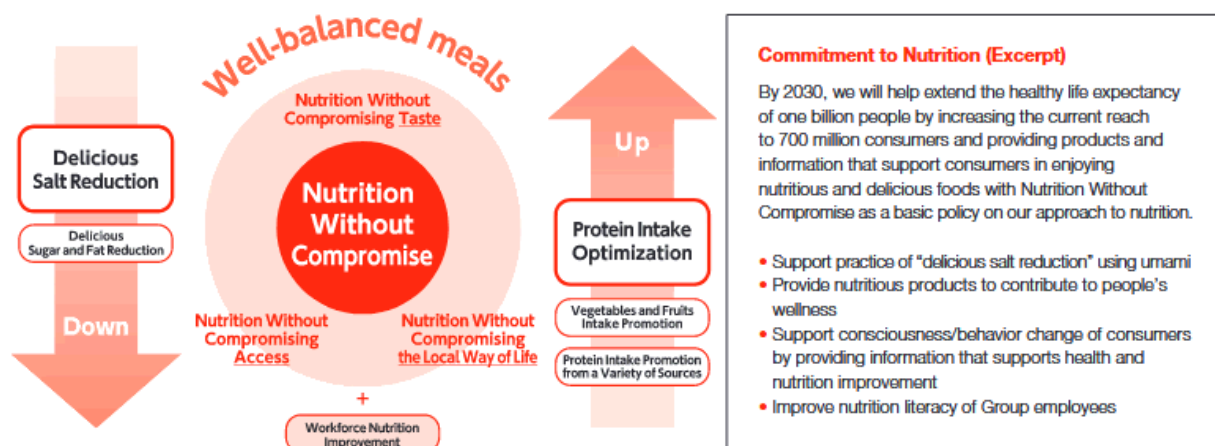
The first is taste, where the Group will use its founding technology to unlock the power of amino acids to provide health value, such as with reduced salt, as

well as deliciousness.

The second pillar is access to food (providing nutrition for everybody). Aware that food availability is an issue for many people around the world, the Group will strive to ensure that everyone has access to healthy and nutritious foods through measures for products, ingredients, distribution, and convenience.

Finally, the local and individual way of life. The Group's operating models are adapted to respect the customs, food preferences, resources, ingredients, and stakeholders of each local market. The Group will also emphasize addressing social issues and creating individualized responses to diverse values related to food among consumers. The Group believes that when nutritious foods taste good, are convenient and easily accessible, and respect local eating habits and preferences, it can 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, the Group formulated a commitment and related KPIs in 2021 that present a roadmap to improving people's nutrition. Going forward, the Group will continue to promote activities for improving nutrition while closely monitoring its progress on this commitment.

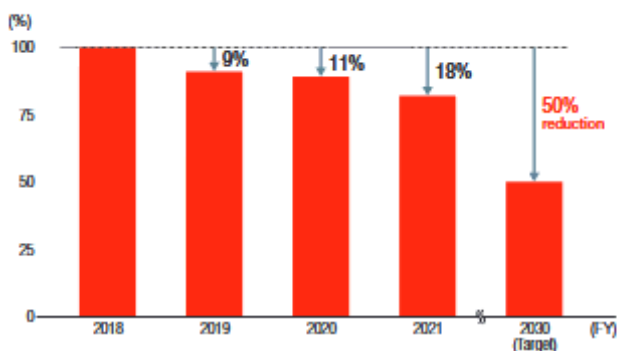


➤ Quantitative KPIs

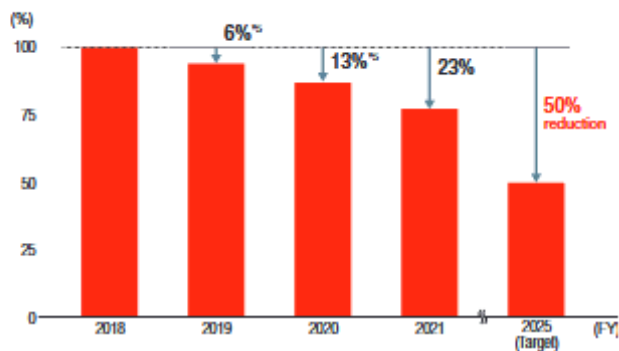
Nutrition commitment quantitative KPIs

| | FY20 (Results) | FY21 (Results) | FY25 (Targets) | FY30 (Targets) |
|---|-----------------------------|-----------------------------|----------------------|-----------------------------|
| Percentage of products with improved nutritional value*1 | 40%*2 | 50% | – | 60% |
| Provision of products with improved nutritional value in "delicious salt reduction" and "protein intake optimization" | 280 million people per year | 320 million people per year | – | 400 million people per year |
| Availability of products utilizing the physiological and nutritional functions of amino acids | (Base year) | 1.09 times | – | 2 times |
| Nutrition education for employees | 460 | 26,000 | Cumulatively 100,000 | – |

