



## SECOND PARTY OPINION

---

## KIRIN HOLDINGS COMPANY, LIMITED.

## KIRIN SOCIAL BOND

Prepared by: DNV Business Assurance Japan K.K.

Location: Kobe, Japan

Date: 22 September 2023

Ref. Nr.: PRJN-608685-2023-AST-JPN-01

## Executive Summary

Kirin Holdings Company, Limited (hereinafter, Kirin Holdings) is the holding company of the Kirin Group consisting of Kirin Brewery Company, Limited, Kirin Beverage Company, Limited, Lion Pty Ltd, Kyowa Kirin Co., Ltd., Mercian Corporation, Coca-Cola Beverages Northeast, Inc., Kyowa Hakko Bio Co., Ltd., etc. Based on fermentation and biotechnology cultivated since its foundation, Kirin expanded into the Food domain (alcoholic & beverages business), the Pharma 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.

Since issuing a Green Bond in 2020, Kirin Holdings has been actively involved in resolving environmental and social issues using ESG Finance by implementing a Social Bond (2022) and two Transition Link Loans (both in 2023).

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 (KV2027)." Moreover, Kirin Holdings considers taking a CSV (Creating Shared Value) approach, which make 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 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 "Kirin Group Vision 2027 (KV2027)." "CSV Purpose" is the Kirin Group's guiding principle to achieve sustainable growth and create value together with people across society. In order to raise proceeds that are necessary for addressing social issues with regard to "health" defined in "CSV Purpose" through Social Bond, Kirin Holdings formulated "Kirin Social Bond Framework" (hereinafter, the Framework).

Kirin Holdings has commissioned DNV Business Assurance Japan K.K. (hereinafter, DNV) to conduct the pre-issuance assessment on Kirin Social Bond, which will be implemented based on the "Kirin Social Bond Framework." DNV, as an external reviewer, referred to or applied the four core elements defined in the following social bond principles and guidelines that are currently widely recognized by the capital markets, and evaluated the eligibility of Kirin Social Bond.

- Social Bond Principles (ICMA/2023; hereinafter, SBP)
- Social Bond Guidelines (Financial Services Agency/2021; hereinafter, SBGLs)

The summary of the assessment is as follows:

### Principle 1. Use of Proceeds:

DNV confirmed that the proceeds from Kirin Social Bond will be allocated to new investments and refinancing of social projects in the table below outlined in SBP/SBGLs. See the table below and Schedule-1 for overview of eligible social projects. Specifically, it is the acquisition of shares in Blackmores Limited (hereinafter, Blackmores) to enable Kirin Holdings to create further economic and social value by solving more health issues for people worldwide. The full amount of the social bond proceeds will be allocated to a portion of the acquisition price, which will be estimated and set as the amount available for allocation by dividing proportionally the sales of business segments and products that match SBP/SBGLs. DNV confirmed that the social bond proceeds will be used as part of the acquisition of Blackmores, as the amount estimated by Kirin Holdings to be available for allocation is well in excess of the amount of proceeds.

### Principle 2. Process for Project Evaluation and Selection:

For the evaluation and selection of eligible social projects, DNV confirmed that Kirin Finance Department and CSV Strategy Department will select the projects that meet the eligible criteria defined by the Framework, and the Executive Officer in charge of Financial Strategy will make the final decisions on the selected eligible projects. In addition, DNV also confirmed that Kirin Holdings evaluated the eligibility of the projects comprehensively based on the contribution to the achievement of "CSV Purpose."

The projects evaluated and selected through the above process are closely related to social issues such as "Improvement of access to nutrition," "Ensuring food safety and security," and "Support for maintaining the immune system" out of 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 social sustainability. DNV also confirmed that Kirin Holdings has identified risks specific to eligible projects through various due diligence and has implemented appropriate responses and procedures.

### Principle 3. Management of Proceeds:

DNV confirmed that Kirin Holdings plans to fully allocate the proceeds to new investments and refinancing of eligible projects immediately after the issuance.




DNV also confirmed that Kirin Finance Department will manage the allocation status of the proceeds using the internal management system until the full amount of the proceeds is redeemed.

### Principle 4. Reporting:

DNV confirmed that Kirin Holdings will publish the allocation status (allocated and unallocated amount) of the proceeds of Kirin Social Bond on its website on an annual basis until the full amount of the proceeds has been allocated. In terms of the social benefits, Kirin Holdings plans to report on the indices specified for eligible projects until the full amount of the proceeds is redeemed. 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.

Based on the Framework and other relevant documents and information provided by Kirin Holdings, DNV confirmed that Kirin Social Bond meets the relevant criteria and will be planned and implemented properly.

