



Kirin Holdings Company, Limited. Transition-Linked Loan ANNEX - Second Party Opinion



ANNEX - SECOND PARTY OPINION

KIRIN HOLDINGS COMPANY, LIMITED. TRANSITION-LINKED LOAN

Prepared by: DNV Business Assurance Japan K.K.

Location: Kobe, Japan

Date: 26 December 2022

Ref. Nr.: PRJN-476579-2022-ANX-JPN-01

This opinion is prepared based on the Kirin Sustainable Finance Framework Second Party Opinion (hereinafter, "Master SPO") (Ref. Nr.: PRJN-476579-2022-AST-JPN-01 *26 December 2022), which was assessed against to the Kirin Sustainable Finance Framework (hereinafter, "Framework").

*For more information on the ANNEX - Second Party Opinion, see following DNV website
<https://www.dnv.jp/news/page-227965> Release of a new evaluation service (Master SPO + ANNEX)

Executive Summary

DNV Business Assurance Japan K.K. (hereinafter, "DNV") has confirmed that the Kirin Holdings Transition-Linked Loan to be executed by Kirin Holdings Company, Limited (hereinafter, "Kirin Holdings"), meets the various principles and guidelines requirements for the execution of such loan based on the said Framework^{*1} which has already been assessed its eligibility^{*2} and that is planned to be executed and managed through appropriate internal processes.

*1: Kirin Sustainable Finance Framework

*2: Kirin Holdings Sustainable Finance Framework Second Party Opinion

Table-1 provides an overview of the Kirin Holdings Transition-Linked Loan and ANNEX - Second Party Opinion. The additional items to be assessed in the ANNEX - Second Party Opinion are Element-1 (Selection of KPIs), Element-2 (Calibration of SPTs), and Element-3 (Loan Characteristics) for General Corporate Purpose loan (response to the five elements). The conformance to the criteria for the rest of other elements has already been assessed its eligibility in accordance with Framework.

Table-1 Kirin Holdings Transition-Linked Loan ANNEX - Second Party Opinion

Target finance	Kirin Holdings Transition-Linked Loan	
Target organization	Kirin Holdings Company, Limited.	
Target framework	Kirin Sustainable Finance Framework	
Target external review	Kirin Sustainable Finance Framework Second Party Opinion Ref. Nr.: PRJN-476579-2022-AST-JPN-01 Issued on 26 December 2022	
Target criteria	Criteria for Climate Transition Finance	
	<ul style="list-style-type: none"> - Climate Transition Finance Handbook (ICMA, 2020) - Basic Guidelines on Climate Transition Finance (FSA, METI, and MOE, 2021) 	
Climate Transition Finance (response to the four disclosure elements)	Criteria for General Corporate Purposes	
	<ul style="list-style-type: none"> - Sustainability-Linked Loan Principles (SLLP; LMA, LSTA, APLMA, 2022) - Sustainability-Linked Loan Guidelines (SLLGLs; MOE, 2022) 	
Climate Transition Finance (response to the four disclosure elements)	Disclosure element-1 (Transition strategy and governance)	- Confirmed reliance on Framework
	Disclosure element-2 (Environmental materiality)	- Confirmed reliance on Framework
	Disclosure element-3 (Science-based strategy)	- Confirmed reliance on Framework
	Disclosure element-4 (Implementation transparency)	- Confirmed reliance on Framework
General Corporate Purpose Loans	Element-1 (Selection of KPIs)	<ul style="list-style-type: none"> - Relying on the framework, the following were selected as KPI • GHG emission reduction rates in Scope1 and Scope2 (Base year: FY2019)

(Response to the five elements)

Element-2 (Calibration of SPTs)	<ul style="list-style-type: none"> - Relying on the Framework, the following are set out as axes for SPTs* <ul style="list-style-type: none"> • SPT: - 50% reduction in GHG emissions in FY2030 (Base year: FY2019) - Net zero GHG emissions in FY2050 *Other multiple SPTs were set during the loan period (see section V for details.)
Element-3 (Loan Characteristics)	<ul style="list-style-type: none"> - Interest rate changes depends on SPT achievement
Element-4 (Reporting)	<ul style="list-style-type: none"> - Confirmed reliance on Framework
Element-5 (Verification)	<ul style="list-style-type: none"> - Confirmed reliance on Framework

DNV, as an external reviewer, provided an additional eligibility assessment on the KPIs, SPTs, and loan characteristics for the Kirin Holdings Transition-Linked Loan, based on an assessment of the Framework and other relevant documents and information provided by Kirin Holdings. In addition, DNV confirmed that there were no changes to the other items (in accordance with the Framework).

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Revision History

Date of Issue	Remarks
December 26, 2022 This report	Prepared and issued as Kirin Holdings Transition-Linked Loan ANNEX - Second Party Opinion

Disclaimer

Our assessment relies on the premise that the data and information provided by Fundraiser to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per Scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct¹ during the assessment and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assessment process.

¹ DNV Code of Conduct is available from DNV website (www.dnv.com)

I. Scope and Objectives

DNV has been commissioned by Kirin Holdings to provide a pre-funding assessment on the Transition-Linked Loan. Our objective has been to implement an assessment to confirm that Kirin Holdings meets the criteria established on CTFH/CTFBG criteria described below and SLLP/SLLGLs criteria for General Corporate Purpose loans and to provide an - Second Party Opinion regarding the eligibility of the Transition-Linked Loan to be implemented.

DNV, as an independent external reviewer, has identified no real or perceived conflict of interest associated with the delivery of this ANNEX - Second Party Opinion for Kirin Holdings.

In this report, no assurance is provided regarding the financial performance, the value of any investments, or the long-term environmental benefits of the transaction in the Transition-Linked Loan and other finance implemented in the future based on the Framework.

(1) Scope of review *

The review assessed the following elements and confirmed their alignment with the gist of SLLP/SLLGLs:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Selection of KPIs | <input checked="" type="checkbox"/> Calibration of SPTs |
| <input checked="" type="checkbox"/> Loan Characteristics | <input type="checkbox"/> Reporting |
| <input type="checkbox"/> Verification | |

* The scope of review is to be applied as a part of the evaluation of the transition finance with General Corporate Purpose instruments.

* DNV has already reviewed the framework for the four disclosure elements of CTFH/CTFBG, "Reporting", and "Verification" in loans with general corporate purposes and has exposed our opinion below. DNV also confirmed through our assessment with Kirin Holdings that there were no changes in the Transition Finance to be implemented this time (or compliance to the Framework).

"Kirin Holdings Sustainable Finance Framework Second Party Opinion"

Ref. Nr.: PRJN-476579-2022-AST-JPN-01 Issued on 26 December 2022

(2) Role(s) of review provider

- | | |
|---|--|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

(3) Standards/guidelines to be applied

No.	Standards/guidelines	Scheme owner
1.	Climate Transition Finance Handbook (CTFH) ^{*1}	International Capital Market Association (ICMA), 2020
2.	Basic Guidelines on Climate Transition Finance (CTFBG) ^{*1}	Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment, 2021
3.	Sustainability-Linked Loan Principles (SLLP) ^{*2*3}	LMA, LSTA, APLMA, 2022
4.	Sustainability-Linked Loan Guidelines (SLLGLs) ^{*2*3}	Ministry of the Environment, 2022 *Refer

*1 Climate transition: The concept of climate transition focuses principally on the credibility of a fundraiser's climate change-related commitments and practices (quoted from CTFH/CTFBG).

*2 It confirms compliance with the five core elements (selection of KPIs, calibration of SPTs, loan characteristics, reporting, and verification) that must be met when implementing as a loan with general corporate purpose that meets the four elements of transition (quoted from CTFBG).

*3 Sustainability-Linked Loan: Sustainability-linked loans are any types of loan instruments and/or contingent facilities (such as bonding lines, guarantee lines or letters of credit) which incentivise the borrower's achievement of ambitious, predetermined sustainability performance objectives.

II. Responsibilities of Kirin Holdings and DNV

Kirin Holdings has provided the information and data used by DNV during the delivery of this review. DNV's ANNEX - Second Party Opinion represents an independent opinion and is intended to inform Kirin Holdings and other interested stakeholders in the Kirin Holdings Transition-Linked Loan as to whether the established criteria have been met, based on the information provided to us. In our work, we have relied on the information and the facts presented to us by Kirin Holdings. DNV is not responsible for any aspect of the nominated activities referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect based on the information and facts provided by Kirin Holdings. Thus, DNV shall not be held liable if any of the information or data provided by the management of Kirin Holdings and used as a basis for this assessment were not correct or complete.

III. Basis of DNV's Opinion

To provide a more flexible ANNEX - Second Party Opinion for the fundraiser, Kirin Holdings, DNV identified the key assessment targets and carried out assessments in accordance with its procedures.

DNV, as an independent external reviewer, provides ANNEX - Second Party Opinion according to the protocol.

Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the Climate Transition Finance with general corporate purpose as the basis for the opinion are as follows:

"Provide an investment opportunity necessary for climate transition finance to be executed with transparency and credibility"

"Through KPIs and SPTs, encourage the achievement of the fundraiser's ESG (regarding climate transition) that are material (for climate transition), quantifiable, predetermined, ambitious, regularly monitored, and externally verifiable"

As per our Protocol, the criteria against which the Kirin Holdings Transition-Linked Loan has been grouped into common elements below.

The additional assessment for this ANNEX - Second Party Opinion covers Element 1, Element 2, and Element 3 out of the five common elements of (2) SLLP/SLLGLs.

The eligibility assessment for particular parts of (1) and (2) has already been completed. Details of the results of the eligibility assessment for (1) and (2) can be found in the "Kirin Holdings Sustainable Finance Framework Second Party Opinion" (Ref. Nr.: PRJN-476579-2022-AST-JPN-01, issued on 26 December 2022).

(1) Four elements of CTFH/CTFBG (disclosure elements)

Principle One: Fundraiser's climate transition strategy and governance

The financing purpose should be for enabling a fundraiser's climate change strategy.

Principle Two: Business model environmental materiality

The planned climate transition trajectory should be relevant to the environmentally-material parts of the fundraiser's business model.

Principle Three: Transition is science-based including targets and pathway

Fundraiser's climate strategy should reference science-based targets and transition pathways.

Principle Four: Implementation transparency

Market communication in connection with the offer of a financing instrument which has the aim of funding the fundraiser's climate transition strategy should also provide transparency of the underlying investment program.

(2) Five elements of SLLP/SLLGLs

Principle One: Selection of Key Performance Indicator (KPIs) **Subject to additional assessment of ANNEX - Second Party Opinion*

Sustainability-Linked Finance or Transition-Linked Finance fundraisers need to clearly communicate to lenders and investors the overarching sustainability objectives set out in their sustainability or transition strategy and how these objectives align with the proposed SPTs KPIs are credible and core to the fundraisers important to sustainability and business strategy and should address relevant ESG issues in the industry sector and be under the control of the organisation.

Principle Two: Calibration of Sustainability Performance Targets (SPTs) **Subject to additional assessment of ANNEX - Second Party Opinion*

SPTs should be ambitious, meaningful and realistic; SPTs should be set in good faith and based on sustainability improvements related to the benchmarking of pre-set performance targets.

Principle Three: Finance Characteristics **Subject to additional assessment of ANNEX - Second Party Opinion*

The finance should include financial and/or structural characteristics of selected KPIs depending on whether the selected KPIs reach (or not) the predefined SPTs. The finance documentation is required to include the definitions of the KPIs and SPTs and the potential variation of the SLB's and SLL's financial and/or structural characteristics.; Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner should be explained.

Principle Four: Reporting

Fundraisers should publish and keep readily available and easily accessible up to date information on the performance of the selected KPIs, as well as a verification assurance report (see Principle 5) outlining the performance against the SPTs and the related impact and timing of such impact on the loan's financial and/or structural characteristics. Such information should be disclosed to lenders at least once per annum during their participation in financing.

Principle Five: Verification

The Fundraiser should have its performance against its SPTs independently verified by a qualified external reviewer with relevant expertise, at least once per annum. The verification of the performance against the SPTs should be made publicly available.

IV. Work Undertaken

Our work constituted a comprehensive review of the available information, based on the understanding that this information was provided to us by the fundraiser in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us during the assessment before fundraising.

DNV's work undertaken and will be undertaken to form our opinion includes;

i. Pre-funding assessment (ANNEX - second party opinion)

- Assessment of additional documentary evidence provided by Kirin Holdings in respect of Kirin Holdings Transition-Linked Finance supplemented by a comprehensive desktop study. These checks refer to the latest best practice and standard methodologies.
- Discussions with Kirin Holdings, and review of relevant documentation.
- Documentation of findings against each element of the criteria for additional assessment.

ii. Post-funding assessment (periodic review) (not included in this report*)**

- Interviews with fundraiser's managers and review of relevant documentation.
- On-site visits and inspections (if required).
- Documentation of post-funding assessment results.

V. Findings and DNV's Opinion

DNV's findings and opinion are as described below.

For more information, see Schedule-1 for details.

SLLP/SLGLs-1 Selection of Key Performance Indicators (KPIs)

Among the KPIs that were evaluated as eligible in the framework assessment, Kirin Holdings selected the following as KPI for this Transition-Linked Loan.

KPI-2: GHG emission reduction rates in the sum of Scope 1 and Scope 2

- The selected KPI is set as an item closely related to Kirin Holdings' materiality.
- It is a core KPI towards Kirin Holdings' 2050 net zero target, and is quantifiable and continuously measurable in accordance with the GHG Protocol.

SLLP/SLGLs-2 Calibration of Sustainability Performance Targets (SPTs)

In regard to the selected KPI, Kirin Holdings has set the following as SPTs for the Transition-Linked Loan. The set SPTs are ambitious targets that are consistent with the SBT for 1.5°C standard based on the Paris Agreement's "Net Zero in 2050".

- SPT-2: – 50% reduction in GHG emissions in FY2030 (Base year: FY2019)
– Net zero GHG emissions in FY2050

*Multiple SPTs have been set over the loan period based on the above SPTs and the interest subsidy scheme of the Ministry of Economy, Trade and Industry.

- SPTs: DNV confirmed that Kirin Holdings aims to reduce its GHG emissions (Scope 1 and 2) by at least 50% in FY2030 compared to FY2019 in order to achieve carbon net zero by 2050 and that Kirin Holdings has explained to its borrowers in accordance with the interest subsidy scheme of the Ministry of Economy, Trade and Industry. The set SPTs are meaningful in Kirin Holdings' sustainability (transition) and business strategies in line with the SBT for 1.5°C standard, are closely linked with them, and demonstrates significant improvements according to pre-set timelines.
- The SPTs refer to target figures in the SBT for 1.5°C standard and are linked to the Kirin Holdings' Transition Strategy.
- DNV confirmed that Kirin Holdings' plans are feasible against the achievement of the SPTs through its review.

SLLP/SLLGLs-3 Loan Characteristics

For the Transition-Linked Loan executed under the Framework, DNV has confirmed that the trigger events and their scope of impact, with planned initiatives and performance requirements for specific SPTs, are linked to the achievement of targets and the interest rate terms of the loan (using the Ministry of Economy, Trade and Industry's interest subsidy scheme).

- DNV confirmed that the terms and conditions of the loan interest rate are subject to changes in financial and structural characteristics depending on the achievement of the SPTs and that details including the terms and conditions will be properly set after discussions at internal meetings, etc. and clarified in the loan agreement documents, etc. DNV also confirmed that Kirin Holdings will use the interest subsidy scheme of the Ministry of Economy, Trade and Industry and plans to reduce the interest rate by up to 0.2% range if Kirin Holdings achieves the targets set in advance as milestones during the planned period.

Other important items to report regarding loan characteristics are as follows:

- DNV confirmed that Kirin Holdings considered the appropriate fallback mechanisms, and, as a result, decided not to set up another SPTs or calculation method at this time since the risks of not being able to calculate or observe were very small.
- Kirin Holdings explained that, changes may be made to the KPIs and SPTs based on discussions through internal meetings when there are reasonable grounds, such as changes in the business environment, changes in business structure, and changes in KPIs, regardless of whether such events are due to external factors or as a result of Kirin Holdings' management decision.
- DNV confirmed that Kirin Holdings intends to disclose any changes to KPIs and SPTs in loan agreement documents, etc.

Financial impact:

- ☒ Variation of the coupon
- ☒ Other (*please specify*): financial incentive, such as donation, etc.

Structural characteristic:

- ☒ Other (*please specify*): Multiple SPTs have been set based on the interest subsidy scheme of the Ministry of Economy, Trade and Industry.

VI. Assessment Conclusion

On the basis of the information provided by Kirin Holdings and the work undertaken, it is DNV's opinion that the Kirin Holdings Transition-Linked Loan meets the criteria established in the Protocol, and that it is aligned with the following stated definition or purpose of the Transition-Linked Loan, within the CTFH/CTFBG and SLLP/SLLGLs.

"Provide an investment opportunity necessary for climate transition finance to be executed with transparency and credibility"

"Through KPIs and SPTs, encourage the achievement of the fundraiser's ESG (regarding climate transition) that are material (for climate transition), quantifiable, predetermined, ambitious, regularly monitored, and externally verifiable"

DNV Business Assurance Japan K.K.

26 December 2022

A handwritten signature in black ink, appearing to read "Mark Robinson".

Mark Robinson

Manager, Sustainability Services
DNV Business Assurance, Australia

A handwritten signature in black ink, appearing to read "Naoki Maeda".

Naoki Maeda

Managing Director
DNV Business Assurance Japan K.K.

A handwritten signature in black ink, appearing to read "Masato Kanedome".

Masato Kanedome

Project Leader
DNV Business Assurance Japan K.K.

A handwritten signature in black ink, appearing to read "Yasuaki Miyamoto".

Yasuaki Miyamoto

Team Leader
DNV Business Assurance Japan K.K.



About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

Disclaimer

Responsibilities of the Management of the Fundraiser and the Second-Party Opinion Providers, DNV: The management of Fundraiser has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform the Fundraiser management and other interested stakeholders in the Bond as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by the Fundraiser. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by the Fundraiser's management and used as a basis for this assessment were not correct or complete.

