

Kirin Holdings Company, Limited (2020 Green Bond)

Type of Engagement: Annual Review

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Engagement Team:

Wakako Mizuta, wakako.mizuta@sustainalytics.com, (+81) 3 4571 2343

Marie Toyama, marie.toyama@sustainalytics.com, (+81) 3 4571 2343

Introduction

In November 2020, Kirin Holdings Company, Limited (Kirin Holdings) issued green bonds aimed at financing and refinancing expenditures related to i) Circular Economy Adapted Products, Production Technologies and Processes and ii) Energy Efficiency (the “Green Bond”). In June 2021, Kirin Holdings engaged Sustainalytics to review the projects funded through the issued 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 (the “Framework”).¹

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded as of 31 December 2020 based on whether the projects:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Framework; and
2. Reported on the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs.

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

Use of Proceeds	Eligibility Criteria	Key Performance Indicators (KPIs)
i) Circular Economy Adapted Products, Production Technologies and Processes	Procurement of recycled PET resin	GHG emissions reduction
ii) Energy Efficiency	Introduction of heat pump systems at factories	Conversion rate of PET bottle resin to recycled resin (t)

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’s 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 Framework.

¹ Kirin Holdings Company, Limited Green Bond Framework overview available at: <https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/kirin-holdings-company-limited/kirin-holdings-company-limited-green-bond-second-party-opinion/kirin-holdings-company-limited-green-bond-second-party-opinion-pdf>

Sustainalytics has relied on the information and the facts presented by Kirin Holdings with respect to the Nominated Projects. 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's Green Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Framework.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the Green Bond as of 31 December 2020 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the Green Bond as of 31 December 2020 to determine if impact of projects was reported in line with the KPIs outlined in the Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 2.	All projects reviewed reported on KPIs per Use of Proceeds criteria.	None

² Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, 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: List of Use of Proceeds Categories Reviewed

Use of Proceeds Category	Description	Timing of expenditures	Net Bond Proceeds Allocation (billion JPY)
i) Circular Economy Adapted Products, Production Technologies and Processes	Procurement of recycled PET resin for PET bottle production	Confirmed that the use of proceeds were all new expenditures or refinancing of expenditures made within 5 years prior to the issuance of the Green Bond	2.1
ii) Energy Efficiency	Introduction of heat pump systems at factories	Confirmed that the use of proceeds were all new expenditures or refinancing of expenditures made within 5 years prior to the issuance of the Green Bond	0.2
Total :			2.3

Appendix 2: List of Project Impact

Use of Proceeds Category	Impact
i) Circular Economy Adapted Products, Production Technologies and Processes	Conversion rate of PET bottle resin to recycled resin ³ : 1.5%
ii) Energy Efficiency	GHG emissions reduction ⁴ : 3,400t

³ Conversion rate of PET bottle resin to recycled resin across the Kirin Group's operations

⁴ GHG reductions in fiscal year 2020 (April 1, 2020 - March 31, 2021) by the introduction of heat pump systems at factories

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