Table Summary of Social Projects

No.	Social Projects Categories		Social Projects			Social Issues	Contribution to SDGs
	Business Segments	Sub-categories of Business Segments	Social Projects Overview	Target Population	Social Benefits		
1	<p>Access to essential services</p> <p>Food security and sustainable food systems</p>	<ul style="list-style-type: none"> <li>- Health, health care</li> <li>- Physical, social and economic access to safe, nutritious and sufficient food that meets dietary needs and requirements</li> <li>- Improvement of eating habits and management of pre-symptomatic disease</li> </ul>	Acquisition of shares in Blackmores	General public People who require specific nutrients due to illness	"Raise the number of healthy people, lower the number of sick people, and contribute to the people who are involved in healthcare," and contribute to solve more health challenges for people all over the world	<ul style="list-style-type: none"> <li>• Achievement of health and longevity</li> <li>• Response to a super-aging society</li> <li>• From "treatment" to "prevention" (management of pre-symptomatic disease )</li> </ul>	  

## Contents

Executive Summary	2
I. Introduction	6
II. Scope and Objectives	12
III. Responsibilities of Kirin Holdings and DNV	13
IV. Basis of DNV's Opinion	14
V. Work Undertaken	15
VI. Findings and DNV's Opinion	16
VII. Assessment Conclusion	23
Schedule-1 Kirin Social Bond Nominated Projects	24
Schedule-2 Social Bond Eligibility Assessment Protocol	25

### Revision History

Revision No.	Date of Issue	Remarks
0	22 September 2023	Initial

### Disclaimer

Our assessment relies on the premise that the data and information provided by Issuer 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 Conduct<sup>1</sup> 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.

---

<sup>1</sup> DNV Code of Conduct is available from DNV website ([www.DNV.com](http://www.DNV.com))

## I. Introduction

### i. About the Issuer

Kirin Holdings is the holding company of Kirin Group consisting of Kirin Brewery Company, Limited, Kirin Beverage Company, Limited, Lion Pty Ltd, Kyowa Kirin Co., Ltd., Mercian Corporation, Coca-Cola Beverages Northeast, Inc., Kyowa Hakko Bio Co., Ltd., etc. Based on fermentation and biotechnology cultivated since its foundation, Kirin Holdings expanded into the Food domain (alcoholic & beverages business), the Pharma 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. Issuer'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 (KV2027)." Moreover, Kirin Holdings considers taking a CSV (Creating Shared Value) approach, which make 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 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 "Kirin Group Vision 2027 (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. ([See "Procedure to select Materiality" on the Kirin Holdings website.](#)) 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. ([See "Commitments and Performance Indicators" on the Kirin Holdings website.](#))



Figure-1 "CSV Purpose" of Kirin Group

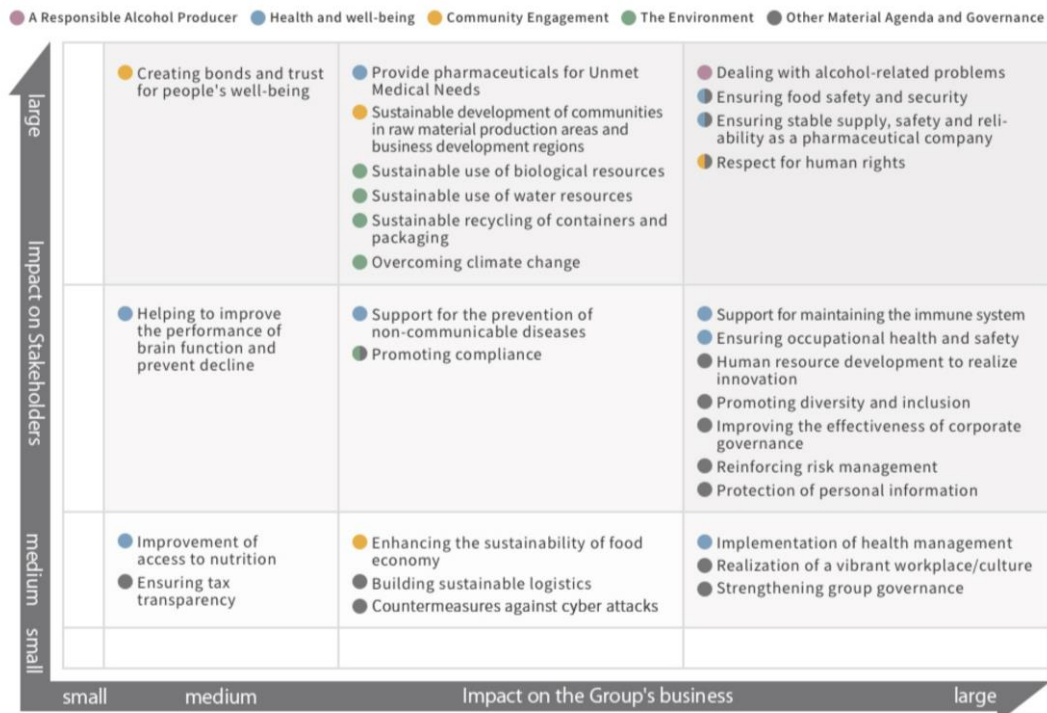
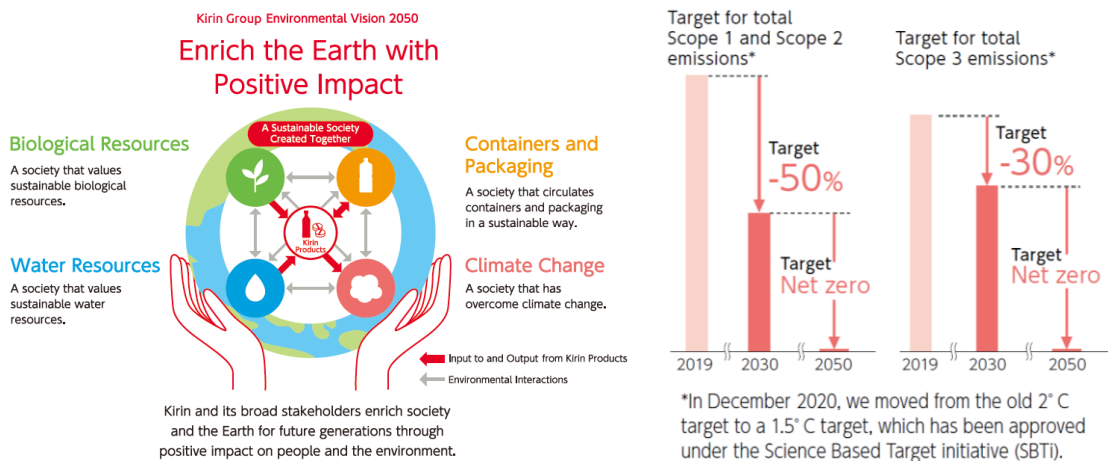


