

Eat Well, Live Well.



AJINOMOTO CO., INC.

Sustainability Linked-Financing Framework

May 2023

1. INTRODUCTION OUR COMPANY AND BUSINESS PLACE

1) Corporate Profile

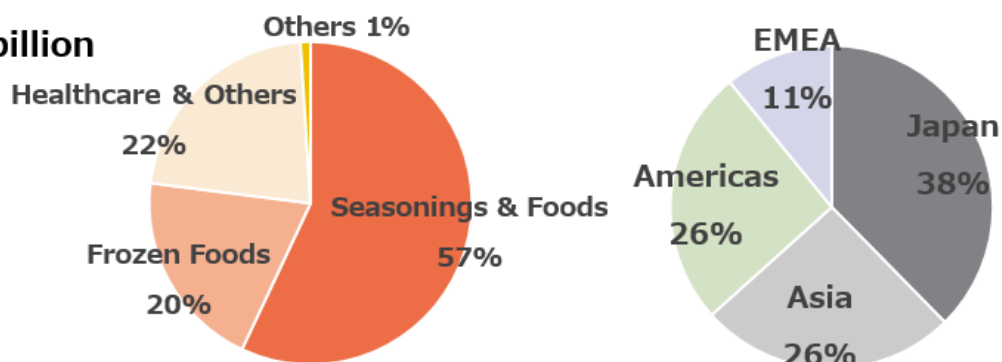
As the world's leading manufacturer of amino acids, the Group focuses on expanding its business scope through development of original manufacturing methods and applications for high-quality amino acids to conduct wideranging operations that support the Food and AminoScience businesses domestically and internationally.

- The Ajinomoto Group today

Sales/business profit by business & region FY2022

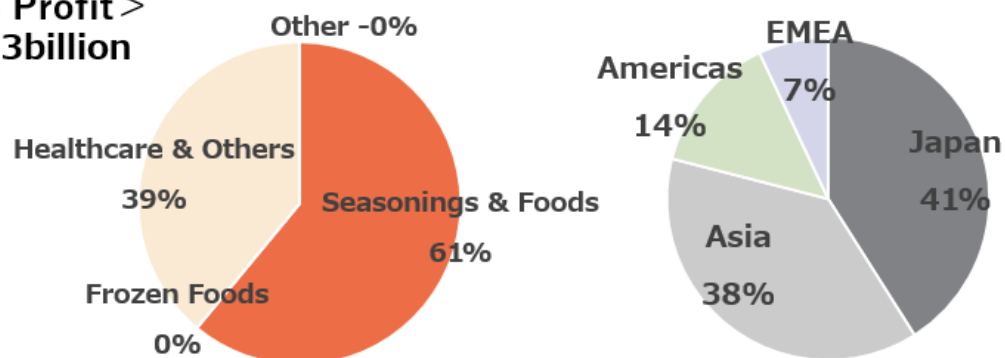
<Sales>

¥1,359.1billion



<Business Profit>







¥135.3billion



*Business profit: A profit indicator defined by Ajinomoto for administrative purposes,
 [Sales] – [Cost of sales] – [Selling expenses, Research & development expenses, and General & administrative expenses] +
 [Share of profit of associates and joint ventures]

■ Ajinomoto Group's Core Business

Six core businesses

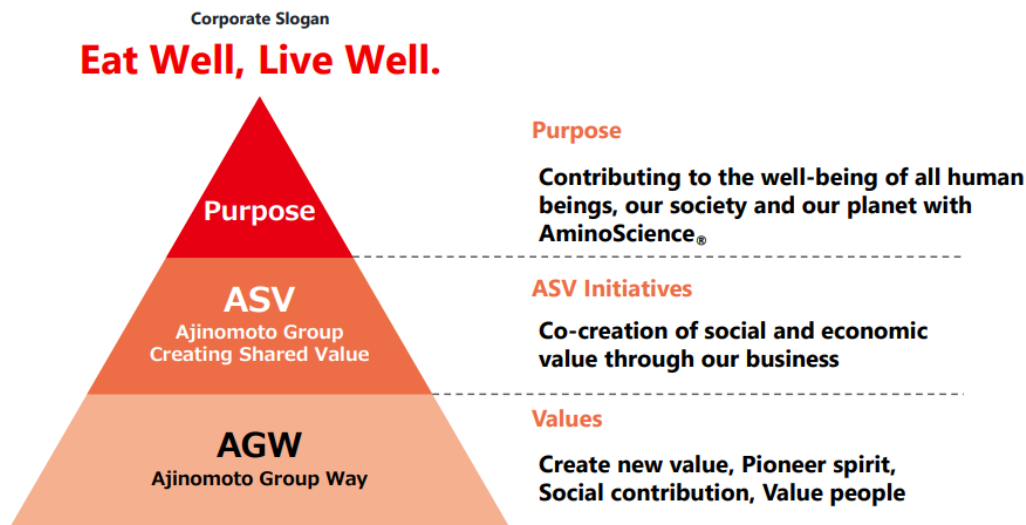
<p>Seasonings & Foods</p>	<p>Sauce & Seasonings</p> <p>We provide a variety of products including umami seasonings <i>AJI-NO-MOTO</i>[®], flavor seasonings for home-made dishes, and menu-specific seasonings to support smart cooking to more than 130 countries and regions around the world. Through our products, we contribute to deliciousness that suits the local consumer preferences as well as to improve nutrition of consumers.</p> <p>Quick Nourishment</p> <p>We provide foods that respond to the needs for ready-to-eat meals, individual meals, and healthy meals, such as soups, beverages, and instant noodles, and products that supplement nutrition including those for medical institutions. The business contributes to consumers' health and well-being by addressing globally changing lifestyles.</p> <p>Solution & Ingredients</p> <p>We supply products and services globally to our customers (consumer foods industry and food services) to solve their challenges from the consumers' point of view. The business provides Integrated Food Solutions comprising our Deliciousness Technologies based on specialty ingredients.</p>	 <p>Umami seasonings: <i>AJI-NO-MOTO</i>[®]</p>  <p>Beverage: <i>Birdy</i>[®]</p>  <p>Texture improver: <i>Ajinomoto KK</i> Seasoning for Juicier <i>Kara-Age</i> and Meat</p>
<p>Frozen Foods</p>	<p>Frozen Foods</p> <p>We provide products mainly in the Asian food category such as <i>gyoza</i> (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.</p>	 <p><i>Gyoza</i></p>
<p>Healthcare and Others</p>	<p>Healthcare</p> <p>We provide amino acids and amino acid-based products and services to customers globally in a broad range of industries including pharmaceuticals, foods, and cosmetics. The business helps to improve consumers' quality of life and support comfortable lifestyles utilizing the nutritional, physiological, and flavoring functions of amino acids.</p> <p>Electronic Materials</p> <p>We supply products globally centered on <i>Ajinomoto Build-up Film</i>[®] (ABF), an interlayer insulating material for semiconductor packages. These products are mainly used in PCs, servers for data centers, and communications network applications, playing a key role in providing more comfortable lifestyles to consumers together with our customers.</p>	 <p>Fundamental foods: <i>Glyna</i>[®]</p>  <p><i>Ajinomoto Build-up Film</i>[®] (ABF)</p>