Schedule-1 Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs)

KPIs Key Performance Indicators

KPIs	Overview
KPI-2: GHG emission reduction rates in Scope 1 and Scope 2	<p>Kirin Holdings has selected GHG emission reduction rates in Scope 1^{*1} and Scope 2^{*2} as a KPI. The selected KPI is a key indicator for the 2050 Net Zero target toward "Overcoming climate change", a challenge set out in the "Kirin Group Environmental Vision 2050", and is an indicator of GHG emission reduction consistent with the SBT for 1.5°C standard. The calculation method of GHG emissions is based on the internationally-recognized GHG protocol. The data required to assess the KPIs are managed and evaluated by Kirin Holdings' internal processes.</p> <p>^{*1} Scope 1: Direct GHG emissions by business operators themselves (fuel combustion, industrial processes)</p> <p>^{*2} Scope 2: Indirect emissions from the use of electricity, heat, and steam supplied by other companies</p>

SPTs Sustainability Performance Targets

SPTs	Overview
SPT-2: GHG emission reduction rates in Scope 1 and Scope 2 consistent with the following targets (Base year: FY2019) <ul style="list-style-type: none"> • 50% reduction in GHG emissions in FY2030 • Net zero GHG emissions in FY2050 	<p>SPTs: The SPTs set by Kirin Holdings are ambitious targets that are in line with the SBT for 1.5°C accreditation by SBTi, which Kirin Holdings has obtained, and are consistent with the Paris Agreement's 2050 Net Zero target.</p> <p>These are ambitious targets beyond Business As Usual, quantified based on recent performance levels as required by Link Finance.</p> <p>The SPTs as trigger events are set by linear interpolation, etc. between actual results in the base year FY2019 and targets up to FY2030. From 2031 onwards, the targets for FY2030 and FY2050 are set by linear interpolation, etc. In addition, multiple planned SPTs are set during the loan period in accordance with the interest subsidy scheme of the Ministry of Economy, Trade and Industry.</p>



SECOND PARTY OPINION

KIRIN HOLDINGS COMPANY, LIMITED. KIRIN SUSTAINABLE FINANCE FRAMEWORK

Prepared by: DNV Business Assurance Japan K.K.

Location: Kobe, Japan

Date: 26 December 2022

Ref. Nr.: PRJN-476579-2022-AST-JPN-01

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Revision History

Revision No.	Date of Issue	Remarks
0	26 December 2022	Initial

Disclaimer

Our assessment relies on the premise that the data and information provided by Fundraiser to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

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¹ DNV Code of Conduct is available from DNV website (www.DNV.com)

Executive Summary

Kirin Holdings Company, Limited (hereinafter, Kirin Holdings) is a holding company of the Kirin Group consisting of Kirin Brewery Company, Limited, Kirin Beverage Company, Limited, Mercian Corporation, Lion Pty Ltd, Kyowa Kirin Co., Ltd. and Kyowa Hakko Bio Co., Ltd., etc. Based on fermentation and biotechnology cultivated since its foundation, Kirin expanded into the Food & Beverages domain (alcoholic & beverages business), the Pharmaceuticals domain (pharmaceutical business), as well as the Health Science domain (health science business), an intermediate domain between the two, with its operations mainly in Japan, Asia, and Oceania.

Kirin Holdings' corporate philosophy is to bring joy to society by crafting food and healthcare products inspired by the blessings of nature and the insights of our customers. Moreover, Kirin Holdings considers taking a CSV (Creating Shared Value) approach, which makes the resolution of social issues an integral part of its business operations, as one of the most productive ways for a company to achieve sustained growth and address social issues. Therefore, Kirin Holdings places CSV at the core of its business management under its long-term management vision, "Kirin Group Vision 2027 (KV2027)" to make a difference in society and achieve sustainable mutual growth.

"CSV Purpose" has been formulated for each of the four priority issues to be addressed as a guideline for the "Kirin Group Vision 2027 (KV2027)". In order to raise funds that are necessary for addressing environmental and social issues defined in "CSV Purpose" through Green/Social/Sustainability Finance, Kirin Holdings formulated "Kirin Sustainable Finance Framework (hereinafter, the Framework)" in March 2022.

Furthermore, following the acquisition in July 2022 of the net zero accreditation of the Science-Based Target (SBT) standard for 1.5°C set by the Science-Based Targets initiative (SBTi) for the medium- and long-term GHG reduction targets formulated based on the net zero declaration and roadmap for achieving the targets under the long-term strategy "Kirin Group's Environmental Vision 2050", Kirin Holdings updated the framework in order to raise funds that are necessary for its realization through Transition Finance.

DNV Business Assurance Japan K.K. (hereinafter, DNV), as an external reviewer, evaluated the eligibility of the Framework. Specifically, DNV applied the following frameworks (e.g., principles and guidelines) to provide an eligibility assessment of the Framework.

- Climate Transition Finance Handbook (ICMA/2020, hereinafter, CTFH)
- Basic Guidelines on Climate Transition Finance (Financial Services Agency, Ministry of Economy, Trade and Industry, and Ministry of the Environment/2021, hereinafter, CTFBG)
- Green Bond Principles (ICMA/2021, hereinafter, GBP)
- Green Bond Guidelines (Ministry of the Environment/2022, hereinafter, GBGLs)
- Green Loan Principles (LMA, etc./2021, hereinafter, GLP)
- Green Loan Guidelines (Ministry of the Environment/2022, hereinafter, GLGLs)
- Social Bond Principles (ICMA/2021, hereinafter, SBP)
- Social Bond Guidelines (Financial Services Agency/2021, hereinafter, SBGLs)
- Social Loan Principles (LMA, etc./2021, hereinafter, SLP)
- Sustainability Bond Guidelines (ICMA/2021, hereinafter, SBG)

- Sustainability-Linked Bond Principles (ICMA/2020, hereinafter, SLBP)
- Sustainability-Linked Bond Guidelines (Ministry of the Environment/2022, hereinafter, SLBGLs)
- Sustainability-Linked Loan Principles (LMA, etc./2021, hereinafter, SLLP)
- Sustainability-Linked Loan Guidelines (Ministry of the Environment/2022, hereinafter, SLLGLs)

The summary of the eligibility assessment for each of the common elements presented in the above framework is as follows:

<CTF eligibility assessment results>

DNV has confirmed the following from the documentation and information provided by Kirin Holdings. CTF-1 to CTF-4 below are findings and opinions of DNV against the four common elements (disclosure elements) of the CTFH and CTFBG.

DNV confirmed through the assessment that the importance for Kirin Holdings to reduce GHG emissions gradually from its diverse global operations and numerous value chains.

Kirin Holdings' Transition Finance meets CTF-1 to CTF-4, described below, and is consistent with the definitions and objectives of the relevant handbook and basic guidelines. Kirin Holdings' efforts to reduce carbon emission and decarbonize in its entire value chain through Transition Finance will not only reduce Kirin Holdings' GHG emissions but also, directly and indirectly, support reducing those of a wide range of stakeholders in Japan and abroad. Kirin Holdings' Transition Finance is a benchmark initiative that is expected to help establishing low-carbon/decarbonized society as a whole as an example of utilizing transition finance outside of high-emitting industries.

CTF-1. Fundraiser's Climate Transition Strategy and governance:

The transition strategy of Kirin Holding, the fundraiser, has been formulated as a roadmap structured based on specific initiatives required to achieve targets consistent with the Paris Agreement and the SBT for 1.5°C. The planned transition strategy shall be reviewed in line with social trends and changes in the business environment, etc. In terms of governance and disclosure related to implementation, an internal structure and an information disclosure process based on the TCFD^{*1} have been established. These are disclosed in the framework and other documents, and meet the disclosure elements of CTF-1.

^{*1}: Task Force on Climate-related Financial Disclosures

CTF-2. Business model environmental materiality:

Kirin Holdings has organized the materialities in its business model into the "Group Materiality Matrix (GMM) Revision of Management Issues for Sustainable Growth". The materiality mainly related to the Green/Transition Finance is "Overcoming climate change", and Kirin Holdings set out the challenges of bridging the gap between the current situation and the long-term target set out in the "Kirin Group's Environmental Vision 2050" to achieve net zero GHG emissions in the entire value chain by 2050. In the Kirin Holdings' Transition Strategy, the Group's management strategy and ESG (Environment, Society, and Governance) initiatives are inseparable, and specific initiatives have been presented in the long-term target set out in the "Kirin Group's Environmental Vision 2050", which aims to achieve net zero GHG emissions in the entire value chain by 2050 and its roadmap. The contribution to the SDGs, which is described later in this report has also been taken into consideration. These are disclosed in the framework and other documents, and meet the disclosure elements of CTF-2.

CTF-3. Climate Transition Strategy to be 'science-based' including targets and pathways:

Kirin Holdings' Transition Strategy is defined by science-based targets and pathways. Specifically, it is based on the targets and pathways set out in the Paris Agreement and the SBT for 1.5°C target described in CTF-1. Medium-term and long-term targets for Scope 1,

Scope 2, and Scope 3 are indexed and quantified, and the process of achieving these targets is clarified. These are disclosed in the framework and other documents or this second party opinion, and meet the disclosure elements of CTF-3.

CTF-4. Implementation transparency:

Kirin Holdings has presented an outline of its basic investment plan, including the amount of investment required to implement the Transition Strategy, and the results and impact of the implementation. Kirin Holdings has announced that it will use part of the funds raised through sustainable finance for capital investment and procurement of renewable energy power that contributes to green/transition finance, amounting to approximately JPY 10 billion in FY2022-2024, JPY 8 billion in FY2025-2027, and JPY 8 billion in FY2028-2030. These are disclosed in the framework and other documents or the second party opinion, and meet the disclosure elements of CTF-4.

<SF eligibility assessment results>

DNV has confirmed the following from the documentation and information provided by Kirin Holdings. SF-1 to SF-4 below are findings and opinions of DNV against the four elements common to GBP/GLP/SBP/SLP/SBG (*including GBGLs/GLGLs and SBGLs).

SF-1. Use of Proceeds:

DNV confirmed that the proceeds from Kirin Sustainable Finance will be allocated to six nominated Green, Green/Transition, and Social Projects that meet the representative eligible criteria in Table-I outlined in GBP/GBGLs, SBP/SBGLs, GLP/GLGLs, SLP, and SBG. See Table-I and Schedule-1 for the summary of Eligible Project.




SF-2. Process for Project Evaluation and Selection:

For the evaluation and selection of Kirin Sustainable Finance Eligible Projects, DNV confirmed that Finance Department and CSV Strategy Department of Kirin Holdings will select the projects from the eligibility criteria in Table-I, which are comprehensively based on the contribution to the achievement of "CSV Purpose", and that the Executive Officer in charge of Financial Strategy will make the final decisions.







The six nominated eligible projects which are evaluated and selected through the above process are closely related to the key issues outlined in the "Group Materiality Matrix (GMM) Revision of Management Issues for Sustainable Growth" in addition to Kirin Holdings' "CSV Purpose", and are consistent with the Kirin Group's efforts related to environmental/social sustainability.

Table-I Kirin Sustainable Finance Eligibility Criteria









[Green Projects]

Categories	Green Projects	GBP Project Categories	Alignment with the SDGs
Businesses related to pollution prevention and control Eco-efficient products and/or circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"> Procurement and capital investment of recyclable PET resin 	<ul style="list-style-type: none"> Pollution prevention and control (Environmental goal: pollution prevention and control) Eco-efficient products and/or circular economy adapted products, production technologies and processes (Environmental goal: conservation of natural resources) 	  

[Green/Transition Projects]

Categories	Green/Transition Projects	GBP Project Categories	Alignment with the SDGs
Businesses related to energy efficiency	<ul style="list-style-type: none"> Introduction of heat pump systems to production sites 	<ul style="list-style-type: none"> Energy efficiency (Environmental goal: climate change mitigation) 	  
Businesses related to renewable energy	<ul style="list-style-type: none"> Introduction of solar power generation equipment to production sites Procurement of renewables 	<ul style="list-style-type: none"> Renewable energy (Environmental goal: climate change mitigation) 	  

[Social Projects]

Categories	Social Projects	SBP Project Categories	Alignment with the SDGs
Businesses that contribute to the achievement of a society of health and longevity, mainly through infant and toddler health improvement and disease prevention	Capital investment, operation, and procurement of raw materials contributing to the production of Human Milk Oligosaccharide (HMO)	Access to essential services (health, healthcare) (Target population: general public)	  
Businesses that contribute to the achievement of a society of health and longevity, through brain function improvement and brain function decline prevention	Capital investment, operation, and procurement of raw materials contributing to the production of Citicoline	Access to essential services (health, healthcare) (Target population: general public, aging people, patients)	  
Businesses that contribute to the achievement of a society of health and longevity, through the maintenance of immune function	Capital investment, operation, and procurement of raw materials contributing to the research and development of Lc-PLASMA and the production of raw material powder utilizing Lc-PLASMA	Access to essential services (health, healthcare) (Target population: general public, aging people, vulnerable youth)	 

SF-3. Management of Proceeds:

DNV confirmed that Kirin Holdings will make efforts to allocate the proceeds to financing and refinancing the eligible projects within about two years after the fundraising, and that the specific allocation plan will be clearly stated in a legally disclosed document at the time of the implementation of finance or contract documents, etc.

In the case of refinancing, DNV confirmed that the proceeds will be allocated to capital expenditures made within five years or operational expenditures made within three years from the execution of Kirin Sustainable Finance (in both cases, projects will be confirmed that they will have environmental and social benefits throughout the redemption or repayment period). DNV also confirmed that the allocation of the proceeds for each project will be managed by the Finance Department semi-annually in accordance with Kirin Holdings' accounting management procedures, and that Kirin Holdings will manage the proceeds by using the internal management system to ensure that the total amount of eligible projects is not less than the proceeds. The unallocated proceeds will be managed in cash or cash equivalents until the proceeds have been fully allocated.

SF-4. Reporting:

DNV confirmed that Kirin Holdings will conduct Kirin Sustainable Finance reporting (annual reporting) and disclose the allocation of proceeds (project name, project description including its progress, amount of allocated and unallocated proceeds) until the proceeds have been fully allocated. In terms of the environmental and social benefits, Kirin Holdings plans to report on the indices specified for each project until the maturity of Kirin Sustainable Finance. If any significant event, such as a major change in plans or actual results, occurs after full allocation of the proceeds, Kirin Holdings will disclose such information in a timely manner. The reporting will be disclosed on the Kirin Holdings website.

<SLBP/SLLP eligibility assessment results>

DNV has confirmed the following from the documentation and information provided by Kirin Holdings. SLBP/SLLP-1 to SLBP/SLLP-5 below are findings and opinions of DNV against the five elements common to SLBP/SLLP (*including SLBGLs/SLLGLs).

SLBP/SLLP-1. Selection of Key Performance Indicators (KPIs):

The one/two KPIs (CDP climate change score and CDP water security score / GHG emission reduction rate in Scope 1 and Scope 2, and GHG emission reduction rate in Scope 3) for environmental sustainability/transition set by Kirin Holdings shown in Table-II are important indicators in the comprehensive transition strategy towards the long-term target of achieving net zero GHG emissions in the entire value chain by 2050 set out in the "Kirin Group's Environmental Vision 2050" and "sustainable use of water resources". The selection of KPIs is based on a rational process, and the KPIs are clearly defined, measurable and verifiable, are robust and reliable and in accordance with the SLBP/SLLP.

SLBP/SLLP-2. Calibration of Sustainability Performance Targets (SPTs):

Kirin Holdings' SPTs shown in Table-II are meaningful and related in the context of both Kirin Holdings' sustainability/transition and business strategy and represent a material improvement over a predetermined timeline. The SPTs shown in Table-II comprise CDP scores and GHG emission (Scope 1, 2, and 3) reduction rate. Each SPT is benchmarked against Kirin Holdings' most recent performance levels and the GHG emission reduction targets set by the SBTi. As for the ambition of each SPT, based on the ratio of rank A in the CDP scoring and the consistency with the SBT for 1.5°C target considering the ambitious target of "net zero by 2050" set out in the Paris Agreement, DNV may judge that the future initiatives for the "Kirin Group's Environmental Vision 2050" will go beyond "Business as Usual" and have been set as ambitious targets going beyond national targets. DNV concluded through its review that Kirin Holdings' plans are feasible to achieve the SPTs in FY2030.

SLBP/SLLP-3. Finance Characteristics:

The financial characteristics of the transition-linked finance under the Framework are impacted based on KPIs performance under SPTs. DNV has confirmed in the formal documentation relating to the bond/loan that this impact is linked to changes in bond interest rates, loan interest rates, or other financial incentives (e.g., donation to organizations working on similar improvements in the case of failing to achieve SPTs), and that it is specified upon execution of each financing by specific trigger events (achievement status of SPTs) in the period/due date defined under the Framework. As for the specific interest rate variation, a step up/down of the annual interest rate defined at the time of the implementation of the financing from the time of interest payment after the decision date until the redemption/repayment date, or a donation to organizations working on similar improvements of SPTs, based on the achievement status of the SPTs as verified by a third party. Kirin Holdings has examined an appropriate fallback mechanism (fallback alternatives), and consequently concluded that they would not set other SPTs or calculation method at this time since the risk of being uncalculated or unobservable is negligible.

SLBP/SLLP-4. Reporting:

The reporting is planned to include the information required in the SLBP/SLLP and the Framework stipulates that the reporting is to be published on an annual basis.

SLBP/SLLP-5. Verification:

Kirin Holdings plans to undergo independent verification of KPIs-related data annually by an external reviewer.

Table-II KPIs and SPTs of Kirin Holdings Sustainability/Transition-Linked Finance

(KPI-1 to KPI-3 and SPT-1 to SPT-3 are selected for Sustainability-Linked Finance, while any or both of KPI-2/SPT-2 and KPI-3/SPT-3 below are selected for Transition-Linked Finance.)