Figure-1 Management Issues for Sustainable Growth (Group Materiality Matrix)

### iii. Issuer's Initiative to Environmental and Social Issues

The Kirin Group has revised its existing environmental vision in February 2020 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 fiscal 2050 and switch 100% of its electricity consumption to renewables by fiscal 2040. In December 2020, Kirin Group became the first food company in Japan that obtained an approval of the SBT 1.5°C target, a science-based goal of the SBT 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 fiscal 2027. In "Kirin Group Environmental Vision 2050," Kirin Group will work on to achieve 100% sustainable containers and packaging made from recycled materials and biomass by 2050.

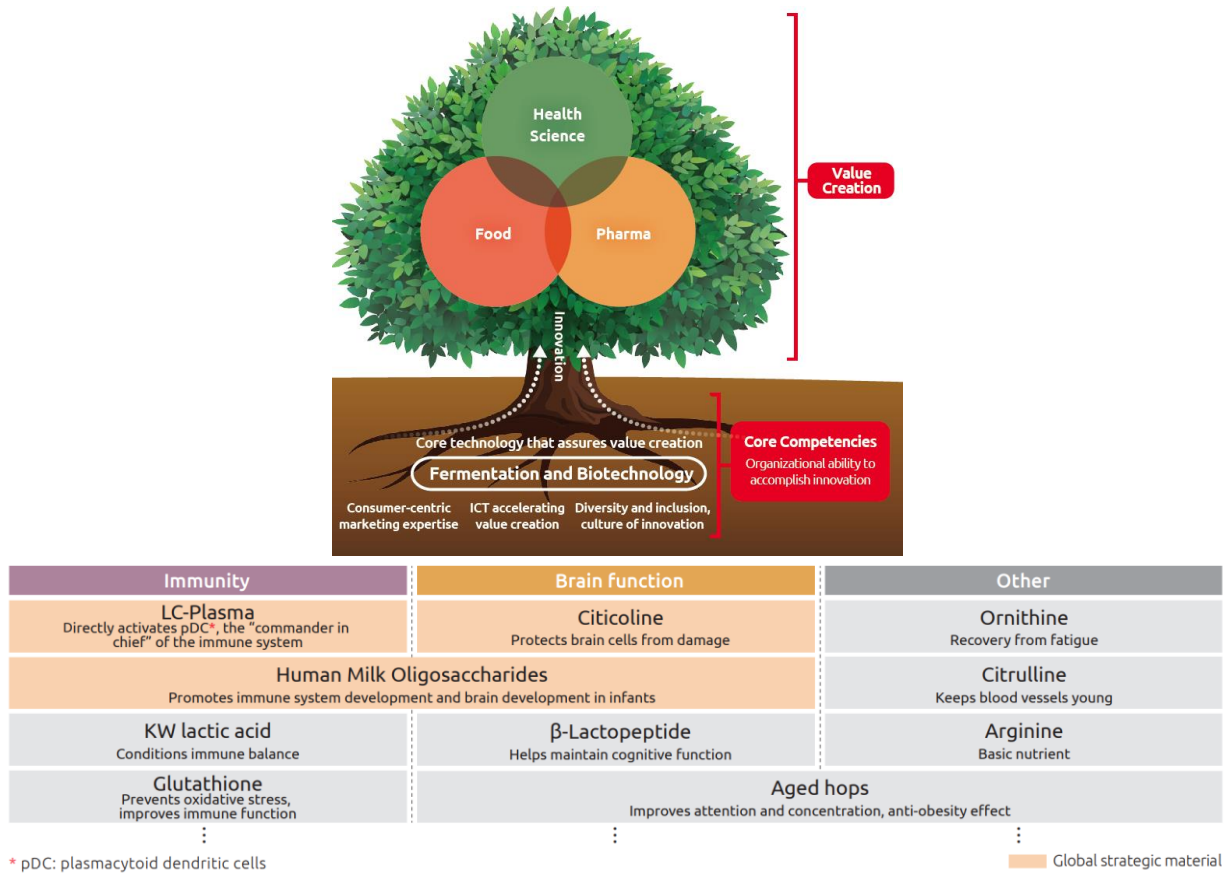


The Kirin Group has identified "Health and Well-being" as one of the key issues within "CSV Purpose." It has determined "immunity," "brain function" and the "gut microbiome" as its three key areas and is endeavouring to solve health issues in these areas through providing products and services that use 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.  $\beta$ -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 centre 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.



