Introduction

In November 2020, Kirin Holdings Company, Limited ("Kirin Holdings") issued a green bond aimed at financing and refinancing expenditures related to procurement of recycled PET resin, and introduction of heat pump systems at factories (JPY 100 billion 5-Year Green Bond, hereinafter the “2020 Green Bond”). As of December 31, 2021, the proceeds have been allocated to projects that meet the Eligibility Criteria. In June 2022, Kirin Holdings engaged Sustainalytics to review the projects funded through the issued 2020 Green Bond and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Kirin Holdings Company, Limited Green Bond Framework (“Framework”). This is Sustainalytics’ second annual review of Kirin Holdings’ 2020 Green Bond following the previous review in June 2021.¹

Evaluation Criteria

Sustainalytics evaluated the projects funded with proceeds from the 2020 Green Bond between November 2020 and December 2021 based on whether the projects:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Framework; and
2. Reported on impact indicators for each Use of Proceeds criteria outlined in the Framework.

Table 1 lists the Eligibility Criteria and associated impact indicators for the Use of Proceeds category to which the proceeds were allocated.

Table 1: Use of Proceeds, Eligibility Criteria, and associated impact indicators

<table>
<thead>
<tr>
<th>Use of Proceeds</th>
<th>Eligibility Criteria</th>
<th>Impact indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Circular Economy Adapted Products, Production Technologies and Processes</td>
<td>Procurement of recycled PET resin</td>
<td>GHG emissions reduction</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>Introduction of heat pump systems at factories</td>
<td>Conversion rate of PET bottle resin to recycled resin (t)</td>
</tr>
</tbody>
</table>

Issuing Entity’s Responsibility

Kirin Holdings is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Kirin Holdings’ 2020 Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Kirin Holdings employees and review of

documentation to confirm the conformance with the Kirin Holdings Company, Limited Green Bond Framework.

Sustainalytics has relied on the information and the facts presented by Kirin Holdings with respect to the projects in the eligible categories. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Kirin Holdings.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

**Conclusion**

Based on the limited assurance procedures conducted,\(^2\) nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of Kirin Holdings’ 2020 Green Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Framework.

**Detailed Findings**

**Table 2: Detailed Findings**

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Procedure Performed</th>
<th>Factual Findings</th>
<th>Error or Exceptions Identified</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Use of Proceeds Criteria</strong></td>
<td>Verification of the projects funded by the 2020 Green Bond between November 2020 and December 2021 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Framework and above in Table 1.</td>
<td>All projects reviewed complied with the Use of Proceeds criteria.</td>
<td>None</td>
</tr>
<tr>
<td><strong>Reporting Criteria</strong></td>
<td>Verification of the projects funded by the 2020 Green Bond between November 2020 and December 2021 to determine if the impact of projects was reported in line with the impact indicators outlined in the Framework and above in Table 1. For a list of impact indicators reported please refer to Appendix 2.</td>
<td>All projects reviewed reported on impact indicators per Use of Proceeds criteria.</td>
<td>None</td>
</tr>
</tbody>
</table>

\(^2\) Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.
## Appendices

### Appendix 1: Allocation of Green Bond Proceeds

<table>
<thead>
<tr>
<th>Use of Proceeds Category</th>
<th>Description</th>
<th>Net Bond Proceeds Allocation (billion JPY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Circular Economy Adapted Products, Production Technologies and Processes</td>
<td>Procurement of recycled PET resin for PET bottle production</td>
<td>32</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>Introduction of heat pump systems at factories</td>
<td>2</td>
</tr>
</tbody>
</table>

**Total Net Bond Proceeds Allocated:** 34

**Total Net Bond Proceeds Unallocated:** 66

**Total Net Bond Proceeds from Green Bond issuance:** 100

### Appendix 2: List of Project Impact

<table>
<thead>
<tr>
<th>Use of Proceeds Category</th>
<th>Impact Indicators$^4$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Circular Economy Adapted Products, Production Technologies and Processes</td>
<td>Conversion rate of PET bottle resin to recycled resin$^5$: 4.8%</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>GHG emissions reduction$^6$: 2,500t</td>
</tr>
</tbody>
</table>

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$^3$ The amount of net bond proceeds allocated to each category is rounded down to the nearest million JPY.


$^5$ Conversion rate of PET bottle resin to recycled resin across the Kirin Group’s operations

$^6$ GHG reductions in fiscal year 2021 (January 1, 2021 - December 31, 2021) by the introduction of heat pump systems at factories
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Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world’s leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

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