KPIs	SPTs
KPI-1: CDP climate change score and CDP water security score	SPT-1: Maintain CDP climate change score and CDP water security score A
KPI-2: GHG emission reduction rates in Scope 1 and Scope 2 (Base year: FY2019)	SPT-2: GHG emission reduction rates in Scope 1 and Scope 2 consistent with the following targets <ul style="list-style-type: none"> • 50% reduction in GHG emissions in FY2030 • Net zero GHG emissions in FY2050 (Base year: FY2019)
KPI-3: GHG emission reduction rate in Scope 3 (Base year: FY2019)	SPT-3: GHG emission reduction rate in Scope 3 consistent with the following targets <ul style="list-style-type: none"> • 30% reduction in GHG emissions in FY2030 • Net zero GHG emissions in FY2050 (Base year: FY2019)
Explanation of KPIs	Explanation of SPTs
<p>The KPIs are closely related to the 2050 net-zero target for "Overcoming climate change", a challenge set out in the "Kirin Group's Environmental Vision 2050", and to sustainable use of water resources.</p> <p><u>KPI-1: CDP climate change score and CDP water security score</u> It is a KPI related to external evaluation of initiatives to address issues set by Kirin Holdings, which can be assessed continuously based on the criteria of a third-party organization (CDP).</p> <p><u>KPI-2: GHG emission reduction rates in Scope 1 and Scope 2</u> <u>KPI-3: GHG emission reduction rate in Scope 3</u> These are core KPIs towards Kirin Holdings' 2050 net zero target and is quantifiable and continuously measurable according to the GHG Protocol.</p>	<p>Each SPT has a score and target value linked to Kirin Holdings' transition strategy, set with reference to the "Kirin Group's Environmental Vision 2050".</p> <p><u>SPT-1: Maintain CDP climate change score and CDP water security score A</u> The percentage of CDP-scored companies obtaining a score A in 2022 was approximately 1.5% for CDP climate change and 2.6% for CDP water security. It can be judged that maintaining a score A is set as an ambitious target.</p> <p><u>SPT-2: GHG emission reduction rates in Scope 1 and Scope 2 consistent with the following targets</u> <ul style="list-style-type: none"> • 50% reduction in GHG emissions in FY2030 • Net zero GHG emissions in FY2050 <u>SPT-3: GHG emission reduction rate in Scope 3 consistent with the following targets</u> <ul style="list-style-type: none"> • 30% reduction in GHG emissions in FY2030 • Net zero GHG emissions in FY2050 It can be judged that Kirin Holdings has been accredited by SBTi to the SBT for 1.5°C, and the SPTs are set in alignment with the ambitious 2050 net zero target set by the Paris Agreement.</p> <p>As for SPTs as trigger events, SPT-2 is set by linear interpolation, etc. between actual results in the base year FY2019 and targets up to FY2030, while SPT-3 is set to be reasonable and ambitious in Table-6. They may also be set individually when detailed plans are drawn up in the future.</p>

DNV has confirmed, from the framework and other documentation and information provided by Kirin Holdings, that the framework established by Kirin Holdings meets the standards required in the relevant frameworks CTFH/CTFBG, GBP/GBGLs, GLP/GLGLs, SBP/SBGLs, SLP, SBG, SLBP/SLBGLs, and SLLP/SLLGLs, and is eligible.

I. Introduction

i. About the Fundraiser

Kirin Holdings Company, Limited. (hereinafter, Kirin Holdings) is a holding company of Kirin Group consisting of Kirin Brewery Company, Limited, Kirin Beverage Company, Limited, Mercian Corporation, Lion Pty Ltd, Kyowa Kirin Co., Ltd., and Kyowa Hakko Bio Co., Ltd., etc. Based on fermentation and biotechnology cultivated since its foundation, Kirin Holdings expanded into the Food & Beverages domain (alcoholic & beverages business), the Pharmaceutical domain (pharmaceutical business) and the Health Science domain (health science business), an intermediate domain between the two, with its operation mainly in Japan, Asia and Oceania.

Kirin Group sets "KIRIN brings joy to society by crafting food and healthcare products inspired by the blessings of nature and the insights of our customers" as its corporate philosophy.

ii. Fundraiser's ESG/SDGs Initiatives

Kirin Holdings is aiming at "becoming a global leader in CSV by creating value in domains ranging from food & beverages to pharmaceuticals" under its long-term management vision, "Kirin Group Vision 2027 (hereinafter, KV2027)". Moreover, Kirin Holdings considers taking a CSV (Creating Shared Value) approach, which makes the resolution of social issues an integral part of its business operations, as one of the most productive ways for the company to achieve sustainable growth and address social issues. Therefore, Kirin Holdings places CSV at the core of its business management to make a difference in society and achieve sustainable mutual growth.

"CSV Purpose" has been formulated as one of the long-term non-financial goals of the KV2027, and the Kirin Group's guiding principle to achieve sustainable growth and create value together with people across society. The Kirin Group is committed to playing its role as a responsible alcohol producer and addressing three key social issues: "health and well-being," "community engagement," and "the environment." By fulfilling these commitments, the Group brings joy to society and a bright future to our customers. (See Figure-1)

For formulating the "CSV Purpose", Kirin Group has formulated its "Management Issues for Sustainable Growth" in Kirin Group Materiality Matrix (GMM) as part of its commitment to sustainable development in partnership with society. (See Figure-2) Selection criteria for each management issue have been established for the selection of materialities. Kirin Group has also established "CSV Commitment" as a medium-term action plan to achieve its "CSV Purpose" and incorporated it into the business plans of the Group and key business companies.



Figure-1 "CSV Purpose" of Kirin Group

● A responsible Alcohol producer
 ● Health and well-being
 ● Community Engagement
● The environment
 ● Other Material Agenda and Governance

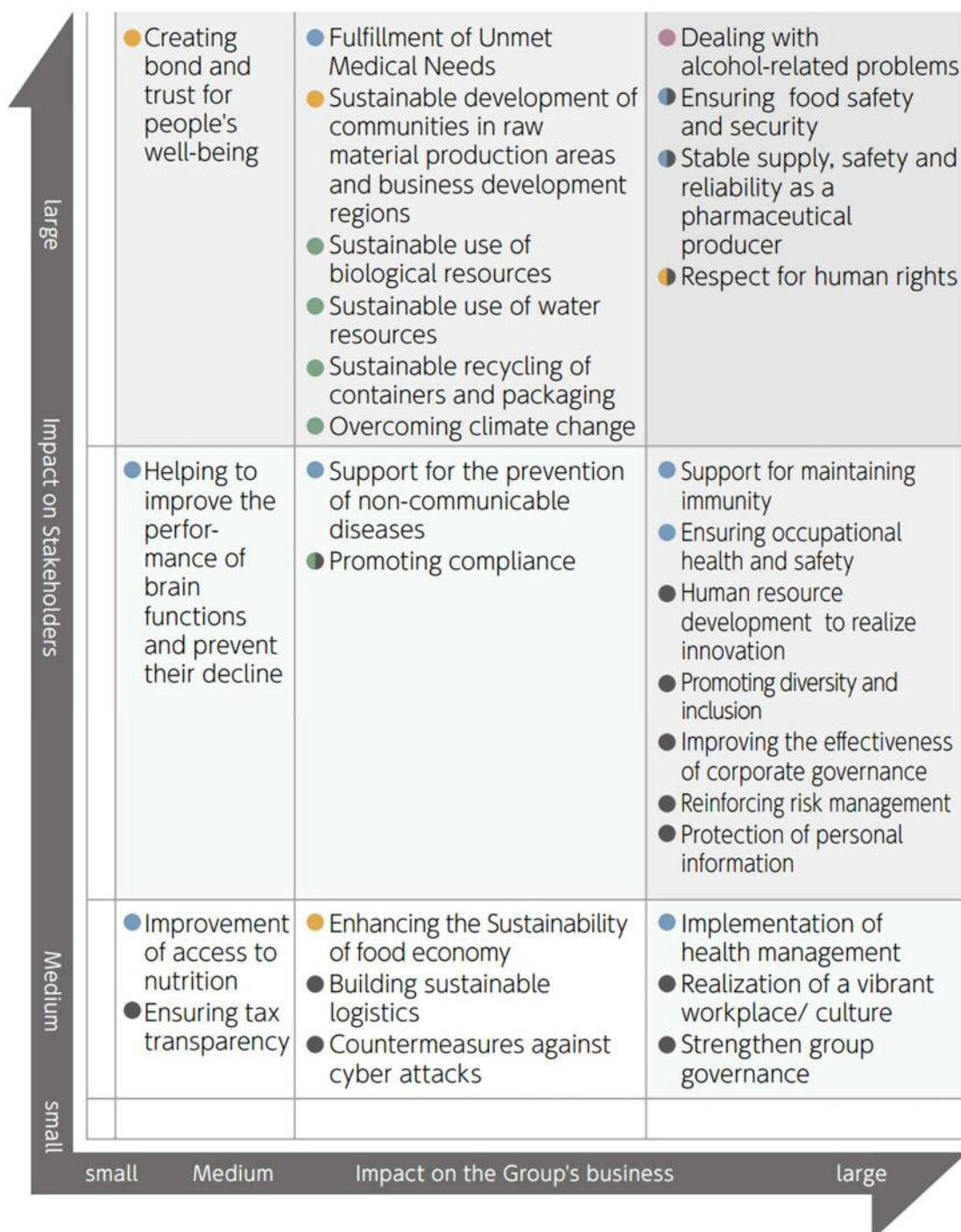


Figure-2 Management Issues for Sustainable Growth (Group Materiality Matrix: GMM)

iii. Fundraiser's Initiative to Environmental and Social Issues

The Kirin Group has revised its existing environmental vision and formulated a new one, "Kirin Group's Environmental Vision 2050", a long-term strategy looking ahead to 2050, with the aim of spearheading the efforts to tackle environmental issues. One of the Kirin Group's initiatives to address environmental issues is overcoming climate change, and Kirin Group has declared to achieve Net-Zero GHG emissions across its entire value chain by 2050 and switch 100% of its electricity consumption to renewables by 2040. In November 2020, Kirin Group was the first Japanese food company to obtain an approval of the Science-Based Target (SBT) for 1.5°C by the Science-Based Targets initiative (SBTi).

In 2019, Kirin Holdings established the "Kirin Group Plastic Policy", an effort aimed at solving the global plastic waste problem, and declared to increase the percentage of PET bottles made using recycled resin to 50% of bottles sold in Japan by 2027. Towards "sustainable use of water resources" as one of the challenges set out in the "Kirin Group's Environmental Vision 2050" announced in February 2020, Kirin Group will work on to achieve 100% sustainable containers and packaging made from recycled materials and biomass by 2050.

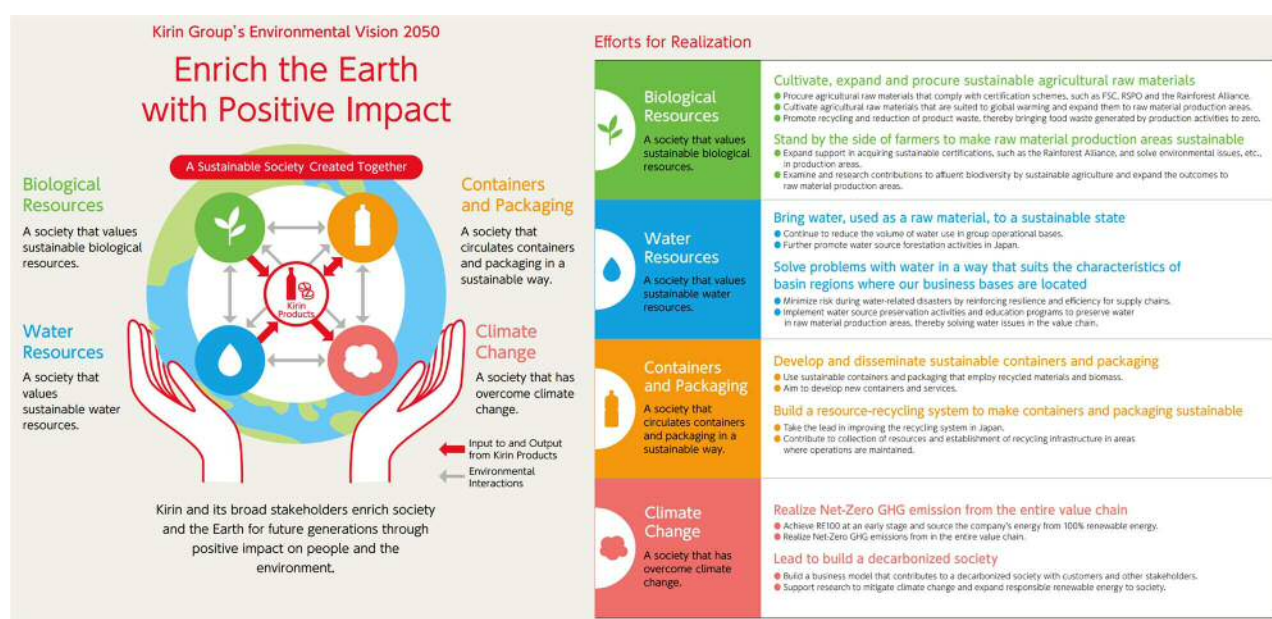


Figure-3 Kirin Group's Environmental Vision 2050

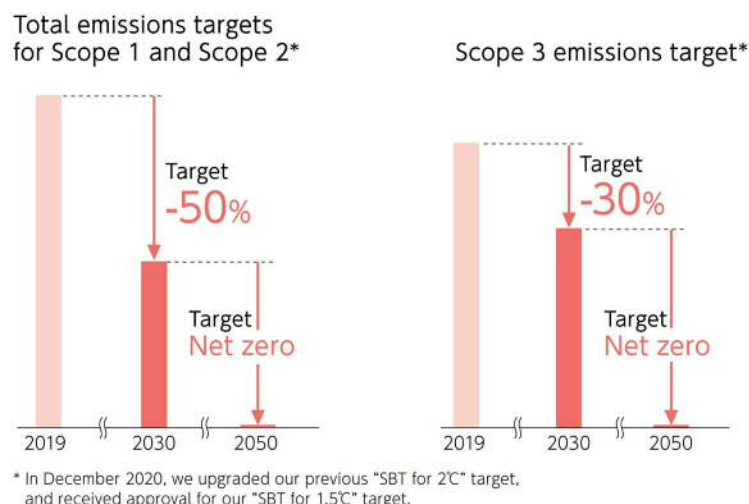


Figure-4 Reduction targets for Scope 1, 2, and 3 accredited to the SBT for 1.5°C target

The Kirin Group has identified "Health and Well-Being" as one of the key issues within "CSV Purpose". It has determined "immunity", "brain function," and the "gut microbiome" as its three key areas and is endeavoring to solve health issues in these areas through providing products and services that use strategic ingredients produced by utilizing fermentation & biotechnology, the Kirin Group's core competencies.

Specifically, Kirin Group addresses the improvement of access to nutrition, support to brain function improvement and brain function decline prevention, and the maintenance of immune function. Human Milk Oligosaccharide (HMO), a unique nutrient of human breast milk, was successfully mass-produced by the Kirin Group's fermentation production technology utilizing microorganisms. β -Lactolin (Citicoline) is a proprietary ingredient derived from Kirin Group's brain research that supports the maintenance of memory, which declines with age. The world's first Lc-PLASMA activates pDC (Plasmacytoid dendritic cells), the command center of immune cells. By providing such highly functional products as the result of various research and development efforts, the Kirin Group contributes to solving social and health issues in Japan and around the world.

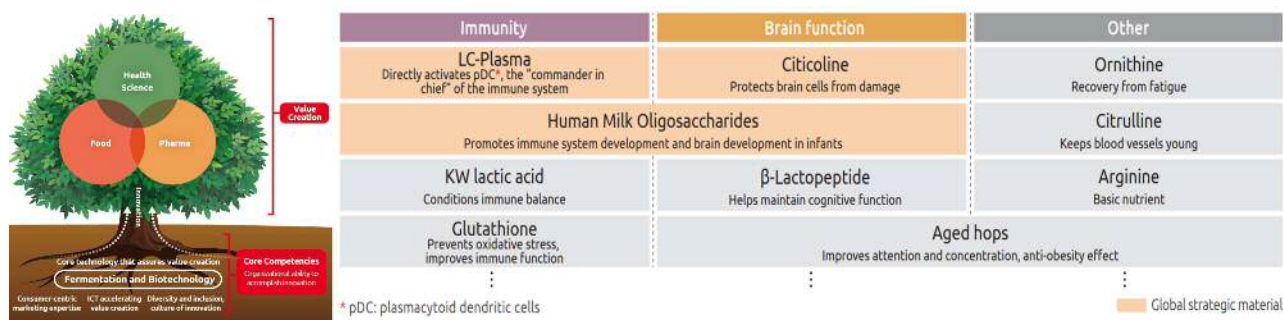




Figure-5 Initiatives on the key area "Health and Well-Being"

Table-1 Kirin Holdings Participation in external initiatives

External Initiative	Kirin Holdings' Activities
Task Force on Climate-related Financial Disclosures (TCFD) 	The Kirin Group became the first Japanese food company to endorse the TCFD in December 2018, and in order to appropriately transition its business to adapt to a decarbonized society, become resilient, and lead the decarbonized society, the Group discloses how it assesses and analyses the impacts of climate change and how it seeks to appropriately integrate and promote mitigation and adaptation into its strategy.
United Nations Global Compact (UNGC)	The Kirin Group signed up to the UNGC in September 2005 and is taking concrete steps to realize its principles in its relations with employees and in corporate activities such as procurement, development, manufacturing, and sales.
Sustainable Development Goals (SDGs) 	As a guideline for the KV 2027, "CSV Purpose" has been formulated for each of the four priority issues to be addressed in particular, and efforts are being made to realize the management vision with a clear link to the SDGs.

iv. About "Kirin Sustainable Finance Framework"

In order to raise funds that are necessary for addressing environmental and social issues defined in "CSV Purpose" through Green/Social/Sustainability Finance, Kirin Holdings formulated "Kirin Sustainable Finance Framework" in March 2022.

This time, following the acquisition in July 2022 of the net zero accreditation of SBT standard for 1.5°C set by the SBTi for the medium- and long-term GHG reduction targets formulated based on the net zero declaration and roadmap for achieving the targets under the long-term strategy "Kirin Group's Environmental Vision 2050" in July 2022, Kirin Holdings updated the framework in order to raise funds that are necessary for its realization through Transition Finance.

The standards and guidelines being referred to in the Framework are described in Section II (3) below.

v. Fundraiser's Transition Strategy for Decarbonization

(1) Sector (Industry) specific strategies at international and national/regional levels

In October 2021, SBTi developed the SBTi Corporate Net-Zero Standard as a benchmark for companies to set net zero targets to achieve the 1.5°C target in the Paris Agreement. In the standard, SBTi requires companies to make a commitment to net zero and to set short-term and net zero targets. Net zero is hereby defined as follows:

- Reduce Scope 1, 2, and 3 emissions to zero or to a residual emissions level consistent with achieving net zero emissions at global or sectoral level in an eligible 1.5°C trajectory.
- Neutralize residual emissions at the time of the net zero target and all GHG emissions released into the atmosphere thereafter.

Kirin Holdings aims to balance its business activities with its response to climate change, based on the reduction targets necessary for realizing the goals of the Paris Agreement.