2) Promoting sustainability

■ The Ajinomoto Group Management Philosophy and Vision

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

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



- ✓ Management is applying a policy of "Nutrition Without Compromise" in taste, food access (availability), and local way of life, and the core element for creating value in these areas is the power of amino acids. Protein makes up approximately 20% of the human body, and as much as 50% when excluding the water in our body. Proteins are chains of amino acids, and the Ajinomoto Group has been researching amino acids for over 100 years. Amino acids serve four important functions, including flavoring to make foods tastes good, nutritional to help the body grow and develop, and physiological to help the body function properly. We are applying our leading-edge bioscience and fine chemical technologies to support delicious and nutritionally balanced meals by using functions of amino acids to create delicious foods that are low-salt and promote protein intake. Excess salt intake and insufficient essential nutrients such as protein are worldwide nutritional issues. As the world leader in umami-based seasonings, we believe the Ajinomoto Group can use our strengths in amino acid-related technologies to address both of these issues for the benefit of society and to generate organic growth for the Group. We are also promoting various environmental measures and objectives as part of our commitment to coexisting with communities and the earth primarily in the areas of mitigation of and adaptation to climate change, development of a recycling-oriented society, and achieving sustainable procurement*1.

- ✓ Unified action will be essential to achieving these objectives, and we will work within the Group and in collaboration with various stakeholders. Our focus will be in the three areas of clarifying the relationship between diet (nutrition), physical health, and mental health; categorizing eating habits and lifestyles that can lead to lifestyle-related diseases; and establishing an ecosystem*² of problem-solving activities.

*1 Sustainable procurement :

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

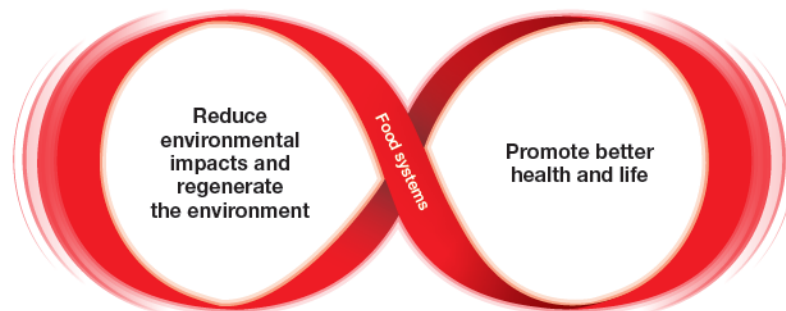
*2 Ecosystem :

A direct or indirect relationship of companies and organizations collaborating, dividing labor, and working together to provide value in products, services, or other ways

