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

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.

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<thead>
<tr>
<th>Table-1 Kirin Holdings Transition-Linked Loan ANNEX - Second Party Opinion</th>
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<td><strong>Target finance</strong></td>
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<td><strong>Climate Transition Finance (response to the four disclosure elements)</strong></td>
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<tr>
<td><strong>General Corporate Purpose Loans</strong></td>
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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

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<th>Date of Issue</th>
<th>Remarks</th>
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<tr>
<td>December 26, 2022</td>
<td>Prepared and issued as Kirin Holdings Transition-Linked Loan ANNEX - Second Party Opinion</td>
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<td>This report</td>
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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:

- Selection of KPIs
- Loan Characteristics
- Verification
- Calibration of SPTs
- Reporting

* 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

- Second Party Opinion
- Verification
- Other (please specify):
- Certification
- Rating
### (3) Standards/guidelines to be applied

<table>
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<tr>
<th>No.</th>
<th>Standards/guidelines</th>
<th>Scheme owner</th>
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<tbody>
<tr>
<td>1.</td>
<td>Climate Transition Finance Handbook (CTFH)*¹</td>
<td>International Capital Market Association (ICMA), 2020</td>
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<td>3.</td>
<td>Sustainability-Linked Loan Principles (SLLP)<em>²</em>³</td>
<td>LMA, LSTA, APLMA, 2022</td>
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<td>4.</td>
<td>Sustainability-Linked Loan Guidelines (SLLGLs)<em>²</em>³</td>
<td>Ministry of the Environment, 2022 *Refer</td>
</tr>
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*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 bellow.

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/SLLGLs-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/SLLGLs-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

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DNV Business Assurance Japan K.K.

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About DNV

Driven by our purpose of safeguarding life, properly 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

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<tr>
<th>KPIs</th>
<th>Overview</th>
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<tr>
<td><strong>KPI-2: GHG emission reduction rates in Scope 1 and Scope 2</strong></td>
<td>Kirin Holdings has selected GHG emission reduction rates in Scope 1 and Scope 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.</td>
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<td>^1 Scope 1: Direct GHG emissions by business operators themselves (fuel combustion, industrial processes)</td>
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<td>^2 Scope 2: Indirect emissions from the use of electricity, heat, and steam supplied by other companies</td>
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### SPTs  Sustainability Performance Targets

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<tr>
<th>SPTs</th>
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<tr>
<td><strong>SPT-2: GHG emission reduction rates in Scope 1 and Scope 2 consistent with the following targets (Base year: FY2019)</strong></td>
<td>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.</td>
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<tr>
<td>- 50% reduction in GHG emissions in FY2030</td>
<td>These are ambitious targets beyond Business As Usual, quantified based on recent performance levels as required by Link Finance.</td>
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<tr>
<td>- Net zero GHG emissions in FY2050</td>
<td>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.</td>
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