#### **iv. About "Kirin Social Bond Framework"**

In order to raise proceeds that are necessary for addressing social issues with regard to "health" defined in "CSV Purpose" through Social Bond, Kirin Holdings formulated the Framework. The standards and guidelines being referred to in the Framework are described in Section II (3) below.

Net proceeds from the Social Bond are expected to be allocated to each category of the following social projects and will be managed and executed in accordance with the established Framework.

#### **[Social Projects]**

##### **Acquisition of shares in Blackmores**

The contribution to social issues through the acquisition of shares in Blackmores is an initiative that falls into the following business categories.

- **Access to essential services**
  - Health, health care
- **Food security and sustainable food systems**
  - Physical, social and economic access to safe, nutritious and sufficient food that meets dietary needs and requirements
  - Improvement of eating habits and management of pre-symptomatic disease

#### **v. Overview of Blackmores**

Blackmores, founded in 1932, is Australia's largest and oldest natural health company. With Blackmores' stated purpose to "Give people a choice to make living well each day a natural way of life" and mission to "Combine our knowledge of nature and science to deliver quality solutions to bring wellness to people and their pets everywhere, everyday," Blackmores has contributed to the health of people in Asia-Pacific for nearly a century through research and development of natural health built on the principles of naturopathy.

Blackmores' key products and brands include; "Blackmores" (supplements and infant milk formula), "BioCeuticals" (supplements for practitioners\*<sup>1</sup>) and "PAW by Blackmores" (supplements for pets) which are sold in markets in the Asia-Pacific region.

Blackmores has a strong presence and trust from consumers in Malaysia, Thailand, Indonesia, Vietnam and Singapore, having first expanded into Southeast Asia in 1976. Blackmores has a strong position as a foreign-affiliated nutritional supplement company in China, having entered the market in 2013. In recent years, Blackmores has also been actively expanding into new markets such as India.

In recognition of their long history and high awareness of quality, Blackmores has been awarded the "Most Trusted Brand"\*<sup>2</sup> in vitamins and supplements in Australia for 14 consecutive years.

\*1. Supplements that can only be sold by qualified practitioners (e.g., pharmacists, doctors)

\*2. Reader's Digest's Annual Trusted Brands Awards celebrates the brands Australians trust the most. [Results - Trusted Brands Australia 2023](#)

## vi. Synergies in the Acquisition of Blackmores

The acquisition of shares in Blackmores is expected to help Kirin Holdings and Blackmores create a wide range of synergies in the business areas in which they operate, as shown in (i) to (iii) below, thereby contributing to solving many health-related social issues.

- (i) Transform the scale of the Health Science business, expand its product range and capabilities and broaden its geographic profile and growth opportunities.
- (ii) Realize continuous growth of the Health Science business through the evolution of the B2B and B2C businesses that further enhances the ability to propose solutions by utilizing access of Kirin Holdings' specialty ingredients to hundreds of millions of consumers in the Asia-Pacific region through Blackmore's distribution network and its knowledge of consumer demands and deep understanding of country-specific regulations.
- (iii) New product development through the use of technologies from both companies.

<b>KIRIN</b>  Expansion of growth opportunities	<ul style="list-style-type: none"> <li>● <b>Leveraging Blackmores' distribution channels and capabilities can accelerate the deployment of speciality materials</b></li> </ul> <p>e.g.</p> <ul style="list-style-type: none"> <li>✓ Derivation of Lc-plasma into immune supplements.</li> <li>✓ Derivation of Citicoline into drink supplements.</li> <li>✓ Derivation of HMOs into digestive supplements and milk powder etc.</li> </ul> <div style="display: flex; justify-content: flex-end; align-items: center; gap: 10px;">   </div>
<b>BLACKMORES GROUP</b>  Expansion of growth opportunities	<ul style="list-style-type: none"> <li>● <b>New product development through the use of our technology.</b></li> </ul> <p>e.g.</p> <ul style="list-style-type: none"> <li>✓ Development and deployment of new product formats.</li> <li>✓ Further environmental compliance of containers and packaging, etc.</li> </ul> <ul style="list-style-type: none"> <li>● <b>Potential product co-development with FANCL</b></li> </ul>
  Improvement of organizational capacity	<ul style="list-style-type: none"> <li>● <b>Improving organizational capacity of health sciences businesses</b></li> </ul> <p>e.g.</p> <ul style="list-style-type: none"> <li>✓ Exchange of human capital (broader fields to perform for employees of both companies).</li> <li>✓ Knowledge sharing (R&amp;D and marketing among others) etc.</li> </ul>

## II. Scope and Objectives

Kirin Holdings has commissioned DNV to conduct a pre-issuance assessment of Kirin Social Bond, which is issued based on the Framework. The objective of the pre-issuance assessment of DNV is to conduct an assessment to confirm that Kirin Social Bond meets SBP/SBGLs described below, and to provide a second party opinion on its eligibility.