■ Vision for 2030

- ✓ Path toward the 2030 outcomes

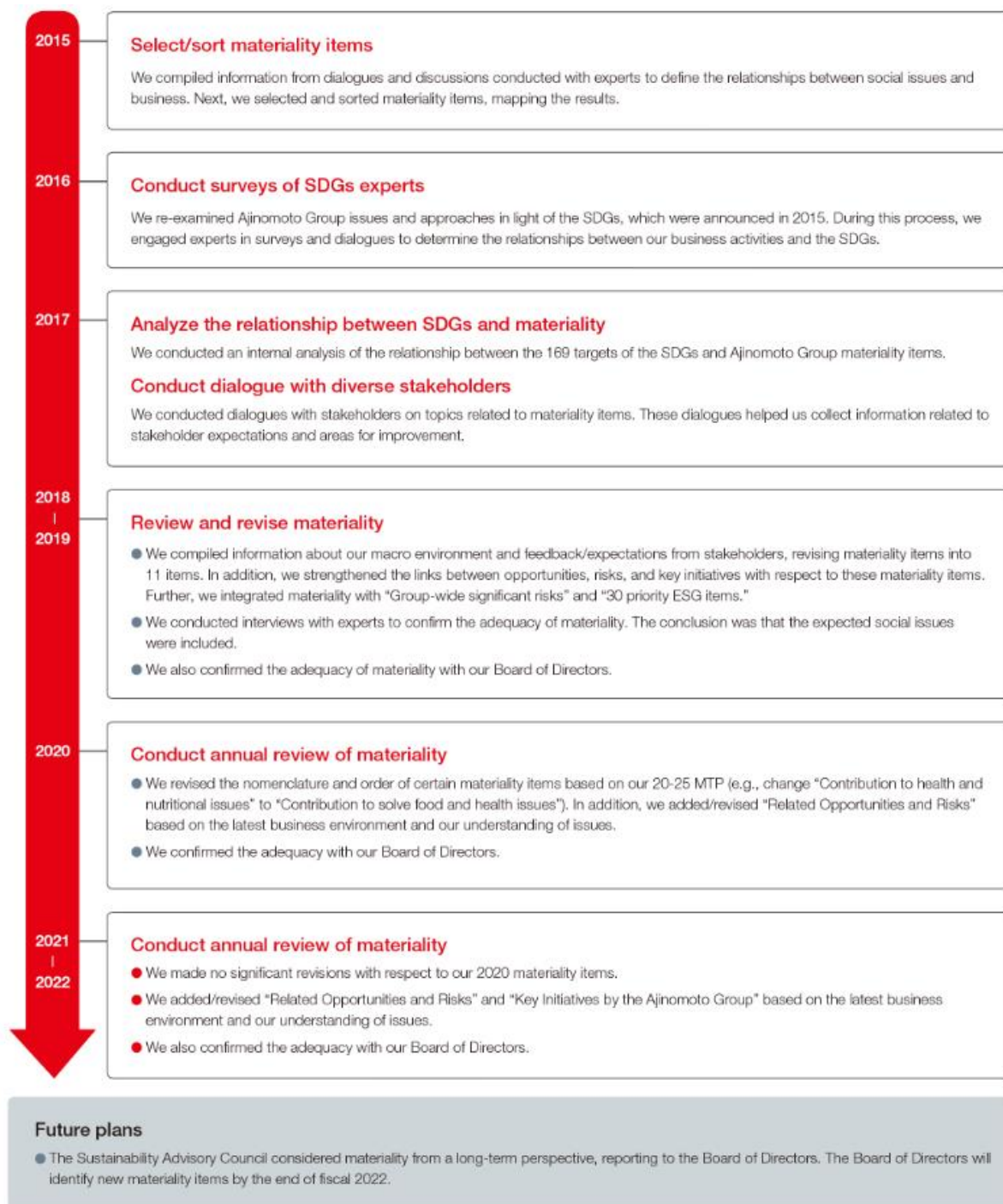
The Ajinomoto Group is working to reduce environmental impacts and regenerate the environment as well as to promote better health and life. We will accomplish this using innovation and value co-creation with various partners by focusing management resources on core businesses, combining the power of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



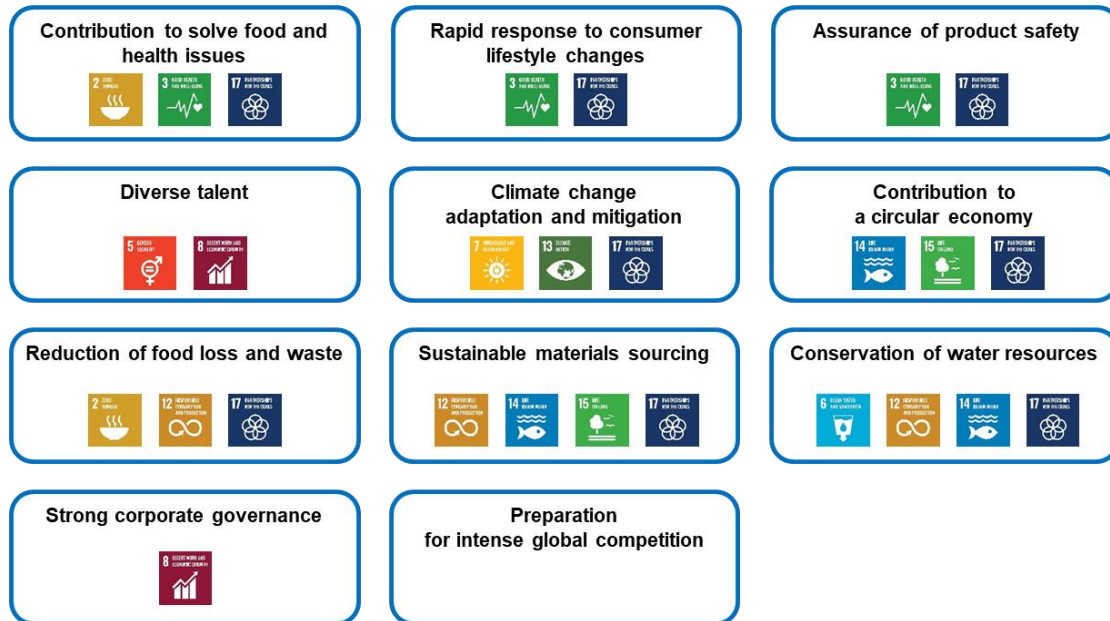
✓ Materiality

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

How we identify material issues



Materiality items



✓ Initiatives aimed at realizing our outcomes

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

Reducing our environmental impact by 50%

Implementing countermeasures to help regenerate the environment is an urgent task for the Ajinomoto Group. We believe that sustainability initiatives to lower our environmental impact by responding to climate change, ensuring the sustainability of food resources, and conserving biodiversity are an essential first step to extending healthy life expectancy.