(2) Fundraiser's transition strategy

Kirin Holdings has positioned its activities towards realizing the long-term target set in the Kirin Group's Environmental Vision 2050 to achieve net zero GHG emissions in the entire value chain by 2050 as a transition strategy.

Table-2 shows Kirin Holdings' long- and medium-term targets and Figure-6 shows the roadmap. Kirin Holdings has set targets for Scope 1+2 total emissions and Scope 3 emissions of net zero in 2050 and a 50%/30% reduction in FY2030 compared to FY2019, and is working towards achieving these targets as shown in Figure-6.

Table-4 shows the investment plan to achieve the roadmap.

DNV has confirmed that these roadmaps and investment plans will be updated from time to time based on policy and other conditions, on the premise of the progress of industrial development, and the content will be reviewed along with the change in the premise, and that the company has willingness to consider transforming to a more ambitious approach towards a global net zero target by 2050.

Table-2 Long- and medium-term targets based on the roadmap

Item	Target Value
Scope 1+2 total emissions	Target for FY2030: 50% reduction (compared to FY2019) Target for FY2050: Net zero
Scope 3 emissions	Target for FY2030: 30% reduction (compared to FY2019) Target for FY2050: Net zero

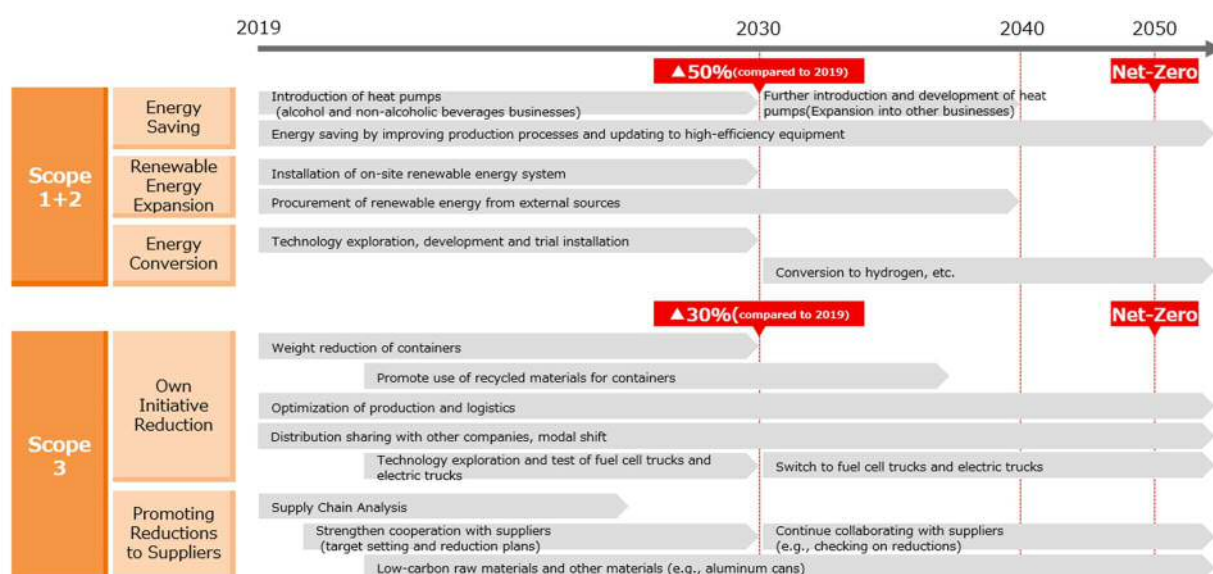


Figure-6 Transition Roadmap

Table-3 Kirin Group GHG emissions (Scope 1-3)

Item	FY2019	FY2020	FY2021
Scope 1+2	834,000 t-CO _{2e}	757,000 t-CO _{2e}	722,000 t-CO _{2e}
Scope 3	4,211,000 t-CO _{2e}	3,983,000 t-CO _{2e}	3,689,000 t-CO _{2e}
Total	5,045,000 t-CO _{2e}	4,740,000 t-CO _{2e}	4,411,000 t-CO _{2e}

*Based on the scope of aggregation at the time of publication of the Framework

Table-4 Investment plans to achieve the roadmap

	2022-2024	2025-2027	2028-2030
Environmental investment (Billions of yen)	Approx. JPY 10.0 billion yen	Approx. JPY 8.0 billion yen	Approx. JPY 8.0 billion yen

(3) Fundraiser's governance (system for environmental initiatives)

In order to promote "CSV Purpose", a GMM-based guideline, including the long-term target of "achieving net zero GHG emissions in the entire value chain by 2050" set out in the Kirin Group's Environmental Vision 2050 and the secure realization of "sustainable use of water resources" as well as its mid-term action plan "CSV Commitments", Kirin Holdings has established the "Group CSV Committee", chaired by the President of Kirin Holdings, which is responsible for formulating CSV policies and strategies and action plans, discussing ESG risks, monitoring the progress of implementation status, and submitting reports to the Board of Directors as necessary. In order to enhance the effectiveness of formulated CSV policies and strategies, the "CSV Staff Meeting" has been established, consisting of the persons in charge of practical matters in each department of Kirin Holdings and the planning departments of major operating companies, for information sharing and exchange of opinions.

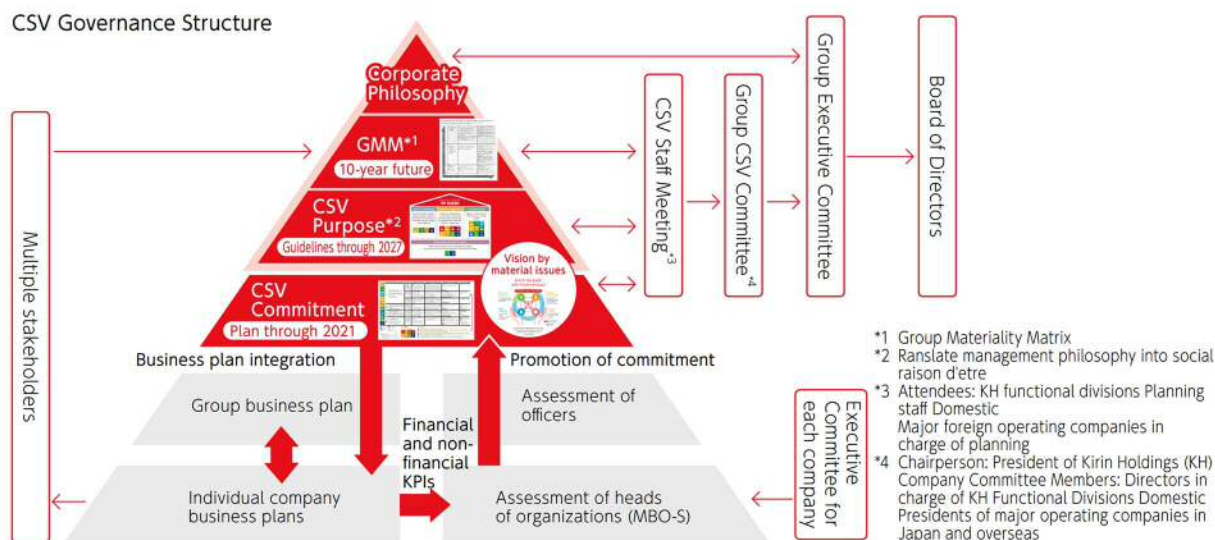


Figure-7 CSV Governance Structure

Name of the Fundraiser: Kirin Holdings Company, Limited.

Name of the Framework: Kirin Sustainable Finance Framework

Name of the external reviewer: DNV Business Assurance Japan K.K.

Creation date of report: 26 December 2022

II. Scope and Objectives

DNV has been commissioned by Kirin Holdings to provide an eligibility assessment on the Framework. The aim of this eligibility assessment is to ensure that the Kirin Sustainable Finance meets the requirements of CTFH/CTFBG, GBP/GBGLs, GLP/GLGLs, SBP/SBGLs, SLP, SBG, SLBP/SLBGLs, and SLLP/SLLGLs described below, and to provide a second party opinion on its eligibility.

DNV Business Assurance Japan K.K. (hereinafter, DNV), as an external reviewer, evaluated the eligibility of the Framework. Specifically, DNV applied the following frameworks (e.g., principles and guidelines) to provide an eligibility assessment of the Framework.

DNV, as an independent external reviewer, identified no real or perceived conflict of interest associated with the delivery of this second-party opinion for Kirin Holdings. In this report, no assurance is provided regarding the financial performance of Kirin Sustainable Finance and, Green/Transition/Social Finance and Sustainability/Transition-Linked Finance to be executed based on the Framework, the value of any investments, or the long-term environmental benefits of the transaction.

Green Finance and Transition Finance with specific use of proceeds

* Below are listed based on GBP but replaced with loan-specific items as appropriate

(1) Scope of review *

*The review assessed the following elements and confirmed their alignment with the gist of four core elements such as GBP.

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Selection and Evaluation |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

(2) Role(s) of review provider (Specific use of proceeds)

- | | |
|---|--|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Sustainability Finance and Transition Finance with general corporate purpose

* Below are listed based on SLBP but replaced with loan-specific items as appropriate

(1) At the launch of the bond, the structure is

- | | |
|---|---|
| <input checked="" type="checkbox"/> a step-up structure | <input checked="" type="checkbox"/> a variable redemption structure |
|---|---|

*Any of the above or others is set individually based on the fundraiser's internal processes when executing the finance.

(2) Scope of Review*

The review assessed the following elements and confirmed their alignment with the gist of five core elements such as SLBP/SLLP.

- | | |
|---|---|
| <input checked="" type="checkbox"/> assessed all the following elements (complete review) | <input type="checkbox"/> only some of them (partial review) |
| <input checked="" type="checkbox"/> Selection of KPIs | <input checked="" type="checkbox"/> Bond Characteristics |
| <input checked="" type="checkbox"/> Calibration of SPTs | <input checked="" type="checkbox"/> Reporting |
| <input checked="" type="checkbox"/> Verification | |
| <input checked="" type="checkbox"/> and confirmed their alignment with the SLBP | |

*The scope of review is to be applied as a part of the evaluation of the Transition finance with general corporate purpose.

*The four disclosure elements of CTFH/CTFBG are included in the scope of review.

(3) Role(s) of Review Provider (with general corporate purpose)

- | | |
|--|--|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |

Standards/Guidelines to be Applied

No.	Standards/Guidelines	Scheme Owner
1.	Climate Transition Finance Handbook (CTFH)* ¹	International Capital Market Association (ICMA), 2020
2.	Climate Transition Finance Basic Guidelines (CTFBG)* ¹	Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment, 2021
3.	Green Bond Principles (GBP)* ^{2*3}	International Capital Market Association (ICMA), 2021
4.	Green Bond Guidelines (GBGLs)* ^{2*3}	Ministry of the Environment, 2022
5.	Green Loan Principles (GLP)* ^{2*3}	Loan Market Association (LMA) and others, 2021
6.	Green Loan Guidelines (GLGLs)* ^{2*3}	Ministry of the Environment, 2022
7.	Social Bond Principles (SBP)	International Capital Market Association (ICMA), 2021
8.	Social Bond Guidelines (SBGLs)	Financial Services Agency, 2021
9.	Social Loan Principles (SLP)	Loan Market Association (LMA) and others, 2021
10.	Sustainability Bond Guidelines 2021 (SBG)	International Capital Market Association (ICMA), 2021
11.	Sustainability-Linked Bond Principles (SLBP)* ⁴	International Capital Market Association (ICMA), 2020
12.	Sustainability-Linked Bond Guidelines (SLBGLs)* ⁴	Ministry of the Environment, 2022
13.	Sustainability-Linked Loan Principles (SLLP)* ⁴	Loan Market Association (LMA) and others, 2022
14.	Sustainability-Linked Loan Guidelines (SLLGLs)* ⁴	Ministry of the Environment, 2022

- *1 Climate transition: The concept of climate transition focuses principally on the credibility of a fundraiser's climate change-related commitments and practices. (Quoted from CTFH/CTFBG)
- *2 It confirms compliance with the four core elements (use of proceeds, process for project evaluation and selection, management of proceeds, and reporting) that must be met when implementing as a bond/loan that meets the four elements of transition and has a specific use of proceeds. (Quoted from CTFBG)
- *3 Green projects were assessed for eligibility using the referable technical criteria of the Climate Bond Initiative's Climate Bond Standard.
- *4 Sustainability-Linked Loan: Sustainability-Linked loan is any type of loan product and/or contingent facility (e.g., bonding loan facilities, guaranteed loan facilities, credit contingent facilities (e.g., bonding loan facilities, guaranteed loan facilities, letters of credit)) that incentivises the achievement of ambitious pre-set sustainability performance targets by the borrower. (Quoted from SLLP. *Also assessed as synonymous for SLBP) It is confirmed that the five elements are met when implementing transition-linked finance without Use of Proceeds.

III. Responsibilities of Kirin Holdings and DNV

Kirin Holdings has provided the information and data used by DNV during the delivery of this review. DNV's second party opinion represents an independent opinion and is intended to inform Kirin Holdings and other interested stakeholders in the finance of whether the established criteria have been met, based on the information provided to us. In our work, we have relied on the information and the facts presented to us by Kirin Holdings. DNV is not responsible for any aspect of the nominated activities referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect based on the information and facts provided by Kirin Holdings. Thus, DNV shall not be held liable if any of the information or data provided by the management of Kirin Holdings and used as a basis for this assessment were not correct or complete.

IV. Basis of DNV's Opinion

To provide as much flexibility for the fundraiser, Kirin Holdings, as possible, we have adapted our Green/Transition/Social Finance assessment methodologies, which incorporates the requirements of the CTFH/CTFBG, GBP/GBGLs, GLP/GLGLs, SBP/SBGLs, SLP, SBG, SLBP/SLBGLs, and SLLP/SLLGLs, to create an Eligibility Assessment Protocol (hereinafter, Protocol). (Refer to Schedule-2). The Protocol is applicable to Green/Transition/Social Finance and Sustainability/Transition-Linked Finance based on CTFH/CTFBG, GBP/GBGLs, GLP/GLGLs, SBP/SBGLs, SLP, SBG, SLBP/SLBGLs, and SLLP/SLLGLs.

DNV provides second party opinion as an independent external reviewer based on the assessment utilizing this Protocol.

Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle and guidelines behind Green/Transition/Social Finance and Sustainability/Transition-Linked Finance as a basis of our opinion are as follows:

"enable capital-raising and investment for new and existing projects with environmental benefits"

"provide an investment opportunity with transparent sustainability credentials"

"Climate Transition Finance is important through KPIs and SPTs, quantitative, pre-determined, ambitious, and regularly monitored and externally validated and encourage the achievement of ESG of fundraisers"

As per our Protocol, the criteria against which the Green/Transition/Social Finance and Sustainability/Transition-Linked Finance has been reviewed are grouped as follows outlined in CTFH/CTFBG, GBP/GBGLs, GLP/GLGLs, SBP/SBGLs, SLP, SBG, SLBP/SLBGLs, and SLLP/SLLGLs:

(1) Four elements of CTFH/CTFBG (disclosure elements)

Principle One: Fundraiser's climate transition strategy and governance

The financing purpose should be for enabling a fundraiser's climate change strategy.

Principle Two: Business model environmental materiality

The planned climate transition trajectory should be relevant to the environmentally-material parts of the fundraiser's business model.

Principle Three: Transition is science-based including targets and pathway

Fundraiser's climate strategy should reference science-based targets and transition pathways.

Principle Four: Implementation transparency

Market communication in connection with the offer of a financing instrument which has the aim of funding the fundraiser's climate transition strategy should also provide transparency of the underlying investment program.

(2) Four elements of GBP/GBGLs, GLP/GLGLs, SBP/SBGLs, SLP, and SBG

Principle One: Use of Proceeds

The Use of Proceeds criteria are guided by the requirement that a fundraiser of a sustainable finance with specific use of proceeds (green/transition/sustainability/social finance) must use the funds raised to eligible activities. The eligible activities should produce clear environmental benefits.

Principle Two: Process for Project Evaluation and Selection

The Project Evaluation and Selection criteria are guided by the requirements that a fundraiser of a sustainable finance should outline the process it follows when determining eligibility of an investment using the proceeds from sustainable finance, and outline any impact objectives it will consider.

Principle Three: Management of Proceeds

The Management of Proceeds criteria are guided by the requirements that a sustainable finance should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.

Principle Four: Reporting

The Reporting criteria are guided by the recommendation that at least Sustainability Reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

(3) Five elements of SLBPs/SLBGLs and SLLPs/SLLGLs^{*1}

^{*} Please replace "Sustainability" with "Transition" in the context if necessary.

Principle One: Selection of Key Performance Indicators (KPIs) The fundraiser of a sustainability-linked finance or a transition-linked finance should clearly communicate to investors or lenders its overall sustainability objectives, as set out in its sustainability or transition strategy, and how these relate to its SPTs. The KPIs should be reliable, material to the fundraiser's core sustainability and business strategy, address relevant ESG challenges of the industry sector and be under management control.

Principle Two: Calibration of Sustainability Performance Targets (SPTs)

The SPTs should be ambitious, meaningful and realistic. The target setting should be done in good faith and based on sustainability or transition improvement in relation to a predetermined performance target benchmark.

Principle Three: Finance Characteristics

The finance will need to include a financial and/or structural impact depending on whether the selected KPIs reach (or not) the predefined SPTs. The finance documentation needs to require the definitions of KPIs and SPTs and the potential variation of the financial and/or structural characteristics of the sustainability-linked finance or transition-linked finance. Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner, should be explained.

Principle Four: Reporting

The fundraiser should publish and keep readily available and easily accessible up to date information on the performance of the selected KPIs, as well as a verification assurance report (see Principle 5) outlining the performance against the SPTs and the related impact and timing of such impact on the finance's financial and/or structural characteristics, with such information to be provided to those institutions participating in the finance or to investors participating in the finance at least once per annum.

Principle Five: Verification

The fundraiser should have its performance against its SPTs independently verified by a qualified external reviewer with relevant expertise, at least once per annum. The verification of the performance against the SPTs should be made publicly available.

*1: DNV's Protocol for Sustainability-Linked Finance consists of five requirements set out based on SLBP (2020)/SLLP (2022) and includes SLBGLs/SLLGLs.