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 paper, no assurance is provided regarding the financial performance of Kirin Social Bond to be executed based on the Framework, the value of any investments, or the long-term social benefits of the transaction.

### (1) Scope of review <sup>\*1</sup>

The review assessed the following elements and confirmed their alignment with four core elements such as SBP.

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

### (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	Applied level <sup>*1</sup>
1.	Social Bond Principles 2023 (SBP)	International Capital Market Association (ICMA), 2023	Apply
2.	Social Bond Guidelines 2021 (SBGLs)	Financial Services Agency, 2021	Apply

\*1. Apply: Eligibility for all four core common elements to each principle or guideline was assessed.



### **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 Kirin Social 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 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 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 as possible for the issuer, Kirin Holdings, DNV has adapted our Social Bond assessment methodology, which incorporates the requirements of SBP/SBGLs, to create an Eligibility Assessment Protocol (hereinafter, DNV's Protocol). Please refer to Schedule-2. The Protocol is applicable to Social Bond under SBP/SBGLs.

DNV provides second party opinion as an independent external reviewer based on the assessment utilizing this Protocol. DNV's Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the criteria is that a social bond should "enable capital-raising and investment for new and existing projects with social benefits." As per our Protocol, the criteria against which Kirin Social Bond has been reviewed are grouped under the four Principles outlined in SBP:

### **Principle 1: Use of Proceeds**

The Use of Proceeds criteria are guided by the requirement that an issuer of a social bond must use the funds raised to eligible activities. The eligible activities should produce clear social benefits.

### **Principle 2: Process for Project Evaluation and Selection**

The Process for Project Evaluation and Selection criteria are guided by the requirements that an issuer of a social bond should outline the process it follows when determining eligibility of an investment using Social Bond proceeds and outline any impact objectives it will consider.

### **Principle 3: Management of Proceeds**

The Management of Proceeds criteria are guided by the requirements that a social bond 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 4: Reporting**

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

## V. Work Undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by the issuer 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 issuance. The work undertaken to form our opinion included:

### i. Pre-Issuance Assessment

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

### ii. Post-Issuance Assessment (*\*not included in this report*)

- Assessment of evidential documents provided by Kirin Holdings after issuance of Kirin Social Bond, and supplemental assessment by desk review from a higher perspective.
- Interview with key personnel of the issuer, and review the relevant documentation.
- Field research and inspection (if necessary).
- Review of the nominated projects and assets at the time of the post-issuance verification (update of the details mentioned in Schedule-1).
- Document creation of post-issuance assessment result.

## VI. Findings and DNV's Opinion

DNV's findings and opinion against the four core elements outlined in SBP/SBGLs are listed in (1) to (4) below.




### (1) Use of Proceeds

DNV confirmed that the proceeds from Kirin Social Bond will be allocated to the following eligible projects (Table-2) outlined in SBP/SBGLs. Specifically, it is the acquisition of shares in Blackmores to enable Kirin Holdings to create further economic and social value by solving more health issues for people worldwide.

The full amount of the social bond proceeds will be allocated to a portion of the acquisition price, which will be estimated and set as the amount available for allocation by dividing proportionally the sales of business segments and products that match SBP/SBGLs.

DNV confirmed that the social bond proceeds will be used as part of the acquisition of Blackmores, as the amount estimated by Kirin Holdings to be available for allocation is well in excess of the amount of proceeds.

Table-2 Social projects (See Schedule-1 for details)

No.	Social Projects Categories		Social Projects			Social Issues	Contribution to SDGs
	Business Segments	Sub-categories of Business Segments	Social Projects Overview	Target Population	Social Benefits		
1	<p>Access to essential services</p> <p>Food security and sustainable food systems</p>	<ul style="list-style-type: none"> <li>- Health, health care</li> <li>- Physical, social and economic access to safe, nutritious and sufficient food that meets dietary needs and requirements</li> <li>- Improvement of eating habits and management of pre-symptomatic disease</li> </ul>	Acquisition of shares in Blackmores	General public People who require specific nutrients due to illness	“Raise the number of healthy people, lower the number of sick people, and contribute to the people who are involved in healthcare,” and contribute to solve more health challenges for people all over the world	<ul style="list-style-type: none"> <li>• Achievement of health and longevity</li> <li>• Response to a super-aging society</li> <li>• From “treatment” to “prevention” (management of pre-symptomatic disease)</li> </ul>	  



## Overview of products handled by Blackmores

Blackmores is a leading natural health company in Australia and China/Southeast Asia, with sales channels covering the Asia-Pacific region, developing products to help solve people's health challenges.

The company has three brands (see Figure-3), "Blackmores" (supplements and infant milk formula), "BioCeuticals" (supplements for practitioners\*<sup>1</sup>) and "PAW by Blackmores" (supplements for pets). The majority of the products are TGA certified\*<sup>2</sup> in Australia.

\*1. Supplements that can only be sold by qualified practitioners (e.g., pharmacists, doctors)

\*2. TGA (Therapeutic Goods Administration) is a part of the Department of Health and Aged Care. TGA certification is a unique regulation of the production process, established by the Australian Government in 1989 to ensure the quality of products with curative properties. Even after accreditation, strict standards are always in place, including unannounced inspections.