Principal initiatives for reducing environmental impacts, KPIs and targets

Relevant materiality items	Main initiatives	Main measures	KPIs/Targets
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)

Our approach to nutrition

Health issues attributed to dietary habits and lifestyle are growing around the world. These include increasing risk of high blood pressure and heart disease due to excess salt intake. Resolving these issues requires improving nutritional balance in our everyday diet. As a food company closely involved in people’s eating, the Ajinomoto Group is promoting initiatives following the basic policy of Nutrition Without Compromise based on three pillars. The first is “taste,” where we will use our founding technology to unlock the power of amino acids to provide health value, such as with reduced salt, as well as deliciousness. The second pillar is “access.” Aware that food availability is an issue for many people around the world, we will strive to ensure that everyone has access to healthy and nutritious foods through measures ranging from offering quality products and ingredients to improving distribution and convenience. Finally, we will focus on “the local way of life.” We will adapt our operating models to respect the customs, food preferences, resources, ingredients, and stakeholders of each local market. We will also emphasize addressing social issues and creating individualized responses to diverse values related to food. When nutritious foods taste good, are convenient and easily accessible, and respect local eating habits and preferences, we are able to promote the long-term intake of well-balanced meals by consumers.

Principal initiatives for improving nutrition, KPIs and targets

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
Workforce nutrition improvement	<ul style="list-style-type: none"> Improve nutritional literacy of Group employees Join the Workforce Nutrition Alliance (WNA) and use the WNA Scorecard to monitor workplace conditions and pursue activities 		

■ Framework for ESG and Sustainability

- ✓ With respect to ESG and sustainability management, the Ajinomoto Group has built a management system modeled on ISO 9001, ISO 14001, and other standards, based on the Ajinomoto Group Policies and relevant internal rules. We continue with operations as we ensure optimal processes.
- ✓ In April 2021, we established the Sustainability Advisory Council as a subordinate body of the Board of Directors, and we established the Sustainability Committee as a subordinate body of the Executive Committee. In this way, we strengthened our system for setting important policies to pursue the enhancement of corporate value on a continuing basis from the perspective of sustainability. The Sustainability Committee identifies risks and opportunities that have a Group-wide impact based on 11 materiality items approved by the Board of Directors upon the Sustainability Advisory Council’s report and strategic direction provided by the Board of Directors, and reflects these factors in business strategy, and also reports to the Executive Committee and the Board of Directors. The Sustainability Committee and the Sustainability Development Dept. formulate the Group’s sustainability strategy and roadmaps of related topics that include nutrition, the environment and society, follow up on recommendations to incorporate sustainability into business plans, compile internal information related to ESG, and report to the Executive Committee and the Board of Directors.



[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.

3) Significance of Sustainable Finance Initiatives

■ Changes in the business environment and social issues

- ✓ We recognize that the business climate surrounding us is changing in the following ways, and that these changes are also related to the social issues indicated in SDGs and other documents.

Macro environment surrounding the Ajinomoto Group

1. Growing world population (rising demand for food, water, and energy)
 2. Global population aging (rising needs for extending healthy life expectancy, and rising demand for Healthcare)
 3. Climate change (accelerated decarbonization, physical damage from natural disasters, unstable materials sourcing, and breakdown in supply chain)
 4. Transition to the new normal in the wake of the COVID-19 pandemic (change in consumer behavior [in-home consumption, reluctance to go out, increase delivery, etc.], increased awareness hygiene and health management, increased awareness of stable supply of goods [trend toward local production for local consumption, etc.], social fragmentation [polarization of rich and poor, increase in the number of the poor and unemployed, etc.], increase in occasion of eating alone, and 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, and increase in the influence of Generation Z)
- ✓ The Group's management policy is to focus all management resources on resolving food and health issues. We recognize that resolving the above-mentioned environmental changes and social issues contributes to enhancing corporate value.
 - ✓ We will invest in intangible assets to ensure that our strengths of four assets; technology assets based on AminoScience, human assets for innovation, customer assets consisted with variable global stakeholders and organization assets, which can drive co-innovation for the future. We will improve corporate value with corporate band value, employee engagement and market capitalization by the investment. We believe that fulfilling our Vision for 2030 and realizing the two outcomes through this basic policy will directly contribute to the creation of a sustainable society.

- ✓ We have set targets as the outcomes of our sustainability initiatives, and established the sustainability-linked financing framework with KPI to measure our progress. We believe that this framework is consistent with the significance of engaging in sustainability finance and will also have a positive impact on society.

2. SUSTAINABILITY LINKED FINANCING FRAMEWORK

The Ajinomoto Group has established the Sustainability-Linked financing framework in accordance with the Sustainability-Linked Bond Principles 2020 (“SLBP 2020”) as administered by the ICMA and the Sustainability-Linked Loan Principles 2023 (“SLLP 2023”) as administered by the Loan Market Association (LMA)/the Asia Pacific Loan Market Association (APLMA)/the Loan Syndications & Trading Association (LSTA), and their five core components:

1. Selection of Key Performance Indicators (KPIs)
2. Calibration of Sustainability Performance Targets (SPTs)
3. Financial Characteristics
4. Reporting
5. External Verification

This Framework will apply to Sustainability-Linked Financing Instruments issued by the Ajinomoto Group.