V. Work Undertaken

Our work constituted a comprehensive review of the available information, based on the understanding that this information was provided to us by the fundraiser in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us during the assessment before fundraising. DNV's work undertaken and will be undertaken to form our opinion includes;

i. Pre-funding assessment (Kirin Sustainable Finance Framework)

- Creation of the fundraiser's specific Protocol, adapted to the purpose of Kirin Sustainable Finance, as described above and in Schedule-2 to this assessment.
- Assessment of documentary evidence provided by the fundraiser on Kirin Sustainable Finance and supplemented by high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with the fundraiser, and review of relevant documentation;
- Documentation of findings against each element of the criteria.

ii. Post-funding assessment (*Not Included in This Report)

- Interview with key personnel of Kirin Holdings and evaluation (or verification) of the relevant documentation.
- Field research and inspection (if necessary).
- Document creation of assessment results after fundraising.

VI. Findings and DNV's Opinion

DNV's findings and opinion are as described in (1)-(3) below.

From the CTF-1 to 4 in (1) below are the findings and opinions of DNV against the disclosure elements of the CTFH and CTFBG applied in Green/Transition Finance.

Please see Schedule-3 for details.

From the SF 1 to 4 in (2) below are the findings and opinions of DNV against the requirement of the four common elements of GBP/GBGLs, GLP/GLGLs, SBP/SBGLs, SLP, and SBG.

Please see Schedule-4 for details.

From the SLBP/SLLP 1 to 5 in (3) below are the findings and opinions of DNV against the requirement of SLBP/SLBGLs and SLLP/SLLGLs as Sustainability(Transition)-Linked Finance^{*1} applied in Sustainable Finance.

Please see Schedule-5 for details.

*1: Bonds or loans with potential financial and structural changes linked to the achievement status of future transition targets.

(1) Findings and opinions of DNV against the four common elements (disclosure elements) of CTFH and CTFBG

DNV confirmed through the assessment the importance of Kirin Holdings to reduce GHG emissions gradually from its diverse global operations and numerous value chains.

Kirin Holdings' Transition Finance meets CTF-1 to CTF-4, described below, and is consistent with the definitions and objectives of the relevant handbook and basic guidelines. Kirin Holdings' efforts to reduce carbon emission and decarbonize in its entire value chain through Transition Finance will not only reduce Kirin Holdings' GHG emissions but also, directly and indirectly, support reducing those of a wide range of stakeholders in Japan and abroad. Kirin Holdings' Transition Finance is a benchmark initiative that is expected to help establishing low-carbon/decarbonized society as a whole as an example of utilizing transition finance outside of high-emitting industries.

CTF-1. Fundraiser's Climate Transition Strategy and governance

- In February 2021, Kirin Holdings established its long-term target of achieving net zero GHG emissions in the entire value chain by 2050 set out in the Kirin Group's Environmental Vision 2050. In addition, the Kirin Group's management strategy and ESG (environment, society, and governance) initiatives are inseparable, and the strategies and roadmap in the Kirin Holdings Medium-Term Management Plan FY2022-FY2024 are linked to ESG respectively. Furthermore, the transition strategy and path/trajectory are presented as the medium- and long-term targets for FY2030 and up to 2050 and the roadmap.
- DNV has reviewed and confirmed that the science-based targets based on the SBT for 1.5°C standard quantified by Kirin Holdings are consistent with the goals of the Paris Agreement with respect to their coverage (Scope 1, 2, and 3).

- The Kirin Holdings Transition Strategy incorporates the results from the TCFD scenario analysis and the reduction targets and policies necessary to achieve the goals of the Paris Agreement.
- Kirin Holdings has established a system to promote the transition strategy at management level.
- Kirin Holdings clearly contributes to ESG and SDGs while minimizing negative impacts on society (negative external effects) through its business activities.
- Based on its assessment of the long-term target and roadmap to achieve net zero GHG emissions in the entire value chain by 2050 set out in the Kirin Sustainable Finance Framework and the Kirin Group's Environmental Vision 2050, DNV has confirmed that Kirin Holdings' implementation plan based on the transition strategy is credible, ambitious, and achievable.

CTF-2. Business model environmental materiality

- Kirin Holdings' transition efforts include not only GHG emission reductions from its own business activities (Scope 1 and 2), but also activities that contribute to the emission reduction of Scope 3. The transition efforts will contribute to achieve net zero as an important initiative indicated in the various plans and strategies for decarbonization in the global supply chain. In other words, Kirin Holdings' transition initiatives directly support the transition of society as a whole, including its own company, as a business operator taking on the challenge of achieving net zero in 2050.
- The Kirin Holdings' roadmap is well aligned with the goals of the Paris Agreement and the SBT for 1.5°C standard, and the roadmap sets and quantifies specific execution plans and targets with the absolute sense that the plans and targets must be optimized solution and enable further improvement.
- DNV confirmed that Kirin Holdings' plan to implement its Transition Strategy is closely linked to the activities of its core business and to activities that contribute to the GHG emissions reduction of society as a whole, and the strategy contributes the environmental aspects of society as a whole and supports promoting Kirin Holdings' business. Kirin Holdings' planned transition strategy and transition pathway are associated with the materiality that Kirin Holdings has achieved through ISO 26000, GRI standards^{*1}, etc., and will contribute to significant environmental improvements (impact) in both qualitative and quantitative terms.

^{*1}: Global Reporting Initiative (an international standard providing ESG-related reporting, management and analysis methods)

CTF-3. Transition is science-based including targets and pathways

- For Scope 1, 2, and 3, Kirin Holdings has set a transition plan and a transition trajectory that is consistent with the science-based Paris Agreement and the SBT for 1.5°C standard.

- DNV has confirmed that Kirin Holdings' Transition Strategy is quantified in terms of absolute values or ratios based on a consistent measurement methodology with prescribed assumptions.
- DNV has confirmed that Kirin Holdings' Transition Strategy is built based on a milestone of the medium-term (FY2030) and long-term (2050) targets aligned with the 1.5°C standard set by the SBTi.

Table-5 Medium- and long-term targets

Item	Target Value
Scope 1+2 total emissions	Target for FY2030: 50% reduction (compared to FY2019) Target for FY2050: Net zero
Scope 3 emissions	Target for FY2030: 30% reduction (compared to FY2019) Target for FY2050: Net zero

CTF-4. Implementation Transparency

- DNV has confirmed that the investment and development plans related to Kirin Holdings' Transition Strategy include agreement on future investment and expenditure. Specifically, DNV has confirmed that an investment plan of approximately 26 billion yen over the medium-term plan period from FY2022 to FY2030 has been formulated of a part of the proceeds from sustainable finance for capital investment and procurement of renewable energy that contribute to green/transition. DNV has also confirmed that Kirin Holdings intends to consider the overall investment plan (investment amount) for disclosure to the extent possible from the perspective of ensuring transparency in the future.
- DNV has confirmed, through the review of the framework and the roadmap towards the long-term target set out in the Kirin Group's Environmental Vision 2050 to achieve net zero GHG emissions in the entire value chain by 2050, that the implementation of the framework and the roadmap is transparent, and that their appropriateness has been explained by Kirin Holdings and agreed upon.

(2) Findings and opinions of DNV against the four common elements of GBP/GBGLs and GLP/GLGLs




*The four elements are used as criteria for green/social/sustainability finance and transition finance to specify the use of proceeds, and some green bonds below can be read as transition finance (bond/loan).

SF-1. Use of Proceeds







DNV confirmed that the proceeds from Kirin Sustainable Finance will be allocated to six nominated green projects, green/transition projects, and social projects, which are consistent with the representative eligible project categories shown in Table-1 outlined in GBP/GBGLs, SBP/SBGLs, GLP/GLGLs, SLP and SBG. The nominated projects in the Framework that contribute to the society and the environment are classified into the eligibility criteria shown in Table-1. The net proceeds will be allocated to one or more than one eligible project within the nominated projects. Please refer to Schedule-1 for details of the eligibility criteria.

Table-1 (reposted) Kirin Sustainable Finance Eligibility Criteria




[Green Projects]






Categories	Green Projects	GBP Project Categories	Alignment with the SDGs
Businesses related to pollution prevention and control Eco-efficient products and/or circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"> Procurement and capital investment of recyclable PET resin 	<ul style="list-style-type: none"> Pollution prevention and control (Environmental goal: pollution prevention and control) Eco-efficient products and/or circular economy adapted products, production technologies and processes (Environmental goal: conservation of natural resources) 	  

[Green/Transition Projects]

Categories	Green/Transition Projects	GBP Project Categories	Alignment with the SDGs
Businesses related to energy efficiency	<ul style="list-style-type: none"> Introduction of heat pump systems to production sites 	<ul style="list-style-type: none"> Energy efficiency (Environmental goal: climate change mitigation) 	  
Businesses related to renewable energy	<ul style="list-style-type: none"> Introduction of solar power generation equipments to production sites Procurement of renewables 	<ul style="list-style-type: none"> Renewable energy (Environmental goal: climate change mitigation) 	  

[Social Projects]

Categories	Social Projects	SBP Project Categories	Alignment with the SDGs
Businesses that contribute to the achievement of a society of health and longevity, mainly through infant and toddler health improvement and disease prevention	<ul style="list-style-type: none"> Capital investment, operation, and procurement of raw materials contributing to the production of Human Milk Oligosaccharide (HMO) 	<ul style="list-style-type: none"> Access to essential services (health, healthcare) (Target population: general public) 	  

Businesses that contribute to the achievement of a society of health and longevity, through brain function improvement and brain function decline prevention	<ul style="list-style-type: none"> Capital investment, operation, and procurement of raw materials contributing to the production of Citicoline 	<ul style="list-style-type: none"> Access to essential services (health, healthcare) (Target population: general public, aging people, patients) 	  
Businesses that contribute to the achievement of a society of health and longevity, through the maintenance of immune function	<ul style="list-style-type: none"> Capital investment, operation, and procurement of raw materials contributing to the research and development of Lc-PLASMA and the production of raw material powder utilizing Lc-PLASMA 	<ul style="list-style-type: none"> Access to essential services (health, healthcare) (Target population: general public, aging people, vulnerable youth) 	 

DNV has confirmed that Kirin Holdings plans to use all net proceeds from Kirin Holdings Sustainable Finance, excluding expenses, as new expenditure or refinancing of existing expenditure of capital expenditure, operational and operating expenses, equity investments, R&D-related expenses and removal costs for green/transition/social eligible projects that meet Kirin Holdings' investment plan toward the achievement of "CSV Purpose".

These expenses directly or indirectly support projects that bring significant GHG reductions, as exemplified by the CTFH/CTFBG, GBP/GBGLs, and GLP/GLGLs, etc. or projects that contribute to business transformation to achieve net zero, are consistent with the Paris Agreement and contribute to achieving its goals. These projects have been assessed as meeting the criteria required for green/transition projects and as having clear environmental benefits on transition strategies. In addition, projects exemplified by SBP/SBGLs, SLP and SBG have been assessed as meeting the criteria required for social projects and as having clear social improvement benefits. These are expected to contribute to the SDGs. These processes are consistent with SF-1.

Use of Proceeds Categories as per GBP:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Sustainable management of living natural resources |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water management | <input type="checkbox"/> Climate change adaptation |
| <input checked="" type="checkbox"/> Eco-efficient products, production technologies and processes | <input type="checkbox"/> Green buildings with regional, national or internationally recognized standards and certifications |
| <input type="checkbox"/> Other (<i>please specify</i>): | |
| <input type="checkbox"/> It is undecided at the time of bond issuance, but is expected to be in line with the GBP classification or other eligible areas not listed in the GBP at this time. | |

Use of Proceeds Categories as per SBP:

- | | |
|--|---|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (SME financing and Microfinance) |
| <input type="checkbox"/> Food security and sustainable food systems | <input type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Areas that are considered to meet the SBP classification or are not listed in the SBP but are eligible. | <input type="checkbox"/> Other (<i>please specify</i>): |

SF-2. Process for Project Evaluation and Selection

DNV confirmed through the review that Finance Department and CSV Strategy Department of Kirin Holdings will select the projects from the eligibility criteria in Table-1, which are comprehensively based on the contribution to the achievement of "CSV Purpose", and that the Executive Officer in charge of Financial Strategy will make the final decisions.

The six nominated projects evaluated and selected through the above process are closely related to the key issues outlined in "Management Issues for Sustainable Growth (the Kirin Group Materiality Matrix (GMM))" in addition to Kirin Holdings' "CSV Purpose", and are consistent with the Kirin Group's efforts related to environmental/social sustainability.

The following exclusion criteria have been established for project selection. In addition, the project-related risks identified internally are reported and discussed quarterly at meetings through monitoring of business plans, including compliance measures.

<Exclusion Criteria>

- Plastic manufacturing not subject to recycled PET
- Unfair transactions that do not comply with the laws and regulations of the country, such as bribery, corruption, blackmail, embezzlement, etc.
- Transactions that can cause social problems relate to human rights and the environment

In selecting projects, DNV confirmed that the fundraiser meets the eligibility criteria as indicated in "II. Scope and Objectives (3) Standards/Guidelines to be Applied," and that it will comply with environmental laws and regulations and agreements with the relevant communities, as well as with the Kirin Group Compliance Guidelines in order to act with integrity and in conformity with social ethics. Kirin Holdings will appropriately address and disclose any ESG-related controversy that may arise regarding eligible projects.

Evaluation and Selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Conforms to the fundraiser's achievement of environmental contribution goals | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> The project is eligible for use of proceeds by Green/Social/Sustainability Finance and transparency is ensured. | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> The project is evaluated and selected based on the published standard summary | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|---|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

SF-3. Management of Proceeds

DNV confirmed how will Kirin Holdings track and manage the proceeds during the period from the execution of Kirin Sustainable Finance to the redemption or repayment. DNV also confirmed that Kirin Holdings will make efforts to allocate the proceeds to financing (new) and refinancing the eligible projects within about two years after the fundraising, and that the specific allocation plan will be clearly stated in a legally disclosed document at the time of the implementation of finance or contract documents, etc. In the case of refinancing, it was confirmed that the proceeds will be allocated to capital expenditures made within five years or operational expenditures made within three years from the execution of Kirin Sustainable Finance (in both cases, projects should be confirmed that they have environmental and social benefits throughout the redemption or repayment period).

It was confirmed that the allocation of the proceeds for each project will be managed by Finance Department semi-annually in accordance with Kirin Holdings' accounting management procedures. In addition, it was also confirmed that Kirin Holdings will manage the proceeds by using the internal management system to ensure that the total amount of eligible projects is not less than the proceeds. The unallocated proceeds will be managed in cash or cash equivalents until the proceeds have been fully allocated.

Tracking of Proceeds:

- ☒ Some or all of the proceeds by Green/Social/Sustainability Finance that are planned to be allocated are systematically distinguished or tracked by the fundraiser.
- ☐ Disclosure of intended types of temporary investment instruments for unallocated proceeds
- ☒ Other (*please specify*): The unallocated proceeds will be managed in cash or cash equivalents until the proceeds have been fully allocated.

Additional Disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future Investments |
| <input checked="" type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

SF-4. Reporting

DNV confirmed that Kirin Holdings will conduct Kirin Sustainable Finance reporting (annual reporting) and will disclose the allocation of proceeds until the proceeds have been fully allocated. In terms of the environmental and social benefits, Kirin Holdings plans to report on the following indices until the maturity of Kirin Sustainable Finance. The reporting will be disclosed on Kirin Holdings' website. If any significant event, such as a major change in plans or actual results, occurs after full allocation of the proceeds, Kirin Holdings will disclose such information in a timely manner.

<Allocation of Proceeds>

- Project description, including project name and progress
- Allocated and unallocated amounts
- Age and remaining useful life of the asset in refinancing and refinancing amount

<Environmental benefits>

[Green Projects]

Categories	Green Projects	Reporting Items
Businesses related to pollution prevention and control Eco-efficient products and/or circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"> • Procurement and capital investment of recyclable PET resin 	<ul style="list-style-type: none"> • Use rate of recycled resin (%)

[Green/Transition Projects]

Categories	Green/Transition Projects	Reporting matters
Businesses related to energy efficiency	<ul style="list-style-type: none"> • Introduction of heat pump systems to production sites 	<ul style="list-style-type: none"> • GHG reductions (t-CO₂e)
Businesses related to renewable energy	<ul style="list-style-type: none"> • Introduction of solar power generation equipments to production sites • Procurement of renewables 	<ul style="list-style-type: none"> • GHG reductions (t-CO₂e)

<Social benefits>

[Social Projects]

Categories	Social Projects	Output	Outcome (*) (Benefits or changes (outcome) brought to the target population)
Businesses that contribute to the achievement of a society of health and longevity, mainly through infant and toddler health improvement and disease prevention	<ul style="list-style-type: none"> • Capital investment, operation, and procurement of raw materials contributing to the production of Human Milk Oligosaccharide (HMO) 	<ul style="list-style-type: none"> • Expanded production capacity of Human Milk Oligosaccharide (HMO) 	<ul style="list-style-type: none"> • Increase in the number of users of products containing Human Milk Oligosaccharide (HMO) (e.g., powdered milk, health foods) in Japan and abroad, which contribute to improving the health of customers in a wide range of regions and age groups.

Businesses that contribute to the achievement of a society of health and longevity, through brain function improvement and brain function decline prevention	<ul style="list-style-type: none"> Capital investment, operation, and procurement of raw materials contributing to the production of Citicoline 	<ul style="list-style-type: none"> Expanded production capacity of Citicoline 	<ul style="list-style-type: none"> Increase in the number of users of products containing Citicoline (e.g., pharmaceuticals, health foods) in Japan and abroad, which contribute to improving the performance of customers' brain functions and preventing their decline.
Businesses that contribute to the achievement of a society of health and longevity, through the maintenance of immune function	<ul style="list-style-type: none"> Capital investment, operation, and procurement of raw materials contributing to the research and development of Lc-PLASMA and the production of raw material powder utilizing Lc-PLASMA 	<ul style="list-style-type: none"> Expanded production capacity of Lc-PLASMA Publication of papers Presentation at conferences Partnership with academia 	<ul style="list-style-type: none"> Increase in the number of people in Japan and abroad continuously intaking Lc-PLASMA, which contribute to the maintenance of customers' immune function.

*The number of users in each project is assumed to be reported annually.