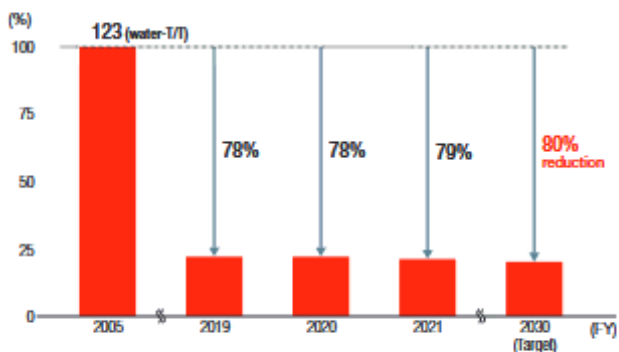
Greenhouse gas emission reduction rate (vs. FY2018)*3



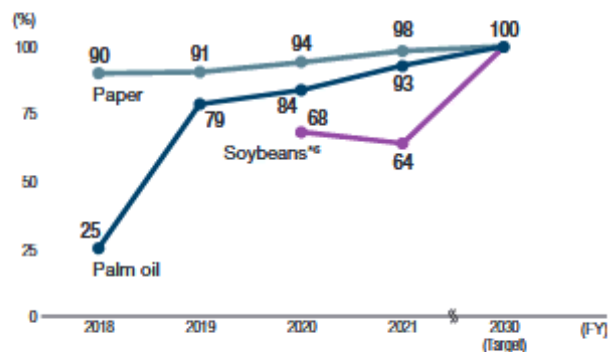
Food loss and waste reduction rate per production volume unit*4 (vs. FY2018)



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



Sustainable procurement ratio

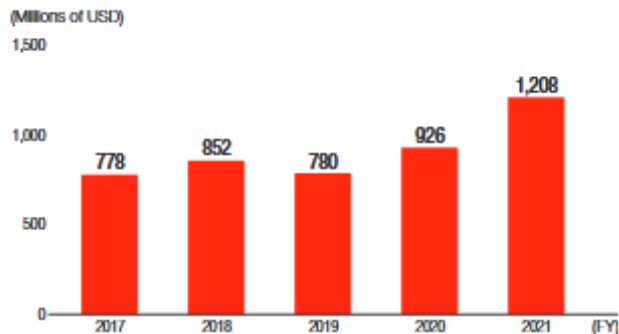


• FY2030 target of coffee beans and beef: 100%

Plastic waste

FY2030 target: **Achieve "Zero"**

Corporate brand value*7



*1 Products with improved nutritional value means the products that meet our criteria and contribute to the intake of improved nutrition from an international public health perspective.

*2 The value was corrected because the additional applicable products were identified by more accurate collection of data.

*3 Performance vs. SBTi targets *4 From the acceptance of raw materials to delivery to customers

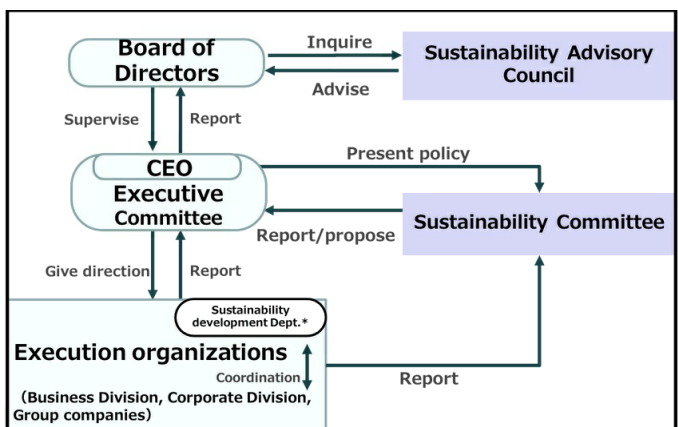
*5 Correction has been made as a result of a review of totals. *6 Procured for businesses in Japan *7 Evaluated by Interbrand, "Best Japan Brands"

➤ **Framework for ESG and sustainability**

With respect to ESG and sustainability management, the Group has built a management system modeled on ISO 9001, ISO 14001, and other standards, based on the Ajinomoto Group Policies (AGP) and relevant internal rules. The Group continues with its operations as it ensures optimal processes.