2.1 Selection of Key Performance Indicators (KPIs)

The Ajinomoto Group has selected 2 KPIs, which can measure the progress in fulfilling our vision as the goal of our sustainability management.

■ KPI 1: Absolute scope 1 and 2 GHG emissions reduction rate (%)

Definition	Reduction of absolute Scope 1 and 2 GHG emissions in % from base year Unit: %
Rationale for selection	The pressing global challenge of climate change is one of the most important issues as it makes a significant impact on the business and strategy of the Ajinomoto Group. Our business operations are supported by sound food systems based on stable food resources and the vibrant natural environment. As we believe that sustainability initiatives to lower our environmental impact by responding to climate change, ensuring the sustainability of food resources, and conserving biodiversity are an essential first step to extending healthy life expectancy, we have set outcomes of reducing our environmental impact by 50% and helping extend the healthy life expectancy of one billion people. GHG emission reduction in our business activities is one of the key initiatives for achievement of reducing our environmental impact by 50%. Our greenhouse gas (GHG) emissions reduction targets have been approved by the Science Based Targets initiative (SBTi), a joint organization endorsed by major global companies. In addition, in March 2022, we submitted a commitment letter to the SBTi declaring that we would achieve net zero GHG emissions by fiscal 2050.
Perimeter and Scope	Annual CO ₂ equivalent GHG emission of Scope 1 and Scope 2 cover Ajinomoto Co., Inc. and other Group companies subject to the Ajinomoto Group Environment Management as defined in the company’s Environmental Regulations as of March 31, 2022. Performance statistics are for the 142, which substantially represent the environmental performance of the entire Ajinomoto Group under the consolidated financial accounting system.
Methodology for calculation	CO ₂ emissions are calculated according to the GHG protocols and from the latest IEA CO ₂ emission factors. Scope 1 is calculated by multiplying fuel consumption amount by the CO ₂ emission factors. Scope 2 is calculated by multiplying power usage by the CO ₂ emission factors. For the renewable energy consumption, emission factor for calculation is zero.


■ **KPI 2: Scope 3 GHG emissions reduction rate per volume unit (%)**

Definition	Scope 3 GHG emissions (excluding Category 11) per volume unit reduction rate in % from base year Unit: %
Rationale for selection	<p>The Ajinomoto Group uses the bounty of nature such as agricultural products, we understand that responding to climate change is an urgent issue in conducting business in a sustainable manner. Our business operations are supported by sound food systems based on stable food resources and the vibrant natural environment. As we believe that sustainability initiatives to lower our environmental impact by responding to climate change, ensuring the sustainability of food resources, and conserving biodiversity are an essential first step to extending healthy life expectancy, we have set outcomes of reducing our environmental impact by 50% and helping extend the healthy life expectancy of one billion people. GHG emission reduction in our business activities is one of the key initiatives for achievement of reducing our environmental impact by 50%.</p> <p>As agri-food value chains are long and complicated, food and beverage firms will be expected to work for reducing emissions from upstream and downstream. The Scope 3 emission of the Ajinomoto Group accounts for little less than 90% of total CO₂ emission and raw materials are causing approximately 60% of total GHG emissions over the whole product life cycle, therefore we are encouraging upstream suppliers and downstream consumers to reduce their GHG emissions as a whole supply chain.</p> <p>Our greenhouse gas (GHG) emissions reduction targets have been approved by the Science Based Targets initiative (SBTi), a joint organization endorsed by major global companies. In addition, in March 2022, we submitted a commitment letter to the SBTi declaring that we would achieve net zero GHG emissions by fiscal 2050.</p>
Perimeter and Scope	<p>Annual CO₂ equivalent GHG emission of Scope 3 cover Ajinomoto Co., Inc. and other Group companies subject to the Ajinomoto Group Environment Management as defined in the company's Environmental Regulations as of March 31, 2022.</p> <p>Performance statistics are for the 142, which substantially represent the environmental performance of the entire Ajinomoto Group under the consolidated financial accounting system.</p>
Methodology for calculation	CO ₂ emissions are calculated according to the GHG protocols and from the latest IEA CO ₂ emission factors.

2.2 Calibration of Sustainability Performance Targets (SPTs)

The Framework uses the following sustainability performance targets (SPTs), which has been set as the targets of the initiatives for achieving our materiality to lower our environmental impact by the Ajinomoto Group.

SPT 1: Reduce absolute scope 1 and 2 GHG emissions by 50% by FY2030 from a FY2018 baseline