Use of Proceeds Reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information Reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green bond refinanced share of total investment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact Reporting (Environmental Benefits, Social Benefits):

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Information Reported (Expected or Post-issuance):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input checked="" type="checkbox"/> Number of continuous users of the product | <input checked="" type="checkbox"/> Other ESG evaluation item (<i>please specify</i>):
Recycled resin ratio in PET bottles |

Means of Disclosure:

- | | |
|---|--|
| <input type="checkbox"/> Information published in financial report (Integrated Report) | <input type="checkbox"/> Described in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (<i>please specify</i>): Disclosing on website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

(3) Findings and opinions of DNV against the five requirements ^{*1} of SLBP/SLLP ^{*1}:
including SLBGLs/SLLGLs

SLBP/SLLP-1 Selection of Key Performance Indicators (KPIs)

- DNV reviewed Kirin Holdings' KPIs related to the sustainability and confirmed that the selected KPIs are important and relevant to Kirin Holdings' core transition strategy and sustainability management.
- The KPIs and SPTs of the Kirin Holdings Sustainability/Transition-Linked Finance are shown in Table-6. The three KPIs related to environmental sustainability (transition) set by Kirin Holdings are material indicators for the overarching transition/sustainability strategies towards the long-term target of achieving net zero GHG emissions in the entire value chain by 2050 set out in the Kirin Group's Environmental Vision 2050 and "sustainable use of water resources" as one of the challenges.
- The important KPIs for Kirin Holdings are externally evaluated as ambitious in the GHG emission reduction towards the long-term target of achieving net zero GHG emissions in the entire value chain by 2050 set out in the Kirin Group's Environmental Vision 2050 and "sustainable use of water resources". The selection of Kirin Holdings' KPIs; GHG emission reduction rate which covers Scope 1, 2 and 3, CDP climate change score and water security score is fully appropriate. These are positioned as core KPIs for the long-term target of achieving net zero GHG emissions in the entire value chain by 2050 set out in the Kirin Group's Environmental Vision 2050, and for the initiatives for "sustainable use of water resources".
- DNV has confirmed that the KPIs selected by Kirin Holdings are either consistent with the Paris Agreement or ambitious in addressing climate change and water resources, and that the KPIs are appropriately set as comparable indicators.
- From the perspective of Kirin Holdings' business strategy, DNV believes that the initiatives to KPIs closely related to the long-term target of achieving net zero GHG emissions in the entire value chain by 2050 set out in the Kirin Group's Environmental Vision 2050 and "sustainable use of water resources" will contribute to Kirin Holdings creating economic value as well as social value. DNV also believes that the KPIs contribute to realize the long-term target of achieving net zero GHG emissions in the entire value chain by 2050 set out in the Kirin Group's Environmental Vision 2050 and "sustainable use of water resources", and to the alignment of Kirin Holdings' business strategy with the goals related to sustainability management.
- DNV concludes that GHG emission reductions and CDP scores as KPIs are measurable based on a consistent methodology (assessment based on GHG Protocol and CDP), are externally verifiable, and can be benchmarked against an external reference. DNV concludes that supply-chain GHG emissions are a robust and highly reliable indicator.
- The SBT net zero accreditation of the SBT 1.5°C standard, which Kirin Holdings' medium- and long-term targets have been obtained, requires the setting of targets based on the 1.5°C standard consistent with the Paris Agreement and can be used as an external reference to assess Kirin Holdings' ambition.

- DNV confirmed that the KPIs selected by Kirin Holdings would provide a clear evaluation scope and calculation methods. See Schedule-2 for details.

List of selected KPIs

List of selected KPIs

- ✓ KPI-1: CDP climate change score and CDP water security score
- ✓ KPI-2: GHG emission reduction rates in Scope 1 and Scope 2
- ✓ KPI-3: GHG emission reduction rate in Scope 3

Definition, Scope and Parameters

- | | |
|---|---|
| <input checked="" type="checkbox"/> Clear definition of each selected KPIs | <input checked="" type="checkbox"/> Clear calculation methodology |
| <input checked="" type="checkbox"/> Other (<i>please specify</i>): CDP scoring on climate change and water security, which promotes global disclosure of information on the organization's environmental impacts. | |

Relevance, robustness, and reliability of the selected KPIs

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials that the selected KPIs are relevant, core and material to the Fundraiser's sustainability and business strategy. | <input checked="" type="checkbox"/> Evidence that the KPIs are externally verifiable |
| <input checked="" type="checkbox"/> Credentials that the KPIs are measurable or quantifiable on a consistent methodological basis | <input checked="" type="checkbox"/> Evidence that the KPIs can be benchmarked |
| | <input checked="" type="checkbox"/> Other (<i>please specify</i>): CDP scoring is widely recognized as a measure of an organization's commitment to environmental impact. |

SLBP/SLLP-2 Calibration of Sustainability Performance Targets (SPTs)

- DNV confirmed that the SPTs shown in Table-6 supported the supply-chain GHG emission reduction and "sustainable use of water resources" set out in the long-term target of achieving net zero GHG emissions in the entire value chain by 2050 set out in the Kirin Group's Environmental Vision 2050, Kirin Holdings' GHG emission reduction targets are aligned with the ambitious targets set out in the Paris Agreement, maintaining an A-score in the CDP is ambitious, and the specific plans are included. Accordingly, DNV confirmed that Kirin Holdings' SPTs are ambitious and proactive. DNV also confirmed that the achievements of SPTs are consistent with Kirin Holdings' efforts for achieving net zero.
- DNV concluded that the SPTs are realistic, the plans were feasible, the SPTs targets outlined in the framework were achievable, based on the long-term target of achieving net zero GHG emissions in the entire value chain by 2050 set out in the Kirin Group's Environmental Vision 2050, "sustainable use of water resources", and the information provided by Kirin Holdings.
- DNV confirmed that the SPTs established by Kirin Holdings are tied to the improvement of KPIs. The Kirin Holdings' efforts to KPIs/SPTs are expected to be a driving force for the implementation of Kirin Holdings' Transition (sustainability) strategy.
- DNV confirmed that the SPTs goal-setting process is based on the appropriate combination of benchmarking approaches.
 - Guidelines for goal setting by FY2030 are indicated in the Framework in accordance with KPIs information on the basis of the SBT 1.5°C standard, based on Kirin Holdings' actual results up to FY2021.
 - Kirin Holdings' GHG emission reduction targets are consistent with the ambitious targets set out in the Paris Agreement and that maintaining an A-score in the CDP is ambitious. In addition, the SPTs goal setting has been evaluated as ambitious as an item closely related to GHG emission reduction and water resources, based on the recent performance level of Kirin Holdings.
 - The SPTs are aligned with the achievement of the Paris Agreement targets. The KPIs/SPTs and their respective roadmaps support the realization of the long-term target of achieving net zero GHG emissions in the entire value chain by 2050 set out in the Kirin Group's Environmental Vision 2050.
- DNV confirmed that the SPTs goal setting was properly disclosed as follows
 - The SPT-1 is to maintain A rank in the CDP climate change score and CDP water security score.
 - The timeline for SPT-2 & SPT-3 achievement is set up to FY2030/FY2050. As for SPTs as trigger events, SPT-2 is set by linear interpolation, etc. between actual results in the base year FY2019 and targets up to FY2030, while SPT-3 is set to be reasonable and ambitious in Table-6. They may also be set individually when detailed plans are drawn up in the future.

- Through the Framework and the roadmap, the progress status in GHG emission reduction is described in detail.

Table-6 KPIs and SPTs of Kirin Holdings Sustainability/Transition-Linked Finance

(KPI-1 to KPI-3 and SPT-1 to SPT-3 are selected for Sustainability-Linked Finance, while any or both of KPI-2/SPT-2 and KPI-3/SPT-3 below are selected for Transition-Linked Finance.)

KPIs	SPTs
KPI-1: CDP climate change score and CDP water security score	SPT-1: Maintain CDP climate change score and CDP water security score A
KPI-2: GHG emission reduction rates in Scope 1 and Scope 2 (Base year: FY2019)	SPT-2: GHG emission reduction rates in Scope 1 and Scope 2 consistent with the following targets <ul style="list-style-type: none"> 50% reduction in GHG emissions in FY2030 Net zero GHG emissions in FY2050 (Base year: FY2019)
KPI-3: GHG emission reduction rate in Scope 3 (Base year: FY2019)	SPT-3: GHG emission reduction rate in Scope 3 consistent with the following targets <ul style="list-style-type: none"> 30% reduction in GHG emissions in FY2030 Net zero GHG emissions in FY2050 (Base year: FY2019)
Explanation of KPIs	Explanation of SPTs
<p>The KPIs are closely related to the 2050 net-zero target for "Overcoming climate change", a challenge set out in the "Kirin Group's Environmental Vision 2050", and to sustainable use of water resources.</p> <p><u>KPI-1: CDP climate change score and CDP water security score</u> It is a KPI related to external evaluation of initiatives to address issues set by Kirin Holdings, which can be assessed continuously based on the criteria of a third-party organization (CDP).</p> <p><u>KPI-2: GHG emission reduction rates in Scope 1 and Scope 2</u> <u>KPI-3: GHG emission reduction rate in Scope 3</u> These are core KPIs towards Kirin Holdings' 2050 net zero target and is quantifiable and continuously measurable according to the GHG Protocol.</p>	<p>Each SPT has a score and target value linked to Kirin Holdings' transition strategy, set with reference to the "Kirin Group's Environmental Vision 2050".</p> <p><u>SPT-1: Maintain CDP climate change score and CDP water security score A</u> The percentage of CDP-scored companies obtaining a score A in 2022 was approximately 1.5% for CDP climate change and 2.6% for CDP water security. It can be judged that maintaining a score A is set as an ambitious target.</p> <p><u>SPT-2: GHG emission reduction rates in Scope 1 and Scope 2 consistent with the following targets</u> <ul style="list-style-type: none"> 50% reduction in GHG emissions in FY2030 Net zero GHG emissions in FY2050 </p> <p><u>SPT-3: GHG emission reduction rate in Scope 3 consistent with the following targets</u> <ul style="list-style-type: none"> 30% reduction in GHG emissions in FY2030 Net zero GHG emissions in FY2050 It can be judged that Kirin Holdings has been accredited by SBTi to the SBT for 1.5°C, and the SPTs are set in alignment with the ambitious 2050 net zero target set by the Paris Agreement.</p> <p>As for SPTs as trigger events, SPT-2 is set by linear interpolation, etc. between actual results in the base year FY2019 and targets up to FY2030, while SPT-3 is set to be reasonable and ambitious as described above. They may also be set individually when detailed plans are drawn up in the future.</p>

(SPTs) Rationale and level of ambition

- | | |
|--|---|
| <input checked="" type="checkbox"/> Evidence that the SPTs represent a material improvement | <input checked="" type="checkbox"/> Credentials on the relevance and reliability of selected benchmarks and baselines |
| <input checked="" type="checkbox"/> Evidence that SPTs are consistent with the Fundraiser's sustainability and business strategy | <input checked="" type="checkbox"/> Credentials that the SPTs are determined on a predefined timeline |
| | <input type="checkbox"/> Other (<i>please specify</i>): |

Benchmarking approach

- | | |
|--|--|
| <input checked="" type="checkbox"/> Fundraiser own performance | <input checked="" type="checkbox"/> Fundraiser's peers |
| <input checked="" type="checkbox"/> Reference to the science | <input checked="" type="checkbox"/> Other (<i>please specify</i>): CDP, SBT for 1.5°C standard |

Additional disclosure

- | | |
|---|--|
| <input checked="" type="checkbox"/> Potential recalculations or adjustments description | <input checked="" type="checkbox"/> Fundraiser's strategy to achieve description |
| <input checked="" type="checkbox"/> Identification of key factors that may affect the achievement of the SPTs | <input type="checkbox"/> Other (<i>please specify</i>): |

SLBP/SLLP-3 Bond/Loan Characteristics

For the Sustainability/Transition-Linked Finance (Bond or Loan) executed under the Framework, DNV confirmed that the observation timing of specific SPTs and the trigger events with performance requirements and the extent of their impact would be linked to the achievement of targets and interest rates of bonds, terms and conditions of loan or other financial incentives (e.g., donation to organizations working on similar improvements in the case of failing to achieve SPTs).

- DNV confirmed, as for the specific interest rate variation, that a step up/down of the annual interest rate will define at the time of the implementation of the financing from the time of interest payment after the decision date until the redemption/repayment date, or a donation to organizations working on similar improvements of SPTs, based on the achievement status of the SPTs as verified by a third party.
- DNV confirmed that Kirin Holdings considered the appropriate fallback mechanisms (fallback alternatives), and, as a result, decided not to set up other SPTs or calculation methods at this time since the risks of not being able to calculate or observe are extremely small.
- Kirin Holdings explained that KPIs and SPTs may be changed after discussion at internal meetings when there is a rational reason, in case that there is any changes in business environment, business structure and KPIs, etc., regardless of whether the event is due to external factors or the result of Kirin Holdings' management decision.
- DNV confirmed that when there are any changes in KPIs and SPTs, Kirin Holdings will disclose them on the website, etc.

Financial impact:

- ☒ Variation of the coupon
- ☒ Other (*please specify*): financial incentive, such as donation, etc.

Structural characteristic:

- ☒ Other (*please specify*): terms and conditions of trigger judgement (judgement date and SPTs) will be set by the period of an individual bond or loan, etc., and clarified in a legal disclosure documentation (or other disclosure method to the public) or an agreement document.

SLBP/SLLP-4 Reporting

- DNV confirmed that the necessary information would be disclosed to the public on an annual basis for the following details required by the SLBP/SLLP.
 - KPIs performance for SPTs: will be verified by an external agency at least once a year until the completion of redemption or repayment after the execution of Sustainability/Transition-Linked Finance, and disclosed on the website.
 - SPTs achievement status: will be verified annually by an independent third party and used for determination of the financial characteristics (bond interest rate, terms and conditions of loan or other financial incentives).

Information reported

- | | |
|--|---|
| <input checked="" type="checkbox"/> Performance of the selected KPIs | <input checked="" type="checkbox"/> Verification assurance report |
| <input checked="" type="checkbox"/> Level of ambition of the SPTs | <input checked="" type="checkbox"/> Other (<i>please specify</i>): Information on the financial impact when implementing trigger judgement (information of interest rate and donation). Validity of the adjustment and recalculation result of KPIs and SPTs, if necessary. |

Frequency

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Means of Disclosure

- | | |
|--|--|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (<i>please specify</i>): disclosed on fundraiser's website |
| <input type="checkbox"/> Reporting reviewed | |

Level of Assurance on Reporting

- | | |
|---|---|
| <input checked="" type="checkbox"/> Limited assurance | <input type="checkbox"/> Reasonable assurance |
| | <input type="checkbox"/> Other (<i>please specify</i>): |

SLBP/SLLP-5 Verification

- DNV confirmed that Kirin Holdings planned to undergo independent verification of KPIs-related data at least once a year by qualified external evaluation agency.

Information reported

- | | |
|---|---|
| <input checked="" type="checkbox"/> Limited assurance | <input type="checkbox"/> Reasonable assurance |
| | <input type="checkbox"/> Other (<i>please specify</i>): |

Frequency

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Material change

- | | |
|--|---|
| <input checked="" type="checkbox"/> Perimeter | <input type="checkbox"/> KPIs methodology |
| <input checked="" type="checkbox"/> SPTs calibration | |

VII. Assessment Conclusion

On the basis of the information provided by Kirin Holdings and the work undertaken, it is DNV's opinion that the Kirin Holdings Sustainable Finance Framework meets the criteria established in the Protocol, and that it is aligned with the following stated definition or purpose of the Green/Transition/Social/Sustainability Finance and Sustainability/Transition-Linked Finance, within the CTFH/CTFBG, GBP/GBGLs, GLP/GLGLs, SBP/SBGLs, SLP, SBG, SLBP/SLBGLs, and SLLP/SLLGLs.

- "enable capital-raising and investment for new and existing projects with environmental benefits"
- "provide an investment opportunity with transparent sustainability credentials"
- "Climate Transition Finance is important through KPIs and SPTs, quantitative, pre-determined, ambitious, and regularly monitored and externally validated and encourage the achievement of ESG of fundraisers"

DNV Business Assurance Japan K.K.

26 December 2022



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About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.




Disclaimer

Responsibilities of the Management of the Fundraiser and the Second Party Opinion Providers, DNV : The management of Fundraiser has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform the Fundraiser management and other interested stakeholders in the Bond as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by the Fundraiser. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by the Fundraiser's management and used as a basis for this assessment were not correct or complete







Schedule-1 Kirin Sustainable Finance Nominated Projects List

The projects listed in the table are the nominated projects that have been evaluated for eligibility at the time of evaluation (as of November 2022). In the future, green/transition/social finance issued under the Kirin Sustainable Finance will be selected from one or more of the Eligible Criteria (nominated eligible projects) described in Schedule-1 as per its labelling and the use of proceed are reported in the pre-financing or post-financing reports. If additional green/transition/social projects are included, project eligibility will be evaluated in advance by Kirin Holdings in accordance with the process based on the Framework and, if necessary, DNV will evaluate them in a timely manner.