In April 2021, the Group established the Sustainability Advisory Council (SAC) as a subordinate body of the Board of Directors, and the Sustainability Committee as a subordinate body of the Executive Committee. In this way, the Group has strengthened its system for setting important policies to pursue the enhancement of corporate value on a continuing basis from the perspective of sustainability. The Sustainability Committee, as the party responsible for execution, identifies risks and opportunities that have a Group-wide impact based on materiality items approved by the Board of Directors upon the SAC’s report and the long-term strategic direction provided by the Board, and reflects these factors in the business strategy .

The Sustainability Committee and the Sustainability Development Department formulate the Group’s sustainability strategy and roadmaps for nutrition, the environment (including climate change and the development of a resource recycling society), and society (human rights across the supply chain, etc.), follow up on recommendations to incorporate sustainability in business plans and measures to implement said plans, compile internal information related to ESG, and report to the Executive Committee and the Board of Directors.



*Formulate policies, strategies / Make proposals to business plans from the perspective of sustainability / Follow up on measures

④ Significance of formulating the Sustainability-Linked Loan Framework

➤ Changes in the business environment and social challenges

The Ajinomoto Group recognizes the following changes in the surrounding business environment, and that these changes are also related to the social challenges set out in the SDGs.

✓ Recognized environment surrounding the Group

1. Growing world population: Rising demand for food, water, and energy.
2. Global population aging: Rising needs for extending healthy life expectancy; growing demand for healthcare.
3. Climate change: Accelerated decarbonization; physical damage from natural disasters; unstable materials sourcing; breakdown in supply chains.
4. Transitioning to the new normal in the wake of the COVID-19 pandemic: Changes in consumer behavior such as in-home consumption, reluctance to go out, increased home delivery, etc.; increased awareness of hygiene and health management; increased awareness of (or trend toward) stable supply of goods; social fragmentation such as polarization of rich and poor and increase in the number of the poor and unemployed; increase in frequency of eating alone; promotion of the green recovery.
5. 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.

One of the Group's key principles is to focus all of its management resources on solving food and health issues, and it believes that addressing the above-described changes in the environment and working to resolve social challenges will contribute to the enhancement of its corporate value.

The Group will support the advancement of the Medium-Term Management Plan's key principles, which are to transform the management of HR and the organization, raise value for consumers centered on health, and establish a revenue structure that enables efficient growth by reforming its operations through digital transformation to ramp up the speed of implementation. The Ajinomoto Group strives to strike the right balance between corporate brand value, employee engagement, and market value that will result in enhanced corporate value. It believes that achieving the Group's vision for 2030 and creating the two outcomes through the key principles will directly contribute to building a sustainable society.

➤ **Significance of setting up the Framework to achieve the Group's vision**

The Ajinomoto Group aims to utilize financing from sustainability-linked loans to facilitate corporate activities geared toward achieving a sustainable society as one of the Group's commitments to sustainability. The Group has been proactively engaged in sustainable financing in recent years. Following a Sustainability-Linked Finance agreement concluded in December 2020, Sustainability Bond issued in October 2021, and the Positive Impact Finance agreement of January 2022, the current effort will also contribute to achieving the Group's vision for 2030.

Additionally, the Group formulated the Sustainability-Linked Loan Framework (the Framework) in pursuit of long-term, long-standing value, with the aim of using the financing to promote corporate activities for creating a sustainable society. Specifically, in March 2022 the Group declared its commitment to complying with the new GHG emissions reduction targets, including the Net-Zero Standard, set by the Science Based Targets initiative (SBTi). The Group has set a new target which calls for limiting its net GHG emissions to zero (carbon neutrality) by fiscal 2050, which will demonstrate the Group's strong commitment to using financing to achieve decarbonization among the various approaches it is employing to halve its environmental footprint.

2. The Sustainability-Linked Loan Framework

The Ajinomoto Group formulated the Framework in consultation with its sustainability coordinator, MUFG Bank, Ltd., in an aim to provide financing through sustainability-linked loans in accordance with the five core components described in 1-5 below, which are set out in the Sustainability-Linked Loan Principles (SLLP) (issued in 2021 by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA), and the Loan Syndications & Trading Association (LSTA)) and the 2022 edition of the Sustainability-Linked Loan Guidelines (released by the Japanese Ministry of the Environment):

① Key performance indicators

The Framework uses the following KPI, which will contribute to the Group achieving carbon neutrality by 2050.