	<b>BLACKMORES</b>	 <b>BioCeuticals</b>	 <b>paw</b> PURE ANIMAL WELLBEING
<b>Product Overview</b>	The only Australian natural health brand with a 90-year heritage - an iconic Australian premium brand.	Highly recommended by pharmacists etc., practitioner only supplements, guided by naturopathy principles and validated by evidence.	Natural health products for pets, developed by vets, leveraging Blackmores' natural health expertise.
<b>Main Products</b>	<p>Supplements</p>  <p>Fish Oil   Bio C 1000   Glucosamine   Pregnancy &amp; Breast-Feeding Gold</p> <p>Infant formula</p> 	<p>Supplements</p>  <p>ArmaForce   Ultra Musceleze   UltraBiotic   Theracumin</p> <p>Clinical</p> 	 <p>Joint Protect   Wellness &amp; vitality   Coat Skin &amp; Nail</p> <p>Complete Calm   Digestive Health   OsteoAdvanced</p>
<b>Main Channels</b>	Pharmacy, eCommerce, Grocery, Practitioner etc.	Pharmacy, Health food stores etc.	Vet, Pet retail, eCommerce etc.
<b>Main Regions</b>	Across APAC countries	Mainly Australia	Mainly Australia and New Zealand

Figure-3 Blackmores product range

(Source: Kirin Holdings investor briefing material on the acquisition of Blackmores)

## Relevance of using the proceeds to acquisitions

Mergers and acquisitions are an example of an appropriate expenditure under international ESG finance standards, which allow for the part of the expenditure that corresponds to some market value to be considered as an appropriate expenditure, and Kirin Holdings has adopted this approach.

Kirin Holdings plans to allocate the social bond proceeds to a portion of the amount available for allocation, which is calculated by dividing proportionally the sales of all products by the sales of Blackmores' business segments and major product categories that match SBP/SBGLs.

Through its review, DNV has concluded that it is reasonable that the full amount of social bond proceeds will be used as part of the acquisition of Blackmores, as the Kirin Holdings'

evaluation process is appropriate and the amount estimated by Kirin Holdings to be available for allocation is well in excess of the amount of proceeds.

**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 checked="" type="checkbox"/> Food security and sustainable food systems  | <input type="checkbox"/> Socio-economic 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> ):                       |

## (2) Process for Project Evaluation and Selection

For the evaluation and selection of eligible projects of Kirin Social Bond, DNV confirmed through the review that the Executive Officer in charge of Financial Strategy will make the final decisions on the selected eligible projects after discussion by Kirin Finance Department and CSV Strategy Department. In addition, DNV also confirmed that the eligibility of the projects was evaluated comprehensively based on their contribution to the achievement of "CSV Purpose."

The projects evaluated and selected through the above process are closely related to social issues such as "Improvement of access to nutrition," "Ensuring food safety and security," and "Support for maintaining the immune system" out of 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 social sustainability.

In selecting projects, DNV confirmed that the issuer 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.

DNV also confirmed that Kirin Holdings has identified risks specific to eligible projects through various due diligence and has implemented appropriate responses and procedures.

### Evaluation and Selection

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Conforms to the issuer's achievement of social 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 Social Bond 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> ):  |   |

### (3) Management of Proceeds

DNV confirmed how Kirin Holdings will track and manage the proceeds during the period from the execution of Kirin Social Bond to the redemption. DNV also confirmed that Kirin Holdings plans to fully allocate the proceeds to new investments and refinancing of eligible projects immediately after the issuance.

DNV also confirmed that Kirin Finance Department will manage the allocation status of the proceeds using the internal management system until the full amount of the proceeds is redeemed.

#### Tracking of Proceeds:

- Some or all of the proceeds by Social Bond that are planned to be allocated are systematically distinguished or tracked by the issuer.
- 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.

#### Additional Disclosure:

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

**(4) Reporting**

DNV confirmed that Kirin Holdings will publish the allocation status (allocated and unallocated amount) of the proceeds of Kirin Social Bond on its website on an annual basis until the full amount of the proceeds has been allocated. The first reporting will be published in the year following the issuance. If any significant event, such as a major change, occurs after full allocation of the proceeds, Kirin Holdings will disclose such information in a timely manner.

**<Allocation of Proceeds>**

- ◆ Eligible projects for allocation and the amount of allocated proceeds
- ◆ Management methods and the balance of unallocated proceeds

**<Social Benefits>**

The reporting indicators currently assumed by Kirin Holdings are as stated in the table below. Depending on the future business development with Blackmores, Kirin Holdings plans to report on its initiatives to the extent practicable.