[Green Projects]






Categories	Green Projects	GBP Project Categories	Alignment with the SDGs
Businesses related to pollution prevention and control Eco-efficient products and/or circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"> Procurement and capital investment of recyclable PET resin 	<ul style="list-style-type: none"> Pollution prevention and control (Environmental goal: pollution prevention and control) Eco-efficient products and/or circular economy adapted products, production technologies and processes (Environmental goal: conservation of natural resources) 	  

[Green/Transition Projects]

Categories	Green/Transition Projects	GBP Project Categories	Alignment with the SDGs
Businesses related to energy efficiency	<ul style="list-style-type: none"> Introduction of heat pump systems to production sites 	<ul style="list-style-type: none"> Energy efficiency (Environmental goal: climate change mitigation) 	  
Businesses related to renewable energy	<ul style="list-style-type: none"> Introduction of solar power generation equipments to production sites Procurement of renewables 	<ul style="list-style-type: none"> Renewable energy (Environmental goal: climate change mitigation) 	  

[Social Projects]

Categories	Social Projects	SBP Project Categories	Alignment with the SDGs
Businesses that contribute to the achievement of a society of health and	<ul style="list-style-type: none"> Capital investment, operation, and procurement of raw materials 	<ul style="list-style-type: none"> Access to essential services (health, healthcare) (Target population: general public) 	  

longevity, mainly through infant and toddler health improvement and disease prevention	contributing to the production of Human Milk Oligosaccharide (HMO)		
Businesses that contribute to the achievement of a society of health and longevity, through brain function improvement and brain function decline prevention	<ul style="list-style-type: none"> Capital investment, operation, and procurement of raw materials contributing to the production of Citicoline 	<ul style="list-style-type: none"> Access to essential services (health, healthcare) (Target population: general public, aging people, patients) 	  
Businesses that contribute to the achievement of a society of health and longevity, through the maintenance of immune function	<ul style="list-style-type: none"> Capital investment, operation, and procurement of raw materials contributing to the research and development of Lc-PLASMA and the production of raw material powder utilizing Lc-PLASMA 	<ul style="list-style-type: none"> Access to essential services (health, healthcare) (Target population: general public, aging people, vulnerable youth) 	 

Schedule-2 Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs)

KPIs: Key Performance Indicators

KPIs	Overview
KPI-1: CDP climate change score and CDP water security score KPI-2: GHG emission reduction rates in Scope 1 and Scope 2 KPI-3: GHG emission reduction rate in Scope 3	<p>The KPIs are closely related to the 2050 net-zero target for "Overcoming climate change", a challenge set out in the "Kirin Group's Environmental Vision 2050", and to sustainable use of water resources.</p> <p>KPI-1 is related to external evaluation of initiatives to address issues set by Kirin Holdings, which can be assessed continuously based on the criteria of a third-party organization (CDP).</p> <p>KPI-2 & KPI-3 are core KPIs towards Kirin Holdings' 2050 net zero target and are quantifiable and continuously measurable according to the GHG Protocol.</p>

SPTs: Sustainability Performance Targets

SPTs	Overview
SPT-1: Maintain CDP climate change score and CDP water security score A SPT-2: GHG emission reduction rates in Scope 1 and Scope 2 consistent with the following targets (Base year: FY2019) <ul style="list-style-type: none"> •50% reduction in GHG emissions in FY2030 •Net zero GHG emissions in FY2050 SPT-3: GHG emission reduction rate in Scope 3 consistent with the following targets (Base year: FY2019) <ul style="list-style-type: none"> •30% reduction in GHG emissions in FY2030 •Net zero GHG emissions in FY2050 	<p>Each SPT has a score and target value linked to Kirin Holdings' transition strategy, set with reference to the "Kirin Group's Environmental Vision 2050".</p> <p>As for SPT-1, the percentage of CDP-scored companies obtaining a score A in 2022 was approximately 1.5% for CDP climate change and 2.6% for CDP water security. It can be judged that maintaining a score A is set as an ambitious target.</p> <p>As for SPT-2 & SPT-3, it can be judged that Kirin Holdings has been accredited by SBTi to the SBT for 1.5°C, and the SPTs are set in alignment with the ambitious 2050 net zero target set by the Paris Agreement.</p> <p>As for SPTs as trigger events, SPT-2 is set by linear interpolation, etc. between actual results in the base year FY2019 and targets up to FY2030, while SPT-3 is set to be reasonable and ambitious as shown on the left. They may also be set individually when detailed plans are drawn up in the future.</p>

Schedule-3 Transition Finance Framework Eligibility Assessment Protocol

The following checklists (1-4) are DNV evaluation procedures created for Kirin Holdings Transition Finance (specific use of proceeds and general corporate purpose) from Kirin Holdings Sustainable Finance Framework, based on the disclosure requirements of the CTFH and CTFBG.

The "confirmed documents" in the Work Undertaken include public or private documents (internal documents of the issuer or the fundraiser), etc., and are provided by Kirin Holdings as evidence of eligibility judgment for DNV.

* Please replace "Issuer", "Investor" to "Borrower/Fundraiser", "Lender" in the context in the following requirements.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1	Issuer's Climate Transition Strategy and Governance	<p>The financing purpose should be for enabling an issuer's climate change strategy. A 'transition' label applied to a debt financing instrument should serve to communicate the implementation of an issuer's corporate strategy to transform the business model in a way which effectively addresses climate-related risks and contributes to alignment with the goals of the Paris Agreement.</p> <p><Suggested information and indicators></p> <ul style="list-style-type: none"> A long-term target to align with the goals of the Paris Agreement (e.g. the objective of limiting global warming ideally to 1.5°C and, at the very least, to well below 2°C); Relevant interim targets on the trajectory towards the long-term goal; Disclosure on the issuer's levers towards decarbonisation, and strategic planning towards a long-term target to align with the goals of the Paris Agreement; Clear oversight and governance of transition strategy and, Evidence of a broader sustainability strategy to mitigate relevant environmental and social externalities and contribute to the UN Sustainable Development Goals. 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> Framework KIRIN INTEGRATED REPORT 2022 Roadmap Project List <p>Interviews with stakeholders</p>	<p>Kirin Holdings has established its Framework, and has also introduced various plans and initiatives to manage and enhance the performance related to the organization's environmental sustainability against Kirin Holdings' wide range of environmental strategy.</p> <p>DNV has reviewed and confirmed that Kirin Holdings' goals are equivalent to achieving the goals of the Paris Agreement in accordance with the long-term target of achieving net zero GHG emissions in the entire value chain by 2050 set out in the "Kirin Group Environment Vision 2050", which was the long-term goals with science-based evidence quantified by Kirin Holdings. Kirin Holdings has established a corporate strategy in the significant environmental aspects for the business model, based on the identification of risks and opportunities and scenario analysis using the TCFD guidance.</p> <p>In February 2021, Kirin Holdings formulated the long-term target of achieving net zero GHG emissions in the entire value chain by 2050 set out in the "Kirin Group Environment Vision 2050", which includes a roadmap. The long-term target of achieving net zero by 2050, which is consistent with the goals of the Paris Agreement, are set in the roadmap, and the medium-term goals for achieving the target are also developed. Kirin Holdings' strategic plan to achieve the Transition to net zero is disclosed in the roadmap.</p> <p>Specifically, Kirin Holdings' transition strategy includes the reduction target and measures necessary for achieving the goals of the Paris Agreement. Furthermore, when a review of efforts is required in order to realize the continuous emission reduction in the future, it will be implemented in a timely manner according to the timeline based on the progress in the development of each technology.</p> <p>Kirin Holdings considers overcoming climate change, including the implementation of transition strategies as one of the most important management issues, and has established the system and the Framework to</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings																
				<p>promote the initiatives set forth in the long-term target of achieving net zero GHG emissions in the entire value chain by 2050 set out in the “Kirin Group Environment Vision 2050” and the roadmap at the management level.</p> <p>DNV confirmed that the Framework, the long-term target of achieving net zero GHG emissions in the entire value chain by 2050 set out in the “Kirin Group Environment Vision 2050” and the roadmap were well aligned with Kirin Holdings' transition strategy, in accordance with the evaluation of the implementation plans provided by Kirin Holdings. Through the evaluation, DNV confirmed that the implementation plans based on Kirin Holdings' transition strategy were credible, ambitious, and achievable.</p>																
2	Business model environmental materiality	The planned climate transition trajectory should be relevant to the environmentally-material parts of the issuer’s business model, taking into account potential future scenarios which may impact on current determinations concerning materiality.	Confirmed documents: - Framework - KIRIN INTEGRATED REPORT 2022 - Roadmap - Project List Interviews with stakeholders	<p>DNV assessed whether the key activities related to Kirin Holdings' business were being corresponding to Kirin Holdings' transition strategy which was evaluated as contribution to the environment.</p> <p>GHG emissions of the Kirin Group (FY2019-FY2021) are as follows:</p> <table><tr><th>Item</th><th>FY2019</th><th>FY2020</th><th>FY2021</th></tr><tr><td>Scope 1+2</td><td>834,000 t-CO_{2e}</td><td>757,000 t-CO_{2e}</td><td>722,000 t-CO_{2e}</td></tr><tr><td>Scope 3</td><td>4,211,000 t-CO_{2e}</td><td>3,983,000 t-CO_{2e}</td><td>3,689,000 t-CO_{2e}</td></tr><tr><td>Total</td><td>5,045,000 t-CO_{2e}</td><td>4,740,000 t-CO_{2e}</td><td>4,411,000 t-CO_{2e}</td></tr></table> <p>Kirin Holdings' transition efforts include not only emission reductions from its own business activities (Scope 1 and 2), but also activities that contribute to the emission reduction of Scope 3. This will contribute to achieve net zero as an important initiative indicated in the various plans and strategies for decarbonization in Japan. In other words, Kirin Holdings' transition initiatives directly support the transition of society as a whole, including its own company, as a business operator taking on the challenge of achieving net zero in 2050.</p> <p>The roadmap is well aligned with the goals of the Paris Agreement, and its specific implementation plans and targets are set and quantified in the absolute sense that they must be the optimization to achieve them and the possibility of further improvement.</p> <p>DNV confirmed that Kirin Holdings' plan to implement its Transition Strategy is closely linked to the activities of its core business and to activities that contribute to the GHG emissions reduction of in society as a whole, thus contributing to the environmental aspects of society as a whole and supporting the promotion of Kirin Holdings' business. Kirin Holdings' planned transition strategy and transition pathway are associated with the materiality</p>	Item	FY2019	FY2020	FY2021	Scope 1+2	834,000 t-CO _{2e}	757,000 t-CO _{2e}	722,000 t-CO _{2e}	Scope 3	4,211,000 t-CO _{2e}	3,983,000 t-CO _{2e}	3,689,000 t-CO _{2e}	Total	5,045,000 t-CO _{2e}	4,740,000 t-CO _{2e}	4,411,000 t-CO _{2e}
Item	FY2019	FY2020	FY2021																	
Scope 1+2	834,000 t-CO _{2e}	757,000 t-CO _{2e}	722,000 t-CO _{2e}																	
Scope 3	4,211,000 t-CO _{2e}	3,983,000 t-CO _{2e}	3,689,000 t-CO _{2e}																	
Total	5,045,000 t-CO _{2e}	4,740,000 t-CO _{2e}	4,411,000 t-CO _{2e}																	

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings						
				that Kirin Holdings has achieved through ISO 26000, GRI standards ^{*1} , etc., and will contribute to significant environmental improvements (impact) in both qualitative and quantitative terms. ^{*1} : Global Reporting Initiative (an international standard providing ESG-related reporting, management and analysis methods)						
3	Climate transition strategy to be science-based including targets and pathways	<p>Issuer’s climate strategy should reference science-based targets and transition pathways. The planned transition trajectory should:</p> <ul style="list-style-type: none">• be quantitatively measurable (based on a measurement methodology which is consistent over time);• be aligned with, benchmarked or otherwise referenced to recognized, science-based trajectories where such trajectories exist;• be publicly disclosed (ideally in mainstream financing filings), include interim milestones, and;• be supported by independent assurance or verification <p><Suggested information and indicators></p> <ul style="list-style-type: none">• Short, medium, and long-term greenhouse gas reduction targets aligned with Paris Agreement;• Baseline• Scenario utilised, and methodology applied (e.g. ACT, SBTi, etc.);• Greenhouse gas objectives covering all scopes (Scope 1, 2 and 3¹¹); and,• Targets formulated both in intensity and absolute terms	<p>Confirmed documents:</p> <ul style="list-style-type: none">- Framework- KIRIN INTEGRATED REPORT 2022- Roadmap- Project List <p>Interviews with stakeholders</p>	<p>For Scope 1, 2, and 3, Kirin Holdings has set a transition plan and a transition trajectory that is consistent with the science-based Paris Agreement.</p> <p>This plan provides a realistic achievement and pathway for GHG emission reduction in absolute terms and a plan to reduce GHG emissions in absolute (total) terms to maintain the defined levels in the future.</p> <p>The transition targets are set voluntarily based on the efforts utilizing the TCFD and other measures for GHG emission reduction in a sustainable manner, and they are consistent with the SBTi net zero standard, which serves as the benchmark.</p> <p>Specifically, Kirin Holdings has established the following goals for transitions:</p> <table><tr><th>Item</th><th>Target Value</th></tr><tr><td>Scope 1+2 total emissions</td><td>Target for FY2030: 50% reduction (compared to FY2019) Target for FY2050: Net zero</td></tr><tr><td>Scope 3 emissions</td><td>Target for FY2030: 30% reduction (compared to FY2019) Target for FY2050: Net zero</td></tr></table> <p>Kirin Holdings' transition efforts include not only emission reductions from its own business activities (Scope 1 and 2), but also activities that contribute to the emission reduction of Scope 3. This will contribute to achieve net zero as an important initiative indicated in the various plans and strategies for decarbonization in Japan. In other words, Kirin Holdings' transition initiatives directly support the transition of society as a whole, including its own company, as a business operator taking on the challenge of achieving net zero in 2050.</p> <p>The efforts to the Transition and the emissions of Scope 1, 2, and 3 are disclosed in the “KIRIN INTEGRATED REPORT 2022”, etc.</p>	Item	Target Value	Scope 1+2 total emissions	Target for FY2030: 50% reduction (compared to FY2019) Target for FY2050: Net zero	Scope 3 emissions	Target for FY2030: 30% reduction (compared to FY2019) Target for FY2050: Net zero
Item	Target Value									
Scope 1+2 total emissions	Target for FY2030: 50% reduction (compared to FY2019) Target for FY2050: Net zero									
Scope 3 emissions	Target for FY2030: 30% reduction (compared to FY2019) Target for FY2050: Net zero									

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4	Implementation transparency	<p>Market communication in connection with the offer of a financing instrument which has the aim of funding the issuer's climate transition strategy should also provide transparency to the extent practicable, of the underlying investment program including capital and operational expenditure. This may include R&D-related expenditure where relevant, and details of where any such operating expenditure is deemed 'non-Business as Usual', as well as other relevant information indicating how this program supports implementation of the transition strategy, including details of any divestments, governance and process changes.</p> <p><Suggested information and indicators></p> <ul style="list-style-type: none"> • Disclosure on the percentage of assets/revenues/ expenditures/divestments aligned to the various levers outlined in Element 1 above; • Capex roll-out plans consistent with the overall strategy and climate science 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework - KIRIN INTEGRATED REPORT 2022 - Roadmap - Project List <p>Interviews with stakeholders</p>	<p>DNV has confirmed that the investment and development plans related to Kirin Holdings' Transition Strategy include agreement on future investment and expenditure. Specifically, DNV has confirmed that an investment plan of approximately 26 billion yen over the medium-term plan period from FY2022 to FY2030 has been formulated of a part of the proceeds from sustainable finance for capital investment and procurement of renewable energy that contribute to green/transition. DNV has also confirmed that Kirin Holdings intends to consider the overall investment plan (investment amount) for disclosure to the extent possible from the perspective of ensuring transparency in the future.</p> <p>DNV confirmed that the overall investment plan (investment amount) for the future was a plan where the investments required to implement the transition strategy would be executed according to the appropriate timeline based on the internal management structure and processes, taking into account CTF-1 to CTF-3.</p> <p>DNV confirmed that Kirin Holdings plans to allocate the proceeds for capital expenditure and operating expenditure, investment, R&D expenses, removal costs, etc. for the nominated transition eligible projects shown in Schedule-1.</p>

Schedule-4 Kirin Sustainable Finance (or Transition Finance with specific use of proceeds) Eligibility Assessment Protocol

The checklist below (SF-1 to SF-4) is a DNV evaluation procedure created for Kirin Sustainable Finance Eligibility Assessment (Transition Finance with specific use of proceeds) based on GBP/GBGLs, GLP/GLGLs, SBP/SBGLs, SLP, and SBG. "Confirmed documents" in the "Work Undertaken" includes documents inside the fundraiser and is provided by Kirin Holdings as evidence of eligibility judgment for DNV.

In Schedule-3, it is referred to as GBP or GLP according to the practice, but this is the standard to be referred to in the case of financing that specifies the use of proceeds such as transition projects in transition finance that specifies the use of proceeds based on CTFH and CTFBG, so please read as the meaning of the transition as appropriate.

*SF: Sustainable Finance

SF-1 Use of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of finance	The Sustainability Finance must fall in one of the following categories, as defined by SBP and GBP. <ul style="list-style-type: none"> - (Standard) Sustainability Finance - Sustainability Revenue Finance - Sustainability Project Finance • Other 	Confirmed documents: <ul style="list-style-type: none"> - Framework Interviews with stakeholders	Through the assessment, DNV confirmed that Kirin Sustainable Finance (hereinafter, "Sustainable Finance") falls into the category below: <ul style="list-style-type: none"> • (Standard) Sustainability Finance
1b	Project categories	The cornerstone of a Sustainability Finance is the utilization of the proceeds of the finance which should be appropriately described in the legal documentation for the security.	Confirmed documents: <ul style="list-style-type: none"> - Framework - Project List Interviews with stakeholders	DNV confirmed that the projects identified in the Framework fall into the following representative eligible categories classified by the standards, such as GBP, SBP and GLP. It was also confirmed that the proceeds are planned to be allocated to new or existing projects as new financing or refinancing, and that the plans are properly documented in the legal documents and other documents related to the financing. Environmental Contribution (Green) <ul style="list-style-type: none"> • Energy efficiency • Pollution prevention and control • Eco-efficient products and/or circular economy adapted products, production technologies and processes • Renewable energy Social Contribution (Social) <ul style="list-style-type: none"> • Access to essential services

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1c	Environmental and social benefits	All designated Sustainability Project categories should provide clear greenly and/or social benefits, which, where feasible, will be quantified or assessed by the fundraiser.	Confirmed documents: - Framework Interviews with stakeholders	<p>Among the Green Projects, the introduction of heat pump systems and solar power generation equipment have environmental benefits in terms of GHG emission reductions, and DNV confirmed that the environmental benefits are quantitatively assessed in terms of GHG emission reductions and reported annually. DNV also confirmed that the capital investment in recyclable PET resin is a project that contributes to improving the effective utilization rate of waste plastic and preventing environmental pollution caused by marine plastics, etc., and that the environmental benefits of the project can be quantitatively evaluated by the ratio of recycled resin used.</p> <p>Regarding Social Projects, as shown in Schedule-1, Kirin Holdings has defined the social issues in Japan to be solved by its own business activities and products, and clearly identified the beneficiaries. Each Social Project was confirmed to have social benefits respectively: Human Milk Oligosaccharide production for improving the health of customers in a wide range of regions and age groups, Citicoline production for brain function improvement of customers, and Lc-PLASMA production for maintenance of immune function of customers. The benefits were confirmed to be quantitatively assessed in terms of the number of continuous users and reported annually.</p> <p>Through the assessment, DNV determined that the environmental and social impact risks associated with project execution were relatively low, with the following aspects considered.</p> <ul style="list-style-type: none"> • Compliance with environmental laws and regulations (e.g., conducting environmental assessments) • Comply with agreements with the relevant communities • Compliance with the Kirin Group Compliance Guidelines
1d	Refinance share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that fundraiser provide an estimate of the share of financing vs. refinancing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	Confirmed documents: - Framework Interviews with stakeholders	Kirin Holdings plans to use the proceeds for either new investments, refinancing, or both. DNV confirmed that it plans to disclose the amount of the proceeds allocated to refinancing and elapsed years and remaining useful life of the asset through its annual report.