Targets and KPI historical data	<p>For fiscal 2030, we have set a target of 50% reduction in CO₂ equivalent Scope 1 and Scope 2 GHG emissions versus fiscal 2018 level of 1,961,516 ton emission.</p> <p>We acquired SBTi approval for this target for its 1.5 degree scenario in April 2020.</p> <p>This target is underpinned by relevant intermediate targets.</p> <p><SBTi Standards></p>																																																																																														
	<table border="1"> <thead> <tr> <th colspan="2"></th> <th colspan="4">Historical performance</th> <th colspan="7">Targets</th> </tr> <tr> <th colspan="2"></th> <th>FY 2018 Base year</th> <th>FY 2019</th> <th>FY 2020</th> <th>FY 2021</th> <th>FY 2023</th> <th>FY 2024</th> <th>FY 2025</th> <th>FY 2026</th> <th>FY 2027</th> <th>FY 2028</th> <th>FY 2029</th> <th>FY 2030</th> </tr> </thead> <tbody> <tr> <td>Scope 1 CO₂ emission (Absolute)</td> <td>t-CO₂e</td> <td>-</td> <td>-</td> <td>-</td> <td>1,005,363</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Scope 2 CO₂ emission (Absolute)</td> <td>t-CO₂e</td> <td>-</td> <td>-</td> <td>-</td> <td>606,594</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Scope 1&2 CO₂ emission (Absolute)</td> <td>t-CO₂e</td> <td>1,961,516</td> <td>1,779,380</td> <td>1,752,812</td> <td>1,611,957</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Reduction rate vs. base year</td> <td></td> <td>-</td> <td>▲9%</td> <td>▲11%</td> <td>▲18%</td> <td>▲25%</td> <td>▲29%</td> <td>▲32%</td> <td>▲36%</td> <td>▲39%</td> <td>▲43%</td> <td>▲46%</td> <td>▲50%</td> </tr> </tbody> </table>															Historical performance				Targets									FY 2018 Base year	FY 2019	FY 2020	FY 2021	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Scope 1 CO ₂ emission (Absolute)	t-CO ₂ e	-	-	-	1,005,363									Scope 2 CO ₂ emission (Absolute)	t-CO ₂ e	-	-	-	606,594									Scope 1&2 CO ₂ emission (Absolute)	t-CO ₂ e	1,961,516	1,779,380	1,752,812	1,611,957									Reduction rate vs. base year		-	▲9%	▲11%	▲18%	▲25%	▲29%	▲32%	▲36%	▲39%	▲43%	▲46%
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Means for achieving the target	<p>As measures to meet this goal, we are promoting energy-saving activities, a switch to fuels with low GHG emissions, the use of renewable such as biomass and solar power, and the introduction of lower energy-consumption processes. Specifically, at the Kyushu Plant, we have switched fuels from heavy oil to natural gas, and at the Kamphaeng Phet Plant in Thailand, we have introduced cogeneration facilities. In particular, with regard to Scope 2, we made significant progress in GHG emission reduction by concluding direct contracts with renewable energy power plants in Brazil, procuring renewable energy certificates in Thailand, and concluding contracts with power companies with low CO₂ emission factors in Japan.</p>																																																																																														
	<p>Contribution to SDG</p> 																																																																																														




SPT 2: Reduce scope 3 GHG emissions intensity by 24% by FY2030 from a FY2018 baseline

Targets and KPI historical data	<p>For fiscal 2030, we have set a target of 24% reduction in CO₂ equivalent Scope 3 GHG emissions per volume unit versus fiscal 2018 level of 4.01.</p> <p>We acquired SBTi approval for this target in April 2020.</p> <p>This target is underpinned by relevant intermediate targets*.</p> <p><SBTi Standards></p>																																																																																														
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Means for achieving the target	<p>As raw materials are causing approximately 60% of total GHG emissions over the whole product life cycle, therefore we are encouraging raw materials suppliers to reduce their GHG emissions, and are considering the introduction of new technologies such as on-site ammonia production.</p>																																																																																														
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Our initiatives for reduction of GHG emissions in the value chain are followings:

- **Internal carbon-pricing**
We are bolstering our decarbonization measures through the utilization of internal carbon-pricing systems so that we can avoid or mitigate the financial risks from carbon taxes and emissions trading, and we are promoting measures such as alternative fuels and use of renewable energy.
- **Bio-cycles contribute to reduction in GHG emissions**
The Ajinomoto Group produces amino acids through fermentation processes from crops that are easily available in each region. We use as fertilizer and feed nearly 100% of the nutritionally rich by-products (co-products) that remain after extracting amino acids in the fermentation process. We call this type of circular amino acid fermentation processing a bio-cycle, and by introducing this in fermentation facilities around the world, we are working to reduce GHG emissions associated with production of ordinary chemicals fertilizer and support sustainable agriculture.
- **On-site ammonia production**
Currently, ammonia is generally produced by using natural gas as its raw material and on transport, there is significant environmental impact in terms of CO₂ emissions, etc. The Ajinomoto Group procured ammonia externally as a raw material in the fermentation processes for amino acids. We are working toward practical implementation of on-site production to produce the necessary amount of ammonia where it is needed. The small-scale plants can be located in the area of consumption, which will reduce costs and the environmental impact of transportation.
- **Shifting to renewable energy**
In August 2020, the Ajinomoto Group announced its participation in RE100, an international environmental initiative comprising companies aiming to achieve 100% renewable energy for electricity. Member companies are asked to publicly announce their goals to use 100% renewable energy sources such as solar power, wind power, hydroelectric power, biomass, and geothermal power in their business activities by the year 2050. We made progress in shifting to renewable energy to achieve this goal.
- **Management of fluorocarbons**
The Ajinomoto Group aims to eliminate all Hydrofluorocarbons (HFCs) by fiscal 2030 at factories with equipment that use fluorocarbons. Our intent is to switch to natural refrigerants or refrigerants with low Global Warming Potential (GWP) of less than 150 when installing new or upgrading existing equipment. We are continuing efforts at our plants to fully eliminate CFC substitutes by fiscal 2030, and will work to decrease use of fluorocarbons across the entire Ajinomoto Group.
- **Initiatives in logistics**
The Ajinomoto Group is working to establish a sustainable logistics system. We aim to provide efficient logistics by initiatives such as joint logistics with other food manufactures. And we has pursued a modal shift by using railway and ships for transport in an effort to enhance transport capacity and make logistics more environmentally friendly. These initiatives has made good progress by legally obligated efforts in reducing per-unit energy use within their cargo logistics and legally obligated reporting to the Japanese government.
As Ajinomoto Co., Inc., Ajinomoto Frozen Food Co., Inc., and Ajinomoto AGF, Inc. are considered specified consignors under the Energy Conservation Act, each company is legally obligated to make efforts in reducing per-unit energy use (crude oil equivalent) within their cargo logistics by at least 1% per year on average over five years, reporting results to the Japanese government.
- **Contribution to CO₂ reductions thorough new magnetic materials**
The Ajinomoto Group has developed new magnetic materials that enable power savings in ever-faster semiconductors. The innovative semiconductor package substrate attained through use of this magnetic material will contribute greatly to reduce electricity consumption and associate CO₂ emissions.
- **Reducing nitrogen emissions of livestock by amino acids for animal nutrition**
Feeds with poor amino acid balance result in an oversupply of unnecessary amino acids, which is not utilized within the animals and excreted in large quantities as nitrogen compounds. In the process of manure management, nitrogen compounds turn into nitrous oxide (N₂O), which has environment impact of approximately 300 times the greenhouse gas effect of CO₂. When the amino acid balance