Eligible Project	Output	Outcome	Impact
Acquisition of shares in Blackmores	Making Blackmores as a subsidiary	- Improved access to products handled by Blackmores	"Raise the number of healthy people, lower the number of sick people, and contribute to the people who are involved in healthcare," and contribute to solve more health challenges for people all over the world

**Use of Proceeds Reporting:**

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (*please specify*):

**Information Reported:**

- Allocated amounts
- Social bond allocated share of total investment
- Other (*please specify*):

**Frequency:**

- Annual (until allocations are completed)
- Semi-annual
- Other (*please specify*):

**Impact Reporting (Social Benefits):**

- Project-by-project
- On a project portfolio basis

- Linkage to individual bond(s)
- Other (*please specify*):

**Frequency:**

- Annual
- Semi-annual
- Other (*please specify*):

**Information Reported (Expected or Post-Issuance):**

- Number of continuous users of the product
- Other ESG evaluation item (*please specify*):  
Sales and social project relevant performance data for products handled by Blackmores

**Means of Disclosure:**

- Information published in financial report (Integrated Report)
- Described in sustainability report
- Information published in ad hoc documents
- Other (*please specify*): Disclosing on website
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

## VII. Assessment Conclusion

On the basis of the information provided by Kirin Holdings and the work undertaken, it is DNV's opinion that Kirin Social Bond conducted by Kirin Holdings meets the criteria established in the Protocol and is aligned with the stated definition or purpose of social bond within SBP/SBGLs, which is to "enable capital-raising and investment for new and existing projects with social benefits."

DNV Business Assurance Japan K.K.

22 September 2023



**Thomas Leonard**

Head of Section, Sustainability Services  
Supply Chain & Product Assurance  
DNV Australia, New Zealand and Southeast Asia



**Naoki Maeda**

Managing Director  
DNV Business Assurance Japan K.K.



**Masato Kanedome**

Project Leader  
DNV Business Assurance Japan K.K.



**Akira Tsukasaki**

Assessor  
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 Issuer and the Second-Party Opinion Providers, DNV: The management of Issuer 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 Issuer 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 Issuer. 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 Issuer's management and used as a basis for this assessment were not correct or complete.

## Schedule-1 Kirin Social Bond Nominated Projects

The nominated projects listed in the table are Kirin Social Bond candidates evaluated for eligibility at the time of pre-issuance eligibility assessment (as of September 2023). The social project classification is the representative example shown in SBP/SBGLs. In the future, Kirin Social Bond executed under the Kirin Social Bond Framework, the following social projects will be selected as eligible projects. If the additional social projects are included, the issuer will evaluate the eligibility in advance. If necessary, DNV will conduct the evaluation in a timely manner.

No.	Social Projects Categories		Social Projects			Social Issues	Contribution to SDGs
	Business Segments	Sub-categories of Business Segments	Social Projects Overview	Target Population	Social Benefits		
1	Access to essential services  Food security and sustainable food systems	<ul style="list-style-type: none"> <li>- Health, health care</li> <li>- Physical, social and economic access to safe, nutritious and sufficient food that meets dietary needs and requirements</li> <li>- Improvement of eating habits and management of pre-symptomatic disease</li> </ul>	Acquisition of shares in Blackmores	General public People who require specific nutrients due to illness	"Raise the number of healthy people, lower the number of sick people, and contribute to the people who are involved in healthcare," and contribute to solve more health challenges for people all over the world	<ul style="list-style-type: none"> <li>• Achievement of health and longevity</li> <li>• Response to a super-aging society</li> <li>• From "treatment" to "prevention" (management of pre-symptomatic disease)</li> </ul>	



## Schedule-2 Social Bond Eligibility Assessment Protocol

The following SBP-1 ~ SBP-4 are DNV's Eligibility Assessment Protocol created for Kirin Social Bond based on the requirements of SBP (2023). The "Confirmed documents" in the work undertaken includes internal documents of the issuer and are provided by Kirin Holdings as evidence of eligibility judgement for DNV.

### SBP-1 Use of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of bond	The bond must fall in one of the following categories: <ul style="list-style-type: none"> <li>(Standard) Social Bond</li> <li>Social Revenue Bond</li> <li>Social Project Bond</li> <li>Other</li> </ul>	Confirmed Documents: <ul style="list-style-type: none"> <li>Kirin Social Bond Framework (hereinafter, Framework)</li> <li>Social Bond pre-issuance eligibility assessment materials</li> </ul> Interviews with stakeholders	Through the evaluation process, DNV confirmed that Kirin Holdings' social bond falls into the following category:  (Standard) Social Bond
1b	Social Project Categories	The cornerstone of a Social Bond is the utilization of the proceeds of the bond which should be appropriately described in the legal documentation for the security.	Confirmed Documents: <ul style="list-style-type: none"> <li>Framework</li> <li>Social Bond pre-issuance eligibility assessment materials</li> <li>Draft statutory disclosure document</li> </ul> Interviews with stakeholders	DNV confirmed that the full amount of the proceeds is planned to be allocated to the following projects: "Access to essential services (health, health care)" "Food security and sustainable food systems (physical, social and economic access to safe, nutritious and sufficient food that meets dietary needs and requirements, improvement of eating habits and management of pre-symptomatic disease)"
1c	Social benefits	All designated Social Project categories should provide clear socially sustainable benefits, which, where feasible, will be quantified or assessed by the issuer.	Confirmed Documents: <ul style="list-style-type: none"> <li>Framework</li> <li>Social Bond eligibility assessment materials</li> </ul> Interviews with stakeholders	DNV confirmed that the social project is a solution for the objective social issue, that local characteristics are taken into account, and that the target population and social contribution (outcome) of the project are clearly identified by the issuer. Specifically, DNV confirmed that the acquisition of Blackmores is expected to help to solve more health challenges for people all over the world, aiming to "raise the number of healthy people, lower the number of sick people, and contribute to the people who are involved in healthcare," through improved access to Blackmores' products, etc.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1d	Refinancing share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers 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: <ul style="list-style-type: none"> <li>• Framework</li> <li>• Social Bond eligibility assessment materials</li> </ul> Interviews with stakeholders	DNV confirmed that the proceeds from the social bond are planned to be allocated to new investments and refinancing of social projects listed in Schedule-1.