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

<Definition>

Rate of reduction of GHG emissions (based on the total of Scope 1 and Scope 2 emissions calculated according to the GHG protocols) using aggregated figures for the Group as a whole, calculated in comparison to fiscal 2018.

<Actual results>*

| | FY2018 | FY2019 | FY2020 | FY2021 |
|---|--------|--------|--------|--------|
| Total Scope 1 and Scope 2 GHG emissions (1,000 tons-CO ₂ e) | 2,213 | 1,974 | 1,911 | 1,612 |
| Reduction in Scope 1 and Scope 2 GHG emissions (%) (from FY2018 as base year) | — | 11% | 14% | 27% |

*The figures shown here are as of the announcement of the Framework. If they are subsequently revised due to a change in the scope of business including the acquisition or sale of a company or business, the updated figures will be disclosed on the Group's website.

② Calibration of sustainability performance targets

The Framework uses the following sustainability performance targets (SPTs).

(The relevant fiscal year for SPT assessment for each loan is specified in the contract documents, taking into account the loan's characteristics.)

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

| | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---|--------|--------|--------|--------|--------|--------|--------|
| | Actual | Actual | Actual | Actual | Actual | Target | Target |
| Total Scope 1 and Scope 2 GHG emissions (1,000 tons-CO ₂ e) | 2,317 | 2,213 | 1,974 | 1,911 | 1,612 | 1,556 | 1,500 |
| Reduction in Scope 1 and Scope 2 GHG emissions (%) (from FY2018 as base year) | — | — | 11% | 14% | 27% | 30% | 32% |

| | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 |
|---|--------|--------|--------|--------|--------|--------|--------|
| | Target | Target | Target | Target | Target | Target | Target |
| Total Scope 1 and Scope 2 GHG emissions (1,000 tons-CO ₂ e) | 1,443 | 1,387 | 1,331 | 1,275 | 1,218 | 1,162 | 1,106 |
| Reduction in Scope 1 and Scope 2 GHG emissions (%) (from FY2018 as base year) | 35% | 37% | 40% | 42% | 45% | 47% | 50% |

The KPI target values meet the standards required in the Paris Agreement and the Japanese government's targets, and they are set to meet the Group's GHG emission reduction targets, including the Net-Zero Standard as defined by the SBTi.

The contract documents signed upon the execution of each loan will specify the KPI and SPT definitions, the period subject to SPT reporting, and the assessment date.

③ Loan characteristics

The loan characteristics vary depending on the status of SPT achievement. One of the details to be specified in the contract documents for each loan is that the interest rate has step-up and step-down features as follows:

- Interest rate step-up (or step-down)
 - ✓ If a particular SPT is not achieved (or achieved), the interest rate applied from the first interest payment date following the assessment date until the

next assessment date will be increased (or decreased) to the annual rate predetermined for each SPT at the execution of the loan.

- 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.
- The loan characteristics details that should be specified at the execution of the loan include the following:
 - ✓ SPT figures
 - ✓ The period subject to SPT reporting, the assessment date, and the basis for the assessment
 - ✓ Loan characteristics: Range of interest rate increase/decrease (annual rate)
 - ✓ Response to occurrence of other critical events which impact the SPTs, etc.

④ Reporting

Until the repayment of the Sustainability-Linked Loan, the Ajinomoto Group plans to annually disclose the progress on achieving the SPTs for the Group's KPI on its website for contents defined as environmental/social activities.

- Items to be reported:
 - ✓ 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)
 - ✓ Disclosure of an independent third party's report on the verification of the status of KPI achievement

⑤ Verification

Until the assessment date, the Group plans to have its KPI figures verified annually by an independent third party. The verification results will be disclosed on the Group’s website.

⑥ Expiration date and revision of the Framework

No specific expiration date has been set for the Framework. However, if deemed necessary in consultation with the sustainability coordinator (e.g., in the event that an SPT needs to be changed due to a change in the sustainability strategy, a revision of a reduction reported in the previous fiscal year, etc.), the Framework will be reviewed and updated, and an evaluation by an external review organization will be obtained. After the Framework is updated, the applicable Framework policy for each loan will be determined in consultation with the lender.

3. Revision history

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| December 2022 | First edition |
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