Contribution to SDG	  	<p>in feed is adjusted using amino acids for animal nutrition, the amount of nitrogen compounds in the manure can be reduced by 20% to 30%. This can also reduce life-cycle CO₂ (LC-CO₂).</p>
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2.3 Financial Characteristics

The proceeds of Sustainability-Linked Financial Products issued under this Framework will be used for general corporate purpose.

Depending on the KPI performance versus the applicable SPT as per the Target Observation Date the characteristics of Sustainability-Linked Financing will change. We will show their details in statutory disclosure documents or contract documents formulated at each time of financing. Such details include an interest rate increase (step-up)/decrease (step-down), the execution of donations to those public-interest incorporated associations/foundations, international organizations, and municipality-accredited nonprofit organizations which aim to engage in environmental conservation activities, and local governments, or similar organizations or purchase of emission credits.

(1) Interest rate step-up/step-down

In case of missing/meeting an SPT, the interest rate applied for the relevant SPT at the time of financing goes up/down at an annual rate between the time of interest payment after the target observation date and redemption or repayment/next target observation date.

If, for any reason, the KPI performance level against the SPT cannot be observed because of failure in calculation and reporting in satisfactory manner by the target observation date, the defined step-up coupon rate or non step-down rate will be applicable. “The KPI performance level against the SPT cannot be observed” is to be understood such as a failure of acquiring verification assurance certificate on annual KPI performance provided by the independent auditor, and failure by the company to publish the relevant SPT within the time limit as prescribed by the terms and conditions of the notes.

Step-up/step-down rates and target observation date will be specified in the in statutory disclosure documents or contract documents formulated at each time of financing.

(2) Donations

If the KPI does not achieve the respective SPT, the Ajinomoto Group will donate an amount equivalent to a percentage of the value of procurement set at the time of financing to those public-interest incorporated associations/foundations, international organizations, and municipality-accredited nonprofit organizations which aim to engage in environmental conservation activities and contributing the solutions to the crucial social issues, local governments, or other similar entities. The recipients of the donation, including the Ajinomoto Foundation which conducts programs related to “nutritional improvement through food”, will be mainly narrowed down based on the Ajinomoto Group’s social contribution activity policy and will be decided after institutional authorization required.

If, for any reason, the KPI performance level against the SPT cannot be observed because of failure in calculation and reporting in satisfactory manner by the target observation date, the defined amount will be donated. “The KPI performance level against the SPT cannot be observed” is to be understood such as a failure of acquiring verification assurance certificate on annual KPI performance provided by the independent auditor, and failure by the company to publish the relevant SPT within the time limit as prescribed by the terms and conditions of the notes.

Amount of donation and target observation date will be specified in the in statutory disclosure documents or contract documents formulated at each time of financing.

(3) Purchase of emission credits

If the KPI does not achieve the respective SPT, the Ajinomoto Group will purchase the amount of emission credits (credits/certificates of CO₂ reduction value) equivalent to a percentage of the value of procurement set at the time of financing.

If, for any reason, the KPI performance level against the SPT cannot be observed because of failure in calculation and reporting in satisfactory manner by the target observation date, the defined amount of emission credits will be purchased. “The KPI performance level against the SPT cannot be observed” is to be understood such as a failure of acquiring verification assurance certificate on annual KPI performance provided by the independent auditor, and failure by the company to publish the relevant SPT within the time limit as prescribed by the terms and conditions of the notes.

Amount of emission credit purchase and target observation date will be specified in the in statutory disclosure documents or contract documents formulated at each time of financing.

2.4 Reporting

The Ajinomoto Group will disclose the progress on the KPI and SPT annually on our website between the next year of financing and the relevant target observation date.

Annual reporting will include:

- KPI data as of each fiscal year-end (March 31)
- Actual KPI figures from the base year (fiscal 2018)
- Provision of information that may impact SPT achievement (e.g., formation 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

2.5 External Verification

A second party opinion has been provided by Sustainalytics to ensure that this Framework is respecting every principle of the Sustainability-Linked Bond Principles 2020 (“SLBP 2020”) as administered by the ICMA and the Sustainability-Linked Loan Principles 2023 (“SLLP 2023”) as administered by the Loan Market Association (LMA)/the Asia Pacific Loan Market Association (APLMA)/the Loan Syndications & Trading Association (LSTA). The second party opinion document will be made available on our website before implementing sustainability-linked finance based in this Framework. When the KPI and SPT are updated, the new second party opinion will be acquired.

The KPI performance level against the SPT will be assessed and attested by an External Verifier and a verification assurance report will be provided. Verification assurance report will be published on our website by a target observation date.