## SBP-2 Process for Project Evaluation and Selection

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	<p>The issuer of a Social Bond should outline the decision-making process it follows to determine the eligibility of projects using Social Bond proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> <li>• A process to determine how the projects fit within the eligible Social Projects categories identified in the ICMA SBP 2020;</li> <li>• The criteria making the projects eligible for using the Social Bond proceeds;</li> <li>• The social sustainability objectives</li> </ul>	<p>Confirmed Documents:</p> <ul style="list-style-type: none"> <li>• Framework</li> <li>• Social Bond eligibility assessment materials</li> </ul> <p>Interviews with stakeholders</p>	<p>DNV confirmed that Kirin Finance Department and CSV Strategy Department will select the projects that meet the eligible criteria defined by the Framework, and the Executive Officer in charge of Financial Strategy will make the final decisions on the selected eligible projects.</p> <p>DNV confirmed that the issuer meets the eligibility criteria as indicated in "II. Scope and Objectives (3) Standards/guidelines to be applied," and that the negative impacts of the project implementation were assessed and considered, and the environmental and social risks were identified in advance.</p>
2b	Issuer's environment and social governance framework	<p>In addition to information disclosed by an issuer on its Social Bond process, criteria and assurances, Social Bond investors may also take into consideration the quality of the issuer's overall framework and performance regarding social sustainability.</p>	<p>Confirmed Documents:</p> <ul style="list-style-type: none"> <li>• Framework</li> <li>• Social Bond eligibility assessment materials</li> </ul> <p>Interviews with stakeholders</p>	<p>DNV confirmed that Kirin Holdings' social projects are consistent with Kirin Holdings' "CSV Purpose" and the long-term management vision "Kirin Group Vision 2027 (KV2027)." In implementing the projects, DNV confirmed that the compliance with environment-related laws, regulations, ordinances and agreements with the relevant communities was considered. With regard to risks specific to eligible projects, DNV confirmed that risk items were identified through various due diligence and appropriate measures and procedures were implemented. In addition, DNV confirmed that the social benefits of social projects have been clarified through confirmation of documents such as the Framework and interviews with relevant stakeholders.</p>

### SBP-3 Management of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of Social Bonds should be credited to a sub-account, moved to a sub- portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Social Projects.	Confirmed Documents: <ul style="list-style-type: none"> <li>• Framework</li> <li>• Social Bond eligibility assessment materials</li> <li>• Kirin Group Treasury Policy</li> </ul> Interviews with stakeholders	Through document review and interviews, DNV confirmed that the net proceeds were traceable through Kirin Holdings' Kirin Group Treasury Policy and internal control systems. DNV also confirmed that the actual systems and related documents in use are verified and that the management status of the proceeds can be proven on this basis.
3b	Tracking procedure	So long as the Social Bonds are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible social investments or loan disbursements made during that period.	Confirmed Documents: <ul style="list-style-type: none"> <li>• Framework</li> <li>• Social Bond eligibility assessment materials</li> <li>• Kirin Group Treasury Policy</li> </ul> Interviews with stakeholders	DNV confirmed that Kirin Holdings plans to manage the allocation status of proceeds on a semi-annual basis from the execution of the social bond until redemption.
3c	Temporary holdings	Pending such investments or disbursements to eligible Social Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	Confirmed Documents: <ul style="list-style-type: none"> <li>• Framework</li> <li>• Social Bond eligibility assessment materials</li> <li>• Kirin Group Treasury Policy</li> </ul> Interviews with stakeholders	DNV confirmed through interviews that the balance of unallocated proceeds is recognized sequentially through a confirmation process via Kirin Holdings' internal management system, etc. and that the full amount of proceeds is planned to be allocated immediately after the issuance.

## SBP-4 Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Social Bond proceeds have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected socially sustainable impact.	Confirmed Documents: <ul style="list-style-type: none"> <li>• Framework</li> <li>• Social Bond eligibility assessment materials</li> </ul> Interviews with stakeholders	<p>DNV confirmed that Kirin Holdings will publish the allocation status (allocated and unallocated amount) of the proceeds of Kirin Social Bond on its website on an annual basis until the full amount of the proceeds has been allocated. DNV also confirmed that Kirin Holdings will publish initial reporting in the year following the issuance, and that if any significant event, such as a major change, occurs after full allocation of the proceeds, Kirin Holdings will disclose such information in a timely manner.</p> <p>(Social benefits)</p> <p>DNV confirmed that Kirin Holdings currently assume following reporting indicators. Depending on the future business development with Blackmores, Kirin Holdings plans to report on its initiatives to the extent practicable.</p> <ul style="list-style-type: none"> <li>• Improved access to products handled by Blackmores (increased number of areas distributed)</li> </ul>