SF-2 Process for Project Evaluation and Selection

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment decision process	<p>The fundraiser of a Sustainability Finance should outline the decision-making process it follows to determine the eligibility of projects using Sustainability Finance proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> • A process to determine how the projects fit within the eligible Sustainability (Green and Social) Projects categories identified in the Sustainability Finance Principles; • The criteria making the projects eligible for using the Sustainability Finance proceeds; and • The sustainability objectives for green and social 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>DNV confirmed that Kirin Holdings selects projects based on the Framework and according to the following criteria.</p> <p>Eligible Projects:</p> <ul style="list-style-type: none"> • Finance Department and CSV Strategy Department of Kirin Holdings selected the eligible projects, and the Executive Officer in charge of Financial Strategy made the final decision on the eligibility of the selected nominated projects. • The overall contribution of the project to the achievement of the "CSV Purpose" was evaluated to determine the eligibility of the sustainability projects listed in Schedule-1. • For execution of the project, the following risk mitigation processes are in place, in addition to meeting the eligibility criteria indicated in Chapter II Scope and Objectives (3) Standards/Guidelines to be applied. <p>< Process to reduce environmental and social risks ></p> <ul style="list-style-type: none"> • Compliance with environmental laws and regulations (e.g., conducting environmental assessments) • Comply with agreements with the relevant communities • Compliance with the Kirin Group Compliance Guidelines
2b	Fundraiser's environmental and social governance framework	<p>In addition to criteria and certifications, the information published by fundraiser regarding the Sustainability finance process is also considered the quality of performance of the fundraiser's framework and environmental and social sustainability.</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework - CSV Purpose - KV2027 <p>Interviews with stakeholders</p>	<p>DNV confirmed that the Green/Transition and Social Projects implemented by Kirin Holdings are in line with Kirin Holdings' "CSV Purpose" and "KV2027" and that, in implementing the projects, Kirin Holdings will comply with environmental laws, regulations, and agreements with the relevant communities, as well as considerations for the surrounding environment was considered. DNV also confirmed that the environmental benefits of Green/Transition Projects, such as GHG emission reductions, and the social benefits of Social Projects are clear through review of the Framework and other documents, as well as interviews with stakeholders.</p>

SF-3 Management of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure-1	Proceeds for funds raised through Sustainability Finance should be managed in sub-accounts, incorporated into sub-portfolios, or tracked by other appropriate means. They should also be evidenced by the fundraiser in a formal internal process related to the fundraiser's investment and financing operations for sustainability projects.	Confirmed documents: - Framework - Kirin Group Treasury Policy - Document Management Regulation Interviews with stakeholders	Through document review and interviews, DNV confirmed that the net proceeds are traceable through Kirin Holdings' Kirin Group Treasury Policy and internal control systems. DNV also confirmed that the actual systems and related documents in use can be reviewed and that the control of the proceeds can be evidenced-based on these systems.
3b	Tracking procedure-2	In the period for which Sustainability Finance is to be managed, the balance of the tracked proceeds should be periodically adjusted by amounts matching eligible project investments or loan disbursements made during that period.	Confirmed documents: - Framework - Kirin Group Treasury Policy - Document Management Regulation Interviews with stakeholders	DNV confirmed that Kirin Holdings plans to manage the appropriation of proceeds regularly (at least semi-annually) during the period from the execution of Sustainable Finance to redemption or repayment.
3c	Temporary holdings	Pending such investments or disbursements to eligible Sustainability Projects, the fundraiser should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	Confirmed documents: - Framework - Kirin Group Treasury Policy - Document Management Regulation Interviews with stakeholders	DNV confirmed that Kirin Holdings' internal control system and other confirmation processes ensure that the balance of unallocated proceeds is recognized in a timely manner. It was confirmed through the description of the Framework and this assessment that the balance of unallocated proceeds will be managed in cash or cash equivalents. It was also confirmed that the balance of unallocated proceeds will be disclosed through the reporting for funds allocation.

SF-4 Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical Reporting	<p>In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, fundraisers should provide at least annually a list of projects to which Sustainability Finance proceeds have been allocated including:</p> <ul style="list-style-type: none"> - confidentiality and/or competitive considerations, where possible; - a brief description of the projects and the amounts disbursed, as well as the expected environmental and social sustainable impact 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>DNV confirmed that Kirin Holdings will conduct Kirin Sustainable Finance reporting (annual reporting) and will disclose the allocation of proceeds until the proceeds have been fully allocated. In terms of the environmental and social benefits, Kirin Holdings plans to report on the following indices until the maturity of Kirin Sustainable Finance. DNV confirmed that the balance of unallocated proceeds and the amount and elapsed years and remaining useful life of the asset of the refinanced portion will be disclosed. DNV also confirmed that Kirin Holdings will disclose the environmental and social benefits at any or all of the following indicators, within the limits of confidentiality and so far, as is reasonably practicable.</p> <p>(Environmental benefits)</p> <ul style="list-style-type: none"> • GHG reductions by introduction of heat pump systems: (t-CO_{2e}) • Ratio of recycled resin by procurement and capital investment for recyclable PET resin (%) • GHG reductions by introduction of solar power generation equipment (t-CO_{2e}) <p>(Social benefits)</p> <ul style="list-style-type: none"> • Number of continuous users of the Human Milk Oligosaccharide products (people) • Number of continuous users of the Citicoline products (people) • Number of continuous users of the Lc-PLASMA products (people)

Schedule-5 Sustainability-Linked Finance Framework Eligibility Assessment Protocol

The checklist below (SLBP/SLLP1~5) is a DNV evaluation procedure created for the Kirin Sustainable Finance Framework Eligibility Assessment based on the requirements of SLBP/SLLP.

SLBP/SLLP-1 Selection of KPIs (Key Performance Indicators)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	KPIs – material to core sustainability and business strategy	<p>The fundraiser's sustainability performance is measured using sustainability KPIs that can be external or internal. The KPIs should be material to the fundraiser's core sustainability and business strategy and address relevant environmental, social and/or governance challenges of the industry sector and be under management's control. The KPIs should be of high strategic significance to the fundraiser's current and/or future operations;</p> <p>It is recommended that fundraiser communicate clearly to investors the rationale and process according to which the KPIs have been selected and how the KPIs fit into their sustainability strategy.</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework - KIRIN INTEGRATED REPORT 2022 - Roadmap <p>Interviews with stakeholders</p>	<p>DNV reviewed Kirin Holdings' KPIs related to the sustainability and confirmed that the selected KPIs are important and relevant to Kirin Holdings' core transition strategy and sustainability management.</p> <p>Kirin Holdings aims for the long-term target of achieving net zero GHG emissions in the entire value chain by 2050 set out in the Kirin Group's Environmental Vision 2050 and "sustainable use of water resources". The three KPIs related to environmental transition (sustainability) set by Kirin Holdings are material indicator for the overarching transition (sustainability) strategies.</p> <p>The KPIs that are important for Kirin Holdings are GHG emission reduction towards the long-term target of achieving net zero GHG emissions in the entire value chain by 2050 set out in the Kirin Group's Environmental Vision 2050 and "sustainable use of water resources". The selection of Kirin Holdings' initiatives on GHG emission reduction and water resources in relation to Scope 1, 2, and 3 as KPIs is fully appropriate. This is positioned as a core KPI for the long-term target of achieving net zero GHG emissions in the entire value chain by 2050 set out in the Kirin Group's Environmental Vision 2050, and for the initiatives for "sustainable use of water resources".</p> <p>DNV has confirmed that the KPIs selected by Kirin Holdings are consistent with the Paris Agreement, and that the KPIs are appropriately set as comparable indicators.</p> <p>From the perspective of Kirin Holdings' business strategy, DNV believes that the initiatives to KPIs closely related to the long-term target of achieving net zero GHG emissions in the entire value chain by 2050 set out in the Kirin Group's Environmental Vision 2050 and "sustainable use of water resources" will contribute to Kirin Holdings creating economic value as well as social value. DNV also believes that the KPIs contribute to realize the long-term target of achieving net zero GHG emissions in the entire value chain by 2050 set out in the Kirin Group's Environmental Vision 2050 and "sustainable use</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings				
				<p>of water resources”, and to the alignment of Kirin Holdings' business strategy with the goals related to sustainability management.</p> <p>The chosen KPIs are outlined in detail in Schedule-2, and entails:</p> <table><tr><th>KPIs</th></tr><tr><td>KPI-1: CDP climate change score and CDP water security score</td></tr><tr><td>KPI-2: GHG emission reduction rates in Scope 1 and Scope 2</td></tr><tr><td>KPI-3: GHG emission reduction rate in Scope 3</td></tr></table>	KPIs	KPI-1: CDP climate change score and CDP water security score	KPI-2: GHG emission reduction rates in Scope 1 and Scope 2	KPI-3: GHG emission reduction rate in Scope 3
KPIs								
KPI-1: CDP climate change score and CDP water security score								
KPI-2: GHG emission reduction rates in Scope 1 and Scope 2								
KPI-3: GHG emission reduction rate in Scope 3								
1b	KPIs - Measurability	<p>KPIs should be measurable or quantifiable on a consistent methodological basis; externally verifiable; and 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.</p> <p>Fundraisers are encouraged, when possible, to select KPIs that they have already included in their previous annual reports, sustainability reports or other non-financial reporting disclosures to allow investors to evaluate historical performance of the KPIs selected. In situations where the KPIs have not been previously disclosed, fundraisers should, to the extent possible, provide historical externally verified KPIs values covering at least the previous 3 years.</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none">- Framework- KIRIN INTEGRATED REPORT 2022- Roadmap <p>Interviews with stakeholders</p>	<p>DNV concludes that GHG emission reductions and CDP scores as KPIs are measurable based on a consistent methodology (assessment based on GHG Protocol and CDP), are externally verifiable, and can be benchmarked against an external reference.</p> <p>DNV confirmed that the KPIs selected by Kirin Holdings are linked to the KPIs in the medium-term management plan and that performance over time is managed internally to align with that plan.</p>				
1c	KPIs – Clear definition	<p>A clear definition of the KPIs should be provided and include the applicable scope or perimeter as well as the calculation methodology</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none">- Framework- KIRIN INTEGRATED REPORT 2022 <p>Interviews with stakeholders</p>	<p>DNV confirmed that the KPIs chosen by Kirin Holdings provided a clear evaluation scope and calculation methodology. Specifically, they are assessed as follows.</p> <p>KPI-1: CDP climate change score and CDP water security score</p> <p>KPI-2: GHG emission reduction rates in Scope 1 and Scope 2 based on 2019</p> <p>KPI-3: GHG emission reduction rate in Scope 3 based on 2019</p> <p>DNV confirmed that this assessment methodology correlates well with the methodology used by Kirin Holdings to assess its initiatives on climate change and water resources.</p>				

SLBP/SLLP-2 Calibration of SPTs (Sustainability Performance Targets)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Target Setting - Meaningful	The SPTs should be ambitious, realistic and meaningful to the fundraiser's business and be consistent with the fundraisers' overall strategic sustainability/ESG strategy	Confirmed documents: - Framework - KIRIN INTEGRATED REPORT 2022 - Roadmap Interviews with stakeholders	DNV confirmed that the SPTs supported the supply-chain GHG emission reduction and "sustainable use of water resources" set out in the long-term target of achieving net zero GHG emissions in the entire value chain by 2050 set out in the Kirin Group's Environmental Vision 2050, Kirin Holdings' GHG emission reduction targets are aligned with the ambitious targets set out in the Paris Agreement, and the specific plans are included. Accordingly, DNV confirmed that Kirin Holdings' SPTs were ambitious and proactive. DNV also confirmed that the achievement of SPTs was consistent with Kirin Holdings' efforts for achieving net zero.
2b	Target Setting - Meaningful	SPTs should represent a material improvement in the respective KPIs and be beyond a "Business as Usual" trajectory; where possible be compared to a benchmark or an external reference and be determined on a predefined timeline, set before (or concurrently with) the issuance of the bond.	Confirmed documents: - Framework - KIRIN INTEGRATED REPORT 2022 - Roadmap Interviews with stakeholders	CDP climate change score & water security score: Maintain rank A (SPT-1) set by Kirin Holdings is ambitious, as the obtaining results in FY2022 was approximately 1.5% & 2.6%. In addition, GHG emissions Scope 1&2: 50% reduction/net zero (SPT-2) and Scope 3: 30% reduction/net zero (SPT-3) in FY2030/FY2050 based on FY2019 are in line with the concept of the net zero accreditation of the SBT 1.5°C standard, and Kirin Holdings' future GHG reductions will go beyond "Business as Usual".
2c	Target Setting - benchmarks	The target setting exercise should be based on a combination of benchmarking approaches: 1. The fundraiser's own performance over time for which a minimum of 3 years, where feasible, of measurement track record on the selected KPIs are recommended and when possible forward-looking guidance on the KPIs 2. The SPTs relative positioning versus the fundraiser's peers where comparable or available, or versus industry or sector standards 3. Systematic reference to science-based scenarios, or absolute levels (e.g. carbon budgets) or official country/regional/international targets or to recognised Best-Available-Technologies or other proxies	Confirmed documents: - Framework - KIRIN INTEGRATED REPORT 2022 - Roadmap Interviews with stakeholders	DNV confirmed that the SPTs setting process was based on an appropriate combination of benchmarking approaches: • Information on Kirin Holdings' performance up to FY2019 and KPIs based on the SBT for 1.5°C standard provides guidance for target setting up to FY2030. • SPTs are evaluated as ambitious based on Kirin Holdings' recent performance levels. • DNV concludes that the SPTs are appropriately linked to the GHG emission reduction targets of the Paris Agreement. The KPIs/SPTs and their respective roadmaps will support Kirin Holdings in realizing its long-term target of achieving net zero GHG emissions in the entire value chain by 2050 set out in the Kirin Group's Environmental Vision 2050.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2d	Target setting – disclosures	<p>Disclosures on target setting should make clear reference to:</p> <ol style="list-style-type: none"> 1. The timelines of target achievement, the trigger events, and the frequency of SPTs 2. Where relevant, the verified baseline or reference point selected for improvement of KPIs as well as the rationale for that baseline or reference point to be used 3. Where relevant, in what situations recalculations or pro-forma adjustments of baselines will take place 4. Where possible and taking into account competition and confidentiality considerations, how the fundraisers intend to reach such SPTs 	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework - KIRIN INTEGRATED REPORT 2022 - Roadmap <p>Interviews with stakeholders</p>	<p>DNV confirmed that the SPTs setting was properly disclosed as follows:</p> <ul style="list-style-type: none"> • The SPT-1 is to maintain rank A in the CDP climate change score and CDP water security score. • The timeline for SPT-2 & SPT-3 achievement is set up to FY2030/FY2050. As for SPTs as trigger events, SPT-2 is set by linear interpolation, etc. between actual results in the base year FY2019 and targets up to FY2030, while SPT-3 is set to be reasonable and ambitious in Schedule-2. They may also be set individually when detailed plans are drawn up in the future. • Through the Framework and the roadmap, the progress status in GHG emission reduction is described in detail. <p>Based on the information provided by Kirin Holdings, DNV concluded that the SPTs were realistic and that the plan was viable and possible to meet the SPTs targets outlined in the Framework.</p>

SLBP/SLLP-3 Bond Characteristics

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Bond Characteristics – SPTs Financial/structural impact	The SLB will need to include a financial and/or structural impact involving trigger events based on whether the KPIs reach the predefined SPTs.	Confirmed documents: - Framework Interviews with stakeholders	DNV confirmed that the inclusion of trigger events under the framework was in line with the requirements outlined by SLBP. Regarding the Sustainability-Linked Bond executed under the Framework, DNV confirmed that the observation timing for the specific SPTs, the trigger events with performance requirements and their extent of the impact were linked to the target achievement and the financial incentives.
3b	Bond Characteristics – Fallback mechanism	Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner should be explained. Fundraisers may also consider including, where needed, language in the bond documentation to take into consideration potential exceptional events.	Confirmed documents: - Framework Interviews with stakeholders	DNV confirmed that Kirin Holdings has reviewed an appropriate fallback mechanism, and consequently would not set other SPTs or calculation methods at this time since the risk of being uncalculated or unobservable was negligible. Kirin Holdings explained that Kirin Holdings may change the KPIs and the SPTs due to both/either external factors and/or Kirin Holdings' management decision result, such as changes of Kirin Holdings' business circumstances, changes of business structures and KPIs where reasonable demonstration on the discussion with an external reviewer, etc.

SLBP/SLLP-4 Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a.	Reporting	<p>Fundraisers of SLBs should publish, and keep readily available and easily accessible:</p> <ol style="list-style-type: none"> 1. Up-to-date information on the performance of the selected KPIs, including baselines where relevant 2. A verification assurance report relative to the SPTs outlining the performance against the SPTs and the related impact, and timing of such impact, on the loan's financial and/or structural characteristics 3. Any information enabling investors to monitor the level of ambition of the SPTs <p>This reporting should be published regularly, at least annually, and in any case for any date/period relevant for assessing the SPTs performance leading to a potential adjustment of the SLB's financial and/or structural characteristics.</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>DNV confirmed that necessary information, as required by SLBP, will be published in a timely manner:</p> <ul style="list-style-type: none"> · KPIs performance: After execution of the Sustainability/Transition-Linked Bond, Kirin Holdings will undergo the verification by the external institution, etc. at least once a year until the final judgement date, and disclose the information on its website. · SPTs achievement status: Will be subject to annual verification from an independent reviewer and it is used to determine financial characteristics (interest rate of the bond) or other financial incentives.

SLBP/SLLP-5 Verification

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
5a	External Verification	<p>Fundraisers should have its performance against each SPT for each KPI independently verified by a qualified external reviewer with relevant expertise, at least once a year and for each SPT trigger event.</p>	<p>Confirmed documents:</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>DNV confirmed that Kirin Holdings plans to undergo independent validation of KPIs-related data or obtain a score once a year by qualified external evaluation agency with relevant expertise in SPTs trigger events.</p>