(Revision history)

Date	Remarks																																																																																													
May, 2023	Initial																																																																																													
July, 2023	<p data-bbox="321 312 1385 380">Revision of Scope3 emissions per volume unit and reduction rate vs. base year following revision of production volume for FY2018 to FY2020, and revised reduction rate target for SPT2.</p> <p data-bbox="321 411 516 445"><Before revision></p> <table border="1" data-bbox="321 443 1458 642"> <thead> <tr> <th colspan="2" data-bbox="321 443 639 470"></th> <th colspan="4" data-bbox="639 443 915 470">Historical performance</th> <th colspan="8" data-bbox="915 443 1458 470">Targets</th> </tr> <tr> <th colspan="2" data-bbox="321 470 639 497">FY 2018 Base year</th> <th data-bbox="639 470 711 497">FY 2019</th> <th data-bbox="711 470 782 497">FY 2020</th> <th data-bbox="782 470 915 497">FY 2021</th> <th data-bbox="915 470 987 497">FY 2023</th> <th data-bbox="987 470 1058 497">FY 2024</th> <th data-bbox="1058 470 1130 497">FY 2025</th> <th data-bbox="1130 470 1201 497">FY 2026</th> <th data-bbox="1201 470 1273 497">FY 2027</th> <th data-bbox="1273 470 1344 497">FY 2028</th> <th data-bbox="1344 470 1416 497">FY 2029</th> <th data-bbox="1416 470 1464 497">FY 2030</th> </tr> </thead> <tbody> <tr> <td data-bbox="321 497 537 541">Scope 3 CO2 emissions (Absolute, excluding Category 11)</td> <td data-bbox="537 497 639 541">t-CO2e</td> <td data-bbox="639 497 711 541">9,876,834</td> <td data-bbox="711 497 782 541">9,858,584</td> <td data-bbox="782 497 915 541">9,951,981</td> <td data-bbox="915 497 987 541">9,550,897</td> <td data-bbox="987 497 1058 541"></td> <td data-bbox="1058 497 1130 541"></td> <td data-bbox="1130 497 1201 541"></td> <td data-bbox="1201 497 1273 541"></td> <td data-bbox="1273 497 1344 541"></td> <td data-bbox="1344 497 1416 541"></td> <td data-bbox="1416 497 1464 541"></td> </tr> <tr> <td data-bbox="321 541 537 569">Production volume</td> <td data-bbox="537 541 639 569">ton</td> <td data-bbox="639 541 711 569">2,627,000</td> <td data-bbox="711 541 782 569">2,512,000</td> <td data-bbox="782 541 915 569">2,423,000</td> <td data-bbox="915 541 987 569">2,360,000</td> <td data-bbox="987 541 1058 569"></td> <td data-bbox="1058 541 1130 569"></td> <td data-bbox="1130 541 1201 569"></td> <td data-bbox="1201 541 1273 569"></td> <td data-bbox="1273 541 1344 569"></td> <td data-bbox="1344 541 1416 569"></td> <td data-bbox="1416 541 1464 569"></td> </tr> <tr> <td data-bbox="321 569 537 613">Scope 3 emissions per volume unit</td> <td data-bbox="537 569 639 613">intensity per ton of production</td> <td data-bbox="639 569 711 613">3.76</td> <td data-bbox="711 569 782 613">3.92</td> <td data-bbox="782 569 915 613">4.11</td> <td data-bbox="915 569 987 613">4.05</td> <td data-bbox="987 569 1058 613">3.79</td> <td data-bbox="1058 569 1130 613">3.66</td> <td data-bbox="1130 569 1201 613">3.53</td> <td data-bbox="1201 569 1273 613">3.39</td> <td data-bbox="1273 569 1344 613">3.26</td> <td data-bbox="1344 569 1416 613">3.12</td> <td data-bbox="1416 569 1464 613">2.99</td> <td data-bbox="1464 569 1520 613">2.86</td> </tr> <tr> <td data-bbox="321 613 537 640">Reduction rate vs. base year</td> <td data-bbox="537 613 639 640"></td> <td data-bbox="639 613 711 640">-</td> <td data-bbox="711 613 782 640">+4.4%</td> <td data-bbox="782 613 915 640">+9.2%</td> <td data-bbox="915 613 987 640">+8%</td> <td data-bbox="987 613 1058 640">+1%</td> <td data-bbox="1058 613 1130 640">▲3%</td> <td data-bbox="1130 613 1201 640">▲6%</td> <td data-bbox="1201 613 1273 640">▲10%</td> <td data-bbox="1273 613 1344 640">▲13%</td> <td data-bbox="1344 613 1416 640">▲17%</td> <td data-bbox="1416 613 1464 640">▲20%</td> <td data-bbox="1464 613 1520 640">▲24%</td> </tr> </tbody> </table>															Historical performance				Targets								FY 2018 Base year		FY 2019	FY 2020	FY 2021	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Scope 3 CO2 emissions (Absolute, excluding Category 11)	t-CO2e	9,876,834	9,858,584	9,951,981	9,550,897								Production volume	ton	2,627,000	2,512,000	2,423,000	2,360,000								Scope 3 emissions per volume unit	intensity per ton of production	3.76	3.92	4.11	4.05	3.79	3.66	3.53	3.39	3.26	3.12	2.99	2.86	Reduction rate vs. base year		-	+4.4%	+9.2%	+8%	+1%	▲3%	▲6%	▲10%	▲13%	▲17%	▲20%	